

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



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**BROWN COUNTY
NEW ULM, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Introductory Section		
Organization		1
Financial Section		
Independent Auditors' Report		2
Management's Discussion and Analysis		6
Basic Financial Statements		
County-Wide Financial Statements		
Statement of Net Position	1	15
Statement of Activities	2	17
Fund Financial Statements		
Balance Sheet - Governmental Funds	3	19
Reconciliation of the Fund Balances of Governmental Funds to the Statement of Net Position – Governmental Activities	4	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	5	22
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities	6	24
Fiduciary Funds		
Statement of Fiduciary Net Position – Fiduciary Funds	7	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	8	27
Notes to the Financial Statements		28
Required Supplementary Information		
Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits	A-1	86
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability (Asset)	A-2	87
Schedule of Contributions	A-3	88
PERA Public Employees Police and Fire Plan		
Schedule of Proportionate Share of Net Pension Liability (Asset)	A-4	89
Schedule of Contributions	A-5	90

**BROWN COUNTY
NEW ULM, MINNESOTA**

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Financial Section		
Required Supplementary Information (Continued)		
PERA Public Employees Local Government Correctional Service Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability (Asset)	A-6	91
Schedule of Contributions	A-7	92
Budgetary Comparison Statements		
General Fund	A-8	93
Road and Bridge Special Revenue Fund	A-9	96
Human Services Special Revenue Fund	A-10	97
Landfill Special Revenue Fund	A-11	98
County Ditch Special Revenue Fund	A-12	99
Notes to Required Supplementary Information		100
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules		
Nonmajor Governmental Fund		112
Budgetary Comparison Schedule – Building and Capital Improvements Capital Projects Fund	B-1	113
Custodial Funds		114
Combining Statement of Fiduciary Net Position – Custodial Funds	C-1	115
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	C-2	117
Schedules		
Schedule of Deposits and Investments	D-1	119
Schedule of Intergovernmental Revenue – Governmental Funds	D-2	120
Schedule of Expenditures of Federal Awards	D-3	122
Notes to Schedule of Expenditures of Federal Awards		124

INTRODUCTORY SECTION

**BROWN COUNTY
NEW ULM, MINNESOTA**

ORGANIZATION
2021

Office	Name	Term Expires
Commissioners		
1st District	David Borchert	January 2025
2nd District	Anton Berg*	January 2025
3rd District	Scott Windschitl	January 2025
4th District	Dean Simonsen	January 2023
5th District	Jeff Veerkamp**	January 2023
Officers		
Elected		
Attorney	Charles Hanson	January 2023
County Recorder	Betti Kamolz	January 2023
Sheriff	Jason Seidl	January 2023
Appointed		
Administrator	Sam Hansen	Indefinite
Assessor	Anne Grunert	December 31, 2024
Auditor/Treasurer	Kelly Hotovec	Indefinite
Human Services Director	Barb Dietz	Indefinite
Coroner	Terry Knowles, M.D.	December 31, 2022
Probation Director	Les Schultz	Indefinite
Highway Engineer	Wayne Stevens	April 30, 2022
Human Resources Director	Ruth Schaefer	Indefinite
I.T. Director	Rich Meyer	Indefinite
Zoning Administrator	Laine Sletta	Indefinite
Public Health Director	Karen Moritz	Indefinite
Veterans Service Officer	Greg Peterson	April 11, 2025
Lay Board Member	DeeAnn Gieseke	December 31, 2021
Lay Board Member	Judy Kuster	December 31, 2021

*Chair

**Vice-Chair

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Brown County
New Ulm, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brown County, Minnesota (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brown 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed on the table of contents 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 supplementary information listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is 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 September 23, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

As management of Brown County, we offer readers of the Brown County financial statements this narrative overview and analysis of the financial activities of Brown County for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Brown County exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$132,809,536. Of this amount, \$11,428,634 (unrestricted net position) may be used to meet Brown County's ongoing obligations to citizens and creditors.
- Brown County's total net position increased by \$12,358,488 in 2021, or 10.3%.
- At the close of 2021, Brown County's governmental funds reported combined ending fund balances of \$25,919,209. The amount of \$7,483,193 is unassigned and is available for spending at the County's discretion.
- At the close of 2021, unassigned fund balance for the General Fund was \$8,670,760, or 53.8% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to Brown County's basic financial statements. Brown County's basic financial statements are comprised of three components: (1) county-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

County-Wide Financial Statements

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

The statement of net position presents information on all of Brown County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Brown County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The county-wide financial statements list the functions of Brown County principally supported by taxes and intergovernmental revenues. The governmental activities of Brown County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, economic development, and conservation of natural resources. There are no business-type activities within Brown County's financial structure that are intended to recover all or a significant portion of their costs through user fees and charges.

The county-wide financial statements can be found on Exhibits 1 and 2.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Brown County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Brown County can be divided into two categories: governmental funds and fiduciary funds.

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

Governmental funds--Governmental funds are used to account for essentially the same functions reported as governmental activities in the county-wide financial statements. However, unlike the county-wide financial statements, County fund-level financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financing requirements.

Brown County reports six major funds and one nonmajor governmental fund. The major funds are: the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Opioid Remediation Special Revenue Fund, Landfill Special Revenue Fund, and County Ditch Special Revenue Fund. The nonmajor governmental fund is the Building and Capital Improvements Capital Projects Fund. Information is presented separately for the major funds and in the aggregate for the nonmajor funds in Exhibits 3 and 5.

Fiduciary funds--Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Brown County's fiduciary funds consist of eight custodial funds and one private purpose trust fund. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the government-wide financial statements because the County cannot use these assets to finance its operations.

Brown County's governmental fund financial statements are on Exhibits 3 through 6, and Brown County's fiduciary funds are on Exhibits 7 and 8.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided.

Other Information

In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning Brown County's progress in funding its obligation to provide other postemployment benefits to its employees, schedules of the proportionate share of net pension liability and schedules of contributions, and budgetary comparison information. Required supplementary information can be found on Exhibits A-1 through A-12. In addition, the County also provides supplementary information on Brown County's deposits and investments, intergovernmental revenues, and expenditures of federal awards (Exhibits D-1 through D-3).

Brown County adopts an annual appropriated budget for its General Fund, the special revenue funds, and the capital projects fund. The County did not adopt a budget for the Opioid Remediation Special Revenue fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

COUNTY-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County’s financial position. Brown County’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$132,809,536 at the close of 2021. The largest portion of Brown County’s net position (84.3%) reflects its investment in capital assets (such as land, buildings, and equipment); however, it should be noted that these assets are not available for future spending. Comparative data with 2020 is presented.

**Table 1
Governmental Net Position**

	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 37,455,633	\$ 34,408,152
Capital Assets	<u>115,559,687</u>	<u>107,175,403</u>
Total Assets	<u>153,015,320</u>	<u>141,583,555</u>
Deferred Outflows of Resources	<u>7,322,723</u>	<u>1,616,738</u>
Liabilities		
Long-Term Liabilities	15,260,885	18,452,096
Other Liabilities	<u>2,981,270</u>	<u>2,476,959</u>
Total Liabilities	<u>18,242,155</u>	<u>20,929,055</u>
Deferred Inflows of Resources	<u>9,286,352</u>	<u>1,820,190</u>
Net Position		
Net Investment in Capital Assets	111,935,122	103,487,047
Restricted	9,445,780	9,251,740
Unrestricted	<u>11,428,634</u>	<u>7,712,261</u>
Total Net Position	<u>\$ 132,809,536</u>	<u>\$ 120,451,048</u>

The unrestricted net position amount of \$11,428,634 as of December 31, 2021, may be used to meet the County’s ongoing obligations to citizens and creditors.

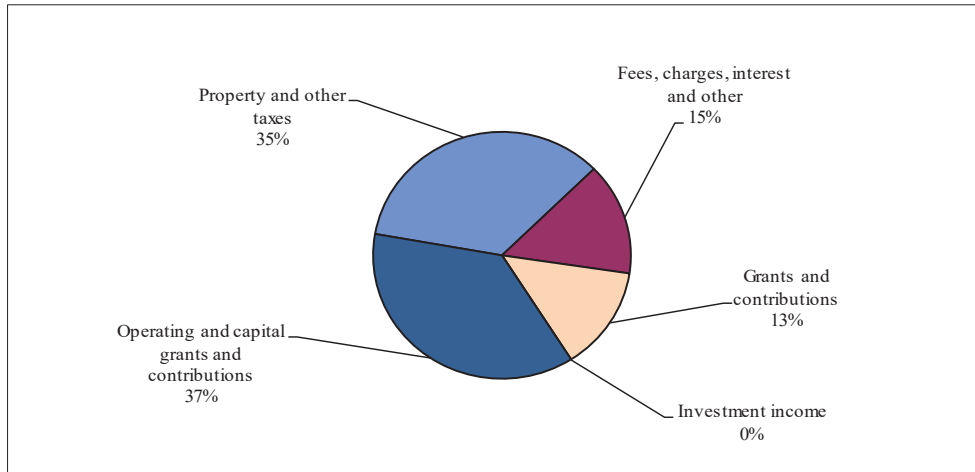
Governmental Activities

The County's activities from operations increased net position by \$12,358,488, or 10.3% (\$120,451,048 in 2020 to \$132,809,536 in 2021). Table 2 summarizes the changes in net position for 2021.

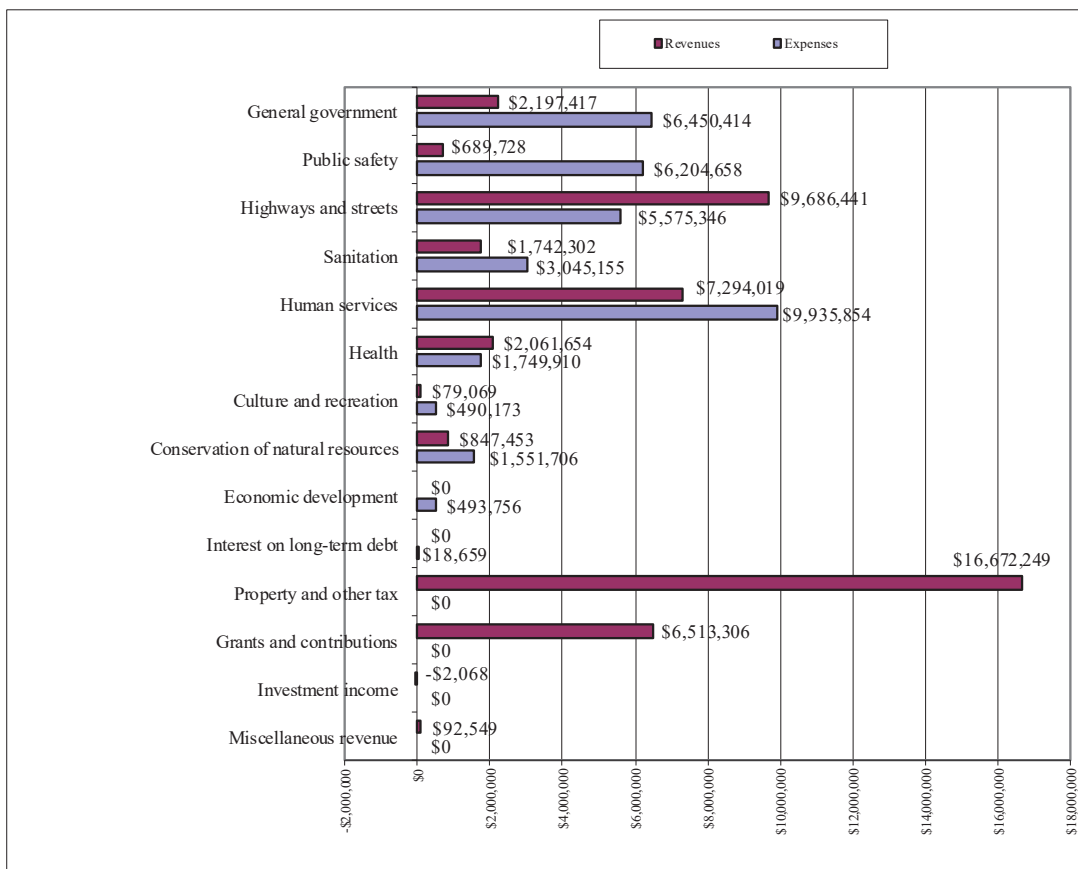
Table 2
Changes in Governmental Net Position

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues		
Charges for Services	\$ 7,015,641	\$ 6,488,654
Operating Grants and Contributions	15,375,442	20,694,360
Capital Grants and Contributions	2,207,000	18,996
General Revenues		
Property Taxes	13,764,589	13,498,249
Other	<u>9,511,447</u>	<u>4,532,257</u>
Total Revenues	<u>\$ 47,874,119</u>	<u>\$ 45,232,516</u>
Expenses		
General Government	\$ 6,450,414	\$ 5,996,881
Public Safety	6,204,658	5,811,983
Highways and Streets	5,575,346	6,537,398
Sanitation	3,045,155	1,430,259
Human Services	9,935,854	10,134,471
Health	1,749,910	1,765,698
Culture and Recreation	490,173	637,861
Conservation of Natural Resources	1,551,706	1,644,561
Economic Development	493,756	428,593
Interest	<u>18,659</u>	<u>77,351</u>
Total Expenses	<u>\$ 35,515,631</u>	<u>\$ 34,465,056</u>
Increase in Net Position	\$ 12,358,488	\$ 10,767,460
Net Position - January 1	<u>120,451,048</u>	<u>109,683,588</u>
Net Position - December 31	<u>\$ 132,809,536</u>	<u>\$ 120,451,048</u>

Revenues by Source - 2021



Expenses and Revenues - 2021



Total revenues for the County were \$47,874,119, while total expenses were \$35,515,631. This reflects a \$12,358,488 increase in net position for the year ended December 31, 2021.

(Unaudited)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$25,919,209, a decrease of \$293,672 in comparison with the prior year (after the change in inventory). Of this amount, \$7,483,193 constitutes unassigned fund balance. The remainder of fund balance is nonspendable, restricted, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of Brown County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,670,760, while total General Fund balance was \$11,869,872. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 53.8% of total General Fund expenditures, while total fund balance represents 73.7% of that same amount.

In 2021, the Road and Bridge Special Revenue Fund reported a decrease in operations of \$134,880 and a decrease in inventories of \$19,421. This decrease in operations is a result of increased construction expenses during 2021.

In 2021, the Human Services Special Revenue Fund's fund balance decreased by \$277,131. This decrease is a result of decreased grant funding during 2021.

In 2021, the Opioid Remediation Special Revenue Fund was established and is going to be used to account for the financial activity related to the County's share of the national opioid settlement agreement. The amount due to the County totals \$738,264, and will be paid over the next 18 years.

In 2021, the Landfill Special Revenue Fund's fund balance decreased by \$1,027,560. This decrease was mainly due to activity related to a new cell at the landfill during 2021.

In 2021, the County Ditch Fund's fund balance decreased by \$600,653. This decrease was a result of taxpayers paying down their certified assessments prior to the start of 2021.

General Fund Budgetary Highlights

There were no changes between the original budget and the final amended budget. Total General Fund revenues exceeded budgeted revenues by \$3,462,001 due, in large part, to unbudgeted state and federal grant funding in 2021. Overall, actual expenditures exceeded budgeted expenditures by \$1,405,263.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$115,559,687 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was \$8,384,284.

Table 3
Governmental Capital Assets
(Net of Depreciation)

	<u>2021</u>	<u>2020</u>
Land	\$ 1,838,388	\$ 1,838,388
Construction in Progress	11,594,451	150,717
Land Improvements	2,350,356	2,428,663
Buildings and Improvements	10,867,494	11,064,889
Machinery, Furniture, and Equipment	2,544,140	2,846,874
Computer Software - Intangible	376,420	449,731
Infrastructure	<u>85,988,438</u>	<u>88,396,141</u>
Totals	<u>\$ 115,559,687</u>	<u>\$ 107,175,403</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At the end of the current fiscal year, the County has total general obligation bonds outstanding of \$3,080,000.

Table 4
Governmental Outstanding Debt

	<u>2021</u>	<u>2020</u>
General Obligation Bonds	<u>\$ 3,080,000</u>	<u>\$ 3,545,000</u>

Additional information on the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Brown County's average unemployment rate was 2.3% as of the end of 2021. This was slightly below the statewide rate of 2.6%.
- Low inventory of existing homes for sale plus near-record low mortgage rates have driven demand for home purchases and mortgage refinancing during 2021.
- At the end of 2021, Brown County set its 2022 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Brown County Auditor/Treasurer, Brown County Courthouse, 14 South State Street, P. O. Box 115, New Ulm, Minnesota 56073.

BASIC FINANCIAL STATEMENTS

COUNTY-WIDE FINANCIAL STATEMENTS

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Assets

Cash and pooled investments	\$	22,906,185
Restricted investments		3,001,856
Taxes receivable		
Prior		89,673
Special assessments receivable		
Prior		20,839
Current		292,736
Noncurrent		313,247
Accounts receivable - net		998,292
Accrued interest receivable		9,900
Due from other governments		6,151,644
Inventories		261,773
Investment in joint venture		3,347,966
Net pension asset		61,522
Capital assets		
Non-depreciable		13,432,839
Depreciable - net of accumulated depreciation		102,126,848
		153,015,320
Total Assets	\$	153,015,320

Deferred Outflows of Resources

Deferred pension outflows	\$	7,261,111
Deferred other postemployment benefits outflows		61,612
		7,322,723
Total Deferred Outflows of Resources	\$	7,322,723

Liabilities

Accounts payable	\$	643,098
Salaries payable		721,881
Contracts payable		466,775
Due to other governments		263,000
Accrued interest payable		19,171
Unearned revenue		217,677
Long-term liabilities		
Due within one year		621,434
Due in more than one year		6,489,055
Net pension liability		8,140,902
Other postemployment benefits liability - Due within one year		28,234
Other postemployment benefits liability - Due in more than one year		630,928
		18,242,155
Total Liabilities	\$	18,242,155

**BROWN COUNTY
NEW ULM, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Deferred Inflows of Resources

Prepaid property taxes	\$	64,110
Deferred pension inflows		9,055,523
Deferred other postemployment benefits inflows		166,719
		166,719
Total Deferred Inflows of Resources	\$	9,286,352
		9,286,352

Net Position

Net investment in capital assets	\$	111,935,122
Restricted for		
General government		409,068
Public safety		617,866
Highways and streets		378,725
Sanitation		8,901
Human services		4,229,171
Conservation of natural resources		1,699,254
Opioid epidemic response		738,264
Landfill closure/postclosure		1,303,009
Net pension benefits		61,522
Unrestricted		11,428,634
		11,428,634
Total Net Position	\$	132,809,536
		132,809,536

**BROWN COUNTY
NEW ULM, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
Primary government		
Governmental activities		
General government	\$ 6,450,414	\$ 1,550,032
Public safety	6,204,658	238,161
Highways and streets	5,575,346	1,072,297
Sanitation	3,045,155	1,705,600
Human services	9,935,854	1,208,757
Health	1,749,910	364,471
Culture and recreation	490,173	28,870
Conservation of natural resources	1,551,706	847,453
Economic development	493,756	-
Interest	18,659	-
Total Governmental Activities	\$ 35,515,631	\$ 7,015,641

General Revenues

Property taxes
Taxes-Local transit sales taxes
Taxes-Wheelage
Grants and contributions not restricted
to specific programs
Payments in lieu of tax
Investment income
Miscellaneous

Total general revenues

Change in net position

Net Position - January 1

Net Position - December 31

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Program Revenues	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
\$ 647,385	\$ -	\$ (4,252,997)
451,567	-	(5,514,930)
6,407,144	2,207,000	4,111,095
36,702	-	(1,302,853)
6,085,262	-	(2,641,835)
1,697,183	-	311,744
50,199	-	(411,104)
-	-	(704,253)
-	-	(493,756)
-	-	(18,659)
\$ 15,375,442	\$ 2,207,000	\$ (10,917,548)
		\$ 13,764,589
		2,270,427
		604,636
		6,513,306
		32,597
		(2,068)
		92,549
		\$ 23,276,036
		\$ 12,358,488
		120,451,048
		\$ 132,809,536

FUND FINANCIAL STATEMENTS

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Road and Bridge	Human Services	Opioid Remediation
<u>Assets</u>				
Cash and pooled investments	\$ 10,860,245	\$ 5,737,646	\$ 4,058,256	\$ -
Restricted investments	-	-	-	-
Taxes receivable				
Prior	62,110	9,803	17,114	-
Special assessments				
Prior	3,243	-	-	-
Current	105,854	-	-	-
Noncurrent	277,409	-	-	-
Accounts receivable	44,829	-	846,625	-
Accrued interest receivable	9,900	-	-	-
Due from other funds	14,631	6,681	554	-
Due from other governments	2,779,370	1,107,371	826,710	738,264
Advances to other funds	1,217,569	-	-	-
Inventories	-	261,773	-	-
	\$ 15,375,160	\$ 7,123,274	\$ 5,749,259	\$ 738,264
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 161,969	\$ 58,620	\$ 255,529	\$ -
Salaries payable	397,073	72,099	247,002	-
Contracts payable	-	466,775	-	-
Due to other funds	554	-	21,312	-
Due to other governments	3,779	762	121,551	-
Unearned revenue	9,525	206,251	-	-
Advances from other funds	-	-	-	-
	\$ 572,900	\$ 804,507	\$ 645,394	\$ -
 Deferred Inflows of Resources				
Prepaid property taxes	\$ 44,711	\$ 7,040	\$ 12,231	\$ -
Unavailable revenue	2,887,677	371,673	855,416	738,264
	\$ 2,932,388	\$ 378,713	\$ 867,647	\$ 738,264
 Fund Balances				
Nonspendable	\$ 1,217,569	\$ 261,773	\$ -	\$ -
Restricted	1,473,607	14,119	38,162	-
Assigned	507,936	5,664,162	4,198,056	-
Unassigned	8,670,760	-	-	-
	\$ 11,869,872	\$ 5,940,054	\$ 4,236,218	\$ -
	\$ 15,375,160	\$ 7,123,274	\$ 5,749,259	\$ 738,264

**BROWN COUNTY
NEW ULM, MINNESOTA**

*EXHIBIT 3
(Continued)*

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Landfill	County Ditch	Nonmajor Building and Capital Improvements	Total Governmental Funds
<u>Assets</u>				
Cash and pooled investments	\$ 601,723	\$ 1,017,947	\$ 630,368	\$ 22,906,185
Restricted investments	3,001,856	-	-	3,001,856
Taxes receivable				
Prior	-	-	646	89,673
Special assessments				
Prior	15,948	1,648	-	20,839
Current	-	186,882	-	292,736
Noncurrent	-	35,838	-	313,247
Accounts receivable	106,838	-	-	998,292
Accrued interest receivable	-	-	-	9,900
Due from other funds	-	-	-	21,866
Due from other governments	227	660,875	38,827	6,151,644
Advances to other funds	-	-	-	1,217,569
Inventories	-	-	-	261,773
	\$ 3,726,592	\$ 1,903,190	\$ 669,841	\$ 35,285,580
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 109,031	\$ 17,568	\$ 40,381	\$ 643,098
Salaries payable	5,468	239	-	721,881
Contracts payable	-	-	-	466,775
Due to other funds	-	-	-	21,866
Due to other governments	-	136,908	-	263,000
Unearned revenue	1,901	-	-	217,677
Advances from other funds	-	1,217,569	-	1,217,569
	\$ 116,400	\$ 1,372,284	\$ 40,381	\$ 3,551,866
Deferred Inflows of Resources				
Prepaid property taxes	\$ -	\$ -	\$ 128	\$ 64,110
Unavailable revenue	13,180	883,612	573	5,750,395
	\$ 13,180	\$ 883,612	\$ 701	\$ 5,814,505
Fund Balances				
Nonspendable	\$ -	\$ -	\$ -	\$ 1,479,342
Restricted	3,013,023	834,861	-	5,373,772
Assigned	583,989	-	628,759	11,582,902
Unassigned	-	(1,187,567)	-	7,483,193
	\$ 3,597,012	\$ (352,706)	\$ 628,759	\$ 25,919,209
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,726,592	\$ 1,903,190	\$ 669,841	\$ 35,285,580

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION-GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Fund balances - total governmental funds (Exhibit 3)	\$	25,919,209
Amounts reported for governmental activities in the statement of net position are different because:		
Investments in joint venture are recorded in governmental activities and are not financial resources. Therefore, they are not reported in the governmental funds.		3,347,966
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		115,559,687
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds.		5,750,395
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.		
Deferred pension outflows	\$ 7,261,111	
Deferred pension inflows	<u>(9,055,523)</u>	(1,794,412)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the governmental funds.		
Deferred other postemployment benefits outflows	\$ 61,612	
Deferred other postemployment benefits inflows	<u>(166,719)</u>	(105,107)
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.		(19,171)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$ (3,080,000)	
Unamortized premium on bonds	(58,619)	
Loans payable	(254,257)	
Compensated absences	(2,016,500)	
Estimated liability for landfill closure/postclosure	(1,701,113)	
Net pension liability	(8,140,902)	
Net pension asset	61,522	
Total other postemployment benefits liability	<u>(659,162)</u>	<u>(15,849,031)</u>
Net Position of Governmental Activities (Exhibit 1)	\$	<u>132,809,536</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 5

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Opioid Remediation</u>
Revenues				
Taxes	\$ 9,639,797	\$ 4,361,484	\$ 2,609,801	\$ -
Special assessments	143,389	-	-	-
Licenses and permits	47,207	-	-	-
Intergovernmental	6,238,451	9,250,624	6,304,201	-
Charges for services	1,506,143	24,811	1,104,762	-
Fines and forfeits	4,448	-	-	-
Gifts and contributions	160	-	18,620	-
Investment earnings	(8,362)	-	-	-
Refunds and reimbursements	-	1,015,689	-	-
Miscellaneous	569,356	31,797	118,976	-
Total Revenues	\$ 18,140,589	\$ 14,684,405	\$ 10,156,360	\$ -
Expenditures				
Current				
General government	\$ 6,116,136	\$ -	\$ -	\$ -
Public safety	6,673,024	-	-	-
Highways and streets	-	13,893,823	-	-
Sanitation	-	-	-	-
Human services	-	-	10,445,500	-
Health	1,831,116	-	-	-
Culture and recreation	452,140	-	-	-
Conservation of natural resources	513,682	-	-	-
Economic development	493,756	-	-	-
Intergovernmental	-	398,411	-	-
Debt service				
Principal	28,370	465,000	-	-
Interest	627	83,598	-	-
Total Expenditures	\$ 16,108,851	\$ 14,840,832	\$ 10,445,500	\$ -
Excess of Revenues Over (Under) Expenditures	\$ 2,031,738	\$ (156,427)	\$ (289,140)	\$ -
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ 21,547	\$ 12,009	\$ -
Transfers out	(52,863)	-	-	-
Loans issued	29,914	-	-	-
Total Other Financing Sources (Uses)	\$ (22,949)	\$ 21,547	\$ 12,009	\$ -
Net Change in Fund Balance	\$ 2,008,789	\$ (134,880)	\$ (277,131)	\$ -
Fund Balance - January 1	9,861,083	6,094,355	4,513,349	-
Increase (decrease) in inventories	-	(19,421)	-	-
Fund Balance - December 31	\$ 11,869,872	\$ 5,940,054	\$ 4,236,218	\$ -

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT 5
(Continued)**

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

	<u>Landfill</u>	<u>County Ditch</u>	<u>Nonmajor Building and Capital Improvements</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ -	\$ -	\$ 26,746	\$ 16,637,828
Special assessments	407,583	458,696	-	1,009,668
Licenses and permits	440	-	-	47,647
Intergovernmental	36,702	-	42,978	21,872,956
Charges for services	1,297,576	-	-	3,933,292
Fines and forfeits	-	-	-	4,448
Gifts and contributions	-	-	-	18,780
Investment earnings	-	-	-	(8,362)
Refunds and reimbursements	-	-	-	1,015,689
Miscellaneous	12,123	-	31,381	763,633
Total Revenues	\$ 1,754,424	\$ 458,696	\$ 101,105	\$ 45,295,579
Expenditures				
Current				
General government	\$ -	\$ -	\$ 153,463	\$ 6,269,599
Public safety	-	-	170,255	6,843,279
Highways and streets	-	-	-	13,893,823
Sanitation	2,796,078	-	-	2,796,078
Human services	-	-	-	10,445,500
Health	-	-	-	1,831,116
Culture and recreation	-	-	22,300	474,440
Conservation of natural resources	-	1,062,465	-	1,576,147
Economic development	-	-	-	493,756
Intergovernmental	-	-	-	398,411
Debt service				
Principal	-	-	-	493,370
Interest	-	-	-	84,225
Total Expenditures	\$ 2,796,078	\$ 1,062,465	\$ 346,018	\$ 45,599,744
Excess of Revenues Over (Under) Expenditures	\$ (1,041,654)	\$ (603,769)	\$ (244,913)	\$ (304,165)
Other Financing Sources (Uses)				
Transfers in	\$ 14,148	\$ 3,116	\$ 2,043	\$ 52,863
Transfers out	-	-	-	(52,863)
Loans issued	-	-	-	29,914
Total Other Financing Sources (Uses)	\$ 14,148	\$ 3,116	\$ 2,043	\$ 29,914
Net Change in Fund Balance	\$ (1,027,506)	\$ (600,653)	\$ (242,870)	\$ (274,251)
Fund Balance - January 1	4,624,518	247,947	871,629	26,212,881
Increase (decrease) in inventories	-	-	-	(19,421)
Fund Balance - December 31	\$ 3,597,012	\$ (352,706)	\$ 628,759	\$ 25,919,209

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES-GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Change in fund balances - total governmental funds (Exhibit 5)	\$	(274,251)
---	-----------	------------------

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

In the funds, distributions of joint venture equity interest are reported as revenue.

In the statement of net position, an asset is reported for the equity interest, and distributions, increases, and decreases in joint venture equity are reported in the statement of activities. The adjustment is the increase or decrease in equity in the joint venture.

314,897

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures

\$ 11,785,323

Depreciation expense

(3,374,671)

8,410,652

The net effect of various miscellaneous transactions involving capital assets (such as sales, trade-ins, and retirements) is to decrease net position.

Net book value of assets disposed of

(26,368)

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

Decrease in deferred inflows of resources for unavailable revenues

2,481,486

The issuance of long-term debt (such as bonds or loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Loans issued

\$ (29,914)

Amortization of bond premium

62,064

Principal payments on debt

493,369

525,519

**BROWN COUNTY
NEW ULM, MINNESOTA**

***EXHIBIT 6
(Continued)***

**RECONCILIATION OF THE CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES-GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 inventories	\$	(19,421)	
Change in deferred pension outflows		5,681,992	
Change in deferred other postemployment outflows		23,993	
Change in accrued interest payable		3,503	
Change in compensated absences payable		9,250	
Change in net pension liability		3,052,250	
Change in net pension asset		61,522	
Change in other postemployment benefits liability		(82,867)	
Change in landfill postclosure care costs		(340,241)	
Change in deferred pension inflows		(7,506,043)	
Change in deferred other postemployment inflows		42,615	926,553
Change in Net Position of Governmental Activities (Exhibit 2)			\$ 12,358,488

FIDUCIARY FUNDS

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	\$ 245,429	\$ 817,741
Due from other governments	-	51,014
Taxes for other governments	-	282,576
	Total Assets	\$ 1,151,331
Liabilities		
Accounts payable	\$ -	\$ 1,426
Due to other governments	-	494,118
	Total Liabilities	\$ 495,544
Deferred Inflows of Resources		
Property taxes collected for subsequent period	\$ -	\$ 116,592
Net Position		
Restricted for:		
Individuals, organizations, and other governments	\$ 245,429	\$ 539,195

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Individuals	\$ 1,108,673	\$ 65,461
Investment earnings	-	687
Intergovernmental	-	199,600
Property tax collections for other governments	-	24,995,861
License and fees collected for state	-	10,390,986
Recoveries	-	383,236
Miscellaneous	-	1,669
	\$ 1,108,673	\$ 36,037,500
Deductions		
Beneficiary payments to individuals	\$ 1,071,802	\$ 74,047
Payments of property tax to other governments	-	24,976,316
Payments to the state	-	10,774,222
Administrative expense	-	132,898
Payments to other entities	-	134,420
	\$ 1,071,802	\$ 36,091,903
Net Increase (Decrease) in Fiduciary Net Position	\$ 36,871	\$ (54,403)
Fiduciary Net Position - Beginning of Year	208,558	593,598
Fiduciary Net Position - End of Year	\$ 245,429	\$ 539,195

**BROWN COUNTY
NEW ULM, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

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 (GAAP) as of and for the year ended December 31, 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Brown County was established February 11, 1856, 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 Brown County. 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.

Brown County Economic Development Partners, Inc.

Brown County Economic Development Partners, Inc. was created to help Brown County businesses with economic development. The County appoints its governing board, can impose its will on the entity, and the entity is fiscally dependent on the County. The entity is not material and is, therefore, not disclosed in this report.

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures described in Note 5.C. The County also participates in the jointly-governed organizations described in Note 5.D.

B. Basic Financial Statements

1. County-Wide Statements

The county-wide financial statements (the statement of net position and the statement of activities) display information about Brown County. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

1. County-Wide Statements (Continued)

In the county-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis; and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. 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 in a separate column in the fund financial statements. The remaining governmental fund is reported as a nonmajor fund.

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 assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The Human Services Special Revenue Fund is used to account for restricted revenue sources from the federal, state, and other oversight agencies, as well as assigned property tax revenues from the County to be used for economic assistance and community social services programs.

The Opioid Remediation Special Revenue Fund is used to account for the County's share of the national opioid epidemic settlements the county will be receiving over the next 18 years. These programs will be funded primarily through intergovernmental revenues.

The Landfill Special Revenue Fund is used to account for restricted revenue sources from the federal and state government, as well as assigned special assessment and service revenues from the County to be used for the cost of County landfill and recycling operations.

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

Additionally, the County reports the following funds/fund types:

The Building and Capital Improvements Capital Projects Fund is used to account for assigned property tax revenues to be used to pay the cost of constructing and maintaining County buildings.

The Social Welfare Private-Purpose Trust Fund is used to report trust arrangements other than pensions or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The Social Welfare Fund accounts for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist.

Custodial Funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for state revenue payments, the license center, the Collaboratives, the GRH, estate recoveries, and the inmates of the Brown County Jail.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Brown County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, shared revenues, 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 long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of 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 or 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. Pooled investments are reported at their fair value at December 31, 2021. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds are allocated interest as transfers from the General Fund based on the average cash balance of the fund. Pooled investment earnings for 2021 were (\$8,362).

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments (Continued)

Brown County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at amortized cost provided by the pool.

2. Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds.” Advances made by the General Fund are offset by nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available resources. 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. Unpaid property taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable. Special assessments receivable consists of delinquent special assessments payable in the years 2016 through 2021 and current/noncurrent special assessments payable in 2022 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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

3. Inventories

The Road and Bridge Special Revenue Fund inventory is valued using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the county-wide level are reported as expenses when consumed.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

3. Inventories (Continued)

Inventories, as reported in the fund financial statements, are offset by nonspendable fund balance to indicate that they do not constitute available spendable resources.

4. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (for example, roads, bridges, and similar items) are reported in the governmental activities column in the county-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (\$100,000 for infrastructure) 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 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 of the County are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 150
Land improvements	30
Infrastructure	20 - 50
Intangibles	5 - 20
Machinery, furniture, and equipment	3 - 20

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows or 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 vacation and sick leave balances. The liability has been calculated using the vesting method in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the county-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion is the greater of the prior year actual severance payout or the average of the previous five years of severance payouts. Compensated absences are liquidated by the General Fund, and the Road and Bridge, Human Services, and Landfill Special Revenue Funds.

6. Long-Term Obligations

In the county-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and 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 fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, they are reported only in the statement of net position.

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 will not be recognized as an inflow of resources (revenue) until that time. The County has four types of deferred inflows. Prepaid property taxes represent the County's share of tax collections collected prior to year-end that were not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amount is levied. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The County reports unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under a modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County reports also deferred inflows of resources associated with OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. Finally, the County reports deferred inflows of resources associated with pension benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

8. Pension Plan

For purposes of measuring the net pension liability (asset), 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 net pension liability is liquidated by the General Fund, and the Road and Bridge, Human Services, and Landfill Special Revenue Funds.

9. Unearned Revenue

Governmental funds and county-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 county-wide 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.

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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

11. Classification of Fund Balances

The County's fund balance policy established a minimum unrestricted fund balance within the range of 35 to 50 percent of fund operating revenues. In the event the unrestricted fund balance drops below the established minimum level, the County Board will develop a plan to replenish the fund balance to the established level.

Fund balance is divided into five classifications based primarily on the extent to which the County is 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. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

11. Classification of Fund Balances (Continued)

Assigned - amounts that the County 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.

Unassigned - the residual classification for the General Fund; it 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.

The 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. 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 reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BROWN COUNTY
NEW ULM, MINNESOTA**

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, special revenue funds, and the capital projects fund. An annual budget is not adopted for the Opioid Remediation Special Revenue Fund. All annual appropriations lapse at year-end.

On or before mid-August of each year, all departments submit requests for appropriations to the County Auditor/Treasurer so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review.

The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department and between departments require approval of the County Board. The legal level of budgetary control--the level at which expenditures may not legally exceed appropriations--is the fund level.

B. Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2021:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 16,108,851	\$ 14,703,588	\$ 1,405,263
Special Revenue Funds			
Landfill	2,796,078	2,320,176	475,902
County Ditch	1,062,465	50,075	1,012,390
Building and Capital Improvements	346,018	345,122	896
Capital Projects Fund			

The excess of expenditures over budget was funded by unanticipated revenues and available fund balance.

**BROWN COUNTY
NEW ULM, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

C. Deficit Fund Equity

The County Ditch Special Revenue Fund has a deficit fund balance of \$352,706 as of December 31, 2021, with 14 ditches reflecting deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

68 ditches with positive fund balances	\$ 834,861
14 ditches with negative fund balances	<u>(1,187,567)</u>
Total Fund Balance	<u><u>\$ (352,706)</u></u>

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The County's total cash and investments are reported as follows:

Primary government	
Cash and pooled investments	\$ 25,908,041
Fiduciary funds	
Cash and pooled investments	<u>1,063,170</u>
Total Cash and Investments	<u><u>\$ 26,971,211</u></u>

a. Deposits

The County is authorized by Minn. Stat. § 118A.02 to designate depositories for public funds. 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 ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

a. Deposits (Continued)

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.

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. The County’s policy states all deposits should be fully collateralized. As of 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;

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

- (4) time deposits fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Fair Value of Investments

The County measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Fair Value of Investments (Continued)

At December 31, 2021, the County had the following recurring fair value measurements.

	December 31, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value				
Debt Securities				
U.S. government securities	\$ 8,769,569	\$ -	\$ 8,769,569	\$ -
Negotiable certificates of deposit	1,425,278	-	1,425,278	-
Total Debt Securities	<u>\$ 10,194,847</u>	<u>\$ -</u>	<u>\$ 10,194,847</u>	<u>\$ -</u>
Investments Measured at amortized cost				
MAGIC Portfolio	<u>\$ 12,670,064</u>			

Debt securities classified in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (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. It is the County's policy to minimize its exposure to interest rate risk by investing operating funds primarily in shorter-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity required for operations.

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 the safest types of securities; pre-qualify the financial institutions, brokers/dealers, and advisors with which an entity will do business; and diversify the investment portfolio so that potential losses on individual securities are minimized.

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 that are in the possession of an outside party. The County's policy states the County will minimize investment custodial credit risk by permitting brokers that obtained investments to hold them only to the extent there is SIPC (Securities Investor Protection Corporation) coverage and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to the County's custodian. At December 31, 2021, none of the County's investments were exposed to custodial credit risk.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (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 diversify its investment portfolio to avoid overconcentration of investments from a specific issuer, excluding U.S. Treasury securities, which may be held without limit.

The following table presents the County's deposit and investment balances at December 31, 2021, and information relating to potential investment risks:

	Credit Risk Rating (2)	Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk			Carrying (Fair) Value
			Less Than 1 Year	1 - 5 Years	More Than 5 years	
U.S. government securities/bonds						
Federal Home Loan Bank (1)	AAA	N/A	\$ -	\$ 8,769,569	\$ -	\$ 8,769,569
Investment pools - MAGIC Fund	N/R	N/A	12,670,064	-	-	12,670,064
Negotiable certificates of deposit (1)	N/R	<5.0%	245,189	1,180,089	-	1,425,278
Total investments			<u>\$12,915,253</u>	<u>\$ 9,949,658</u>	<u>\$ -</u>	<u>\$ 22,864,911</u>
Deposits						4,104,160
Change funds						<u>2,140</u>
Total Cash and Investments						<u>\$ 26,971,211</u>

(1) These investments have step provisions which could result in them being called prior to maturity.

(2) As rated by Moody

N/R - Not Rated

N/A - Not Applicable

<5.0% - Concentration by individual issuer is less than 5% of investments

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

2. Receivables

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

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes - delinquent	\$ 89,673	\$ -
Special assessments - delinquent	20,839	-
Special assessments	605,983	313,247
Accounts	998,292	-
Accrued interest	9,900	-
Due from other governments	6,151,644	697,249
Total Governmental Activities	<u>\$ 7,876,331</u>	<u>\$ 1,010,496</u>

3. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,838,388	\$ -	\$ -	\$ 1,838,388
Construction in progress	150,717	11,444,661	927	11,594,451
Total capital assets not depreciated	<u>\$ 1,989,105</u>	<u>\$ 11,444,661</u>	<u>\$ 927</u>	<u>\$ 13,432,839</u>
Capital assets depreciated				
Buildings and improvements	\$ 15,857,704	\$ 37,308	\$ -	\$ 15,895,012
Land improvements	4,710,598	-	-	4,710,598
Machinery, furniture, and equipment	9,007,540	304,281	92,793	9,219,028
Computer software - intangible	841,287	-	51,776	789,511
Infrastructure - highway	122,113,924	-	-	122,113,924
Infrastructure - dam	2,098,857	-	-	2,098,857
Total capital assets depreciated	<u>\$ 154,629,910</u>	<u>\$ 341,589</u>	<u>\$ 144,569</u>	<u>\$ 154,826,930</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Less: accumulated depreciation for				
Buildings and improvements	\$ 4,792,815	\$ 234,703	\$ -	\$ 5,027,518
Land improvements	2,281,935	78,307	-	2,360,242
Machinery, furniture, and equipment	6,160,666	607,015	92,793	6,674,888
Computer software - intangible	391,556	46,943	25,408	413,091
Infrastructure - highway	35,419,588	2,393,537	-	37,813,125
Infrastructure - dam	397,052	14,166	-	411,218
Total accumulated depreciation	<u>\$ 49,443,612</u>	<u>\$ 3,374,671</u>	<u>\$ 118,201</u>	<u>\$ 52,700,082</u>
Total capital assets depreciated, net	<u>\$ 105,186,298</u>	<u>\$ (3,033,082)</u>	<u>\$ 26,368</u>	<u>\$ 102,126,848</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 107,175,403</u>	<u>\$ 8,411,579</u>	<u>\$ 27,295</u>	<u>\$ 115,559,687</u>

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

Governmental Activities	
General government	\$ 191,078
Public safety	222,703
Highways and streets, including depreciation of infrastructure assets	2,807,685
Sanitation	55,196
Human services	60,434
Health	1,683
Culture and recreation, including depreciation of infrastructure assets	30,754
Conservation of natural resources	5,138
Total Depreciation Expense - Governmental Activities	<u>\$ 3,374,671</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General	Human Services	\$ 14,631	Labor, child support, and fees
Road and Bridge	Human Services	6,681	Service work and fuel
Human Services	General	<u>554</u>	Social services overhead
Total Due To/From Other Funds		<u>\$ 21,866</u>	

The interfund receivables and payables are expected to be paid within one year of December 31, 2021.

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount	Amounts Not Scheduled to be Paid During the Subsequent Year
General	County Ditch	<u>\$ 1,217,569</u>	<u>\$ -</u>

The advance from the General Fund to the County Ditch Special Revenue Fund was to cover the costs of establishing buffer strips on drainage systems.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

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

3. Transfers

Interfund transfers for the year ended December 31, 2021, consisted of transfers from the General Fund to allocate investment earnings:

Transfers Out	Transfers In	Amount	Purpose
General	Road and Bridge	\$ 21,547	Allocated Interest
	Human Services	12,009	Allocated Interest
	Landfill	14,148	Allocated Interest
	County Ditch	3,116	Allocated Interest
	Building and Capital Improvements	<u>2,043</u>	Allocated Interest
Total Transfers In/Out		<u>\$ 52,863</u>	

C. Liabilities and Deferred Inflows of Resources

1. Construction and Other Contract Commitments

The County has active construction projects and other contract commitments as of December 31, 2021. The projects and commitments include the following:

	Spent-to-date	Remaining Commitment
Road and Bridge Fund		
Concrete Overlay CSAH 13	\$ 5,452,177	\$ 123,363
CSAH 34 & 35	3,883,333	248,658
General Fund		
Tyler Technologies	258,474	86,408
Pictometry	<u>176,718</u>	<u>10,092</u>
Total Commitments	<u>\$ 9,770,702</u>	<u>\$ 468,521</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

2. Long-Term Debt

Bonds

<u>Types of Indebtedness</u>	<u>Maturity Date</u>	<u>Installment Amount</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2021</u>
2017A G.O. State Aid Bonds	2027	\$440,000- \$545,000	2.00 - 3.00	\$ 4,875,000	\$ 3,080,000
Plus: Unamortized Bond Premium					58,619
Total General Obligation Bonds, Net					\$ 3,138,619

State aid bonds will be retired by the Road and Bridge Special Revenue Fund.

Direct Borrowing - Loans Payable

The County entered into loan agreements with the Minnesota Pollution Control Agency for funding Clean Water Partnership (CWP) Projects and loan agreements with the Minnesota Department of Agriculture for financing the repair of failing septic systems and for drainage buffer loans. The loans are secured by special assessments placed on the individual parcels. Loan payments are reported in the General Fund.

<u>Types of Indebtedness - Direct Borrowing</u>	<u>Maturity Date</u>	<u>Installment Amounts</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2021</u>
Ag Best Management Practices Drainage Buffer Loans	2025	\$14,775- \$39,425	-	\$ 369,000	\$ 169,000
Ag Best Management Practices Septic System Replacement Loans	2031	\$722- \$5,118	-	99,253	67,233
2009 Cottonwood River Watershed Phosphorus TMDL Continuation CWP Project	2022	\$ 9,147	2.00	165,066	18,024
Total Direct Borrowing - Loans Payable					\$ 254,257

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Debt Service Requirements

Year Ending December 31,	General Obligation Bonds		Direct Borrowing - Loans Payable	
	Principal	Interest	Principal	Interest
2022	\$ 480,000	\$ 69,423	\$ 27,714	\$ 271
2023	490,000	54,873	63,464	-
2024	505,000	39,948	88,427	-
2025	525,000	27,122	51,090	-
2026	535,000	16,523	9,078	-
2027-2030	545,000	5,586	14,484	-
Total	<u>\$ 3,080,000</u>	<u>\$ 213,475</u>	<u>\$ 254,257</u>	<u>\$ 271</u>

4. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2017A G.O. State Aid Bonds	\$ 3,545,000	\$ -	\$ 465,000	\$ 3,080,000	\$ 480,000
Plus: Unamortized Bond Premium	120,683	-	62,064	58,619	-
Total Bonds Payable	\$ 3,665,683	\$ -	\$ 527,064	\$ 3,138,619	\$ 480,000
Landfill closure/postclosure liability	1,360,872	340,241	-	1,701,113	-
Direct Borrowing - Loans payable	252,713	29,914	28,370	254,257	27,714
Compensated absences	2,025,750	2,029,033	2,038,283	2,016,500	113,720
Long-Term Liabilities	<u>\$ 7,305,018</u>	<u>\$ 2,399,188</u>	<u>\$ 2,593,717</u>	<u>\$ 7,110,489</u>	<u>\$ 621,434</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,701,113 landfill closure and postclosure care liability at December 31, 2021, represents the cumulative amount reported to date based on the use of 61 percent of the ultimate capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,108,848 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. The County expects to close the landfill in 2041. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2021, investments of \$3,001,856 are restricted for these purposes. Accumulated annual contributions and any payments of landfill postclosure care costs are reported in the Landfill Special Revenue Fund. Brown County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

6. Unavailable Revenue

Unavailable revenues as of December 31, 2021, for the County's governmental funds are as follows:

	Unavailable Revenue
Taxes and special assessments, delinquent and noncurrent	\$ 687,270
Highway allotments that do not provide current financial resources	268,383
Grants and intergovernmental revenues	3,580,772
Charges for services	1,205,955
Interest	8,015
Total Governmental Funds	\$ 5,750,395

D. Fund Balances

The detail of Brown County's fund balance classification is as follows:

	General	Road and Bridge	Human Services	Landfill	County Ditch	Nonmajor Building and Capital Improvements	Total Governmental Funds
Nonspendable:							
Advance to other funds	\$ 1,217,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,217,569
Inventories	-	261,773	-	-	-	-	261,773
Total nonspendable	\$ 1,217,569	\$ 261,773	\$ -	\$ -	\$ -	\$ -	\$ 1,479,342
Restricted:							
Law Library	4,624	-	-	-	-	-	4,624
Recorder's equipment purchases	54,746	-	-	-	-	-	54,746
Enhanced 911	501,802	-	-	-	-	-	501,802
Land records	44,156	-	-	-	-	-	44,156
Sheriff contingency	7,932	-	-	-	-	-	7,932
Gun permits program	78,926	-	-	-	-	-	78,926
Probation special needs program	14,563	-	-	-	-	-	14,563
Septic/sewer loans	457,775	-	-	-	-	-	457,775
Attorney forfeitures	7,940	-	-	-	-	-	7,940
Sheriff non-DWI forfeitures	917	-	-	-	-	-	917
Sheriff DWI forfeitures	13,726	-	-	-	-	-	13,726
Forfeited land	286,500	-	-	-	-	-	286,500
Highway construction	-	14,119	-	-	-	-	14,119
Donations	-	-	38,162	-	-	-	38,162
Landfill closure/postclosure	-	-	-	3,004,122	-	-	3,004,122
Solid waste operations	-	-	-	8,901	-	-	8,901
Ditch maintenance and construction	-	-	-	-	834,861	-	834,861
Total restricted	\$ 1,473,607	\$ 14,119	\$ 38,162	\$ 3,013,023	\$ 834,861	\$ -	\$ 5,373,772

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

D. Fund Balances (Continued)

	General	Road and Bridge	Human Services	Landfill	County Ditch	Nonmajor Building and Capital Improvements	Total Governmental Funds
Assigned:							
License bureau system	\$ 52,995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,995
Jail commissions	73,828	-	-	-	-	-	73,828
County septic loans	208,565	-	-	-	-	-	208,565
Parks	70,759	-	-	-	-	-	70,759
Veterans shuttle	57,762	-	-	-	-	-	57,762
Boat and water safety	40,294	-	-	-	-	-	40,294
Well sealing program	3,733	-	-	-	-	-	3,733
Road and bridge	-	5,664,162	-	-	-	-	5,664,162
Human services	-	-	4,198,056	-	-	-	4,198,056
Landfill	-	-	-	583,989	-	-	583,989
Capital improvements	-	-	-	-	-	628,759	628,759
Total assigned	\$ 507,936	\$ 5,664,162	\$ 4,198,056	\$ 583,989	\$ -	\$ 628,759	\$ 11,582,902
Unassigned	\$ 8,670,760	\$ -	\$ -	\$ -	\$ (1,187,567)	\$ -	\$ 7,483,193
Total Fund Balances	\$ 11,869,872	\$ 5,940,054	\$ 4,236,218	\$ 3,597,012	\$ (352,706)	\$ 628,759	\$ 25,919,209

E. Other Postemployment Benefits (OPEB)

Plan Description

Brown County administers an Other Postemployment Benefits plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

The County provides health insurance benefits for eligible retired employees and their dependents as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100% of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2020 valuation, there were 241 active employees and 3 inactive or beneficiaries currently receiving benefits from the County's health plan. The County has no active employees or inactive employees entitled to but no receiving benefits.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

E. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The County's total OPEB liability of \$659,162 was measured as of January 1, 2021, and was determined by an actuarial valuation as January 1, 2020. The OPEB liability is liquidated through governmental funds that have personal services.

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

Inflation	2.50 percent
Salary increases	Service graded table
Health care cost trend	6.25% as of January 1, 2021 grading to 5.00% over 5 years and then to 4.00% over the next 48 years.

The current year discount rate is 2.00 percent, which is a change from the prior year rate of 2.90 percent. The discount rate was selected from a yield for 20-year tax-exempt general obligation municipal bonds.

Mortality rates are based on Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2020 valuation were based on the PERA actuarial experience studies. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

Changes in the Total OPEB Liability

	<u>Total OPEB liability</u>
Balance as of January 1, 2021	\$ 576,295
Changes for the Year:	
Service Cost	61,817
Interest	18,136
Benefit Payments	(25,659)
Assumption Changes	<u>28,573</u>
Net Change	<u>\$ 82,867</u>
Balance as of December 31, 2021	<u>\$ 659,162</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

E. Other Postemployment Benefits (OPEB) (Continued)

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	1.00%	\$ 700,617
Current	2.00	659,162
1% Increase	3.00	619,288

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current health care cost trend rate:

	<u>Health Care Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	5.25% Decreasing to 4.0% then 3.00%	\$ 588,465
Current	6.25% Decreasing to 5.00% then 4.00%	659,162
1% Increase	7.25% Decreasing to 6.0% then 5.00%	742,318

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

E. Other Postemployment Benefits (OPEB) (Continued)

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

For the year ended December 31, 2021, the County recognized OPEB expense of \$44,493. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Actuarial Assumptions	\$ 33,378	\$ 11,192
County Contributions Subsequent to the Measurement Date	28,234	-
Liability Gains	-	155,527
Total	<u>\$ 61,612</u>	<u>\$ 166,719</u>

\$28,234 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>OPEB Expense Amount</u>
2022	\$ (35,460)
2023	(35,460)
2024	(35,456)
2025	(31,723)
2026	4,758

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

E. Other Postemployment Benefits (OPEB) (Continued)

Changes in Actuarial Methods and Assumptions

The following changes in actuarial methods and assumptions occurred in 2021:

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

F. 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.

a. 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.

b. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

1. Plan Description (Continued)

c. 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.

a. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

a. 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.

b. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

c. Correctional Plan Benefits

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

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

3. Contributions

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

a. 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 contributions to the General Employees Fund for the year ended December 31, 2021, were \$970,185. The County's contributions were equal to the required contributions as set by state statute.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

3. Contributions (Continued)

b. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$163,341. The County's contributions were equal to the required contributions as set by state statute.

3. 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 \$80,510. The County's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

a. General Employees Fund Pension Costs

At December 31, 2021, the County reported a liability of \$7,592,857 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 \$231,959.

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 0.1778% at the end of the measurement period and 0.1685% for the beginning of the period.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

a. General Employees Fund Pension Costs (Continued)

The County's proportionate share of the net pension liability	\$	7,592,857
State of Minnesota's proportionate share of the net pension liability associated with the County		231,959
		231,959
Total	\$	7,824,816

For the year ended December 31, 2021, the County recognized pension expense of \$150,486 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$18,715 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employee's Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 46,648	\$ 232,363
Changes in actuarial assumptions	4,636,041	167,959
Net collective difference between projected and actual investment earnings	-	6,575,735
Changes in proportion	593,051	6,222
Contributions paid to PERA subsequent to the measurement date	480,056	-
Total	\$ 5,755,796	\$ 6,982,279

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

a. General Employees Fund Pension Costs (Continued)

The \$480,056 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 Ended December 31	Pension Expense Amount
2022	\$ (107,058)
2023	111,799
2024	82,266
2025	(1,793,546)

b. Police and Fire Fund Pension Costs

At December 31, 2021, the County reported a liability of \$548,045 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 0.0710% at the end of the measurement period and 0.0756% for the beginning of the period.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

b. Police and Fire Fund Pension Costs (Continued)

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 (revenue) of (\$39,715) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$4,482 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. Brown County recognized \$6,390 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

b. Police and Fire Fund Pension Costs (Continued)

The County's proportionate share of the net pension liability	\$	548,045
State of Minnesota's proportionate share of the net pension liability associated with the County		24,608
Total		\$ 572,653

At December 31, 2021, Brown 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	\$ 105,258	\$ -
Changes in actuarial assumptions	805,483	301,117
Net collective difference between projected and actual investment earnings	-	1,047,174
Changes in proportion	64,569	141,844
Contributions paid to PERA subsequent to the measurement date	85,445	-
Total	\$ 1,060,755	\$ 1,490,135

The \$85,445 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (374,700)
2023	(88,136)
2024	(79,380)
2025	(136,198)
2026	163,589

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

c. Correctional Plan Pension Costs

At December 31, 2021, the County reported a net pension asset of \$61,522 for its proportionate share of the Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Brown County's proportionate share of the net pension asset was based on Brown 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. Brown County's proportionate share was 0.375% at the end of the measurement period and 0.348% for the beginning of the period.

For the year ended December 31, 2021 Brown County recognized pension expense (revenue) of (\$186,359) for its proportionate share of the Correctional Plan's pension expense (revenue).

At December 31, 2021, Brown 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	\$ -	\$ 35,089
Changes in actuarial assumptions	385,116	5,768
Net collective difference between projected and actual investment earnings	-	493,934
Changes in proportion	17,482	48,318
Contributions paid to PERA subsequent to the measurement date	41,962	-
Total	\$ 444,560	\$ 583,109

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

c. Correctional Plan Pension Costs (Continued)

The \$41,962 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (41,322)
2023	(19,621)
2024	14,692
2025	(134,260)

5. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 7,592,857	\$ 548,045	\$ -	\$ 8,140,902
Net Pension Asset	-	-	61,522	61,522
Deferred Outflows of Resources				
Related to Pensions	5,755,796	1,060,755	444,560	7,261,111
Deferred Inflows of Resources				
Related to Pensions	6,982,279	1,490,135	583,109	9,055,523
Pension Expense (Revenue)	169,201	(35,233)	(186,359)	(52,391)

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

6. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.50 %	5.10 %
International equity	16.50	5.30
Fixed income	25.00	0.75
Private markets	25.00	5.90

7. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

7. Actuarial Methods and Assumptions (Continued)

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2021 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 have been no changes since the prior valuation.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

7. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

7. Actuarial Methods and Assumptions (Continued)

Correctional Fund (Continued)

Changes in Actuarial Assumptions: (Continued)

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

8. 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.

9. Pension Liability Sensitivity

The following presents Brown County’s proportionate share of the net pension liability (asset) for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what Brown 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 Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1 % Decrease	5.50%	\$ 15,485,551	5.50%	\$ 1,739,949	5.50%	\$ 640,286
Current	6.50	7,592,857	6.50	548,045	6.50	(61,522)
1% Increase	7.50	1,116,419	7.50	(429,022)	7.50	(618,483)

10. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

G. Defined Contribution Plan

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

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

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

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 7,939	\$ 7,939
Percentage of covered payroll	5.00%	5.00%

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Conduit Debt

Oak Hills Living Center Project

On December 31, 2008, the County issued a variable rate Health Care Facilities Revenue Note, Series 2008, in the amount of \$6,000,000 to finance the cost of improvements to the Oak Hills Living Center in New Ulm, Minnesota. This note is secured by the fixtures, the equipment, and the revenues and income of Oak Hills Living Center.

The County is not obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the financial statements. The outstanding balance at December 31, 2021, is \$4,487,383.

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

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

The Property and Casualty Division of MCIT is self-sustaining, and the County pays 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 in a method and amount to be determined by MCIT.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

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.

The County is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, in the opinion of the County Attorney, the resolution of this matter will not have a material adverse effect.

C. Joint Ventures

Brown-Nicollet Community Health Services Board

The Brown-Nicollet Community Health Services Board was established pursuant to Minn. Stat. ch. 145A and a joint powers agreement, effective July 1, 1975. The Health Services Board consists of ten members, five each from Brown and Nicollet Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services. The joint venture is financed primarily from state and federal grants. For the year ended December 31, 2020 (the most current information available), the Health Services Board had net position of \$336,010. There is no accumulation of resources or fiscal stress related to this entity.

Complete financial information can be obtained from the Brown-Nicollet Community Health Services Board, 622 South Front Street, St. Peter, Minnesota 56082.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

Red Rock Rural Water System

The Red Rock Rural Water System was established pursuant to Minn. Stat. ch. 116A, through a joint powers agreement pursuant to Minn. Stat. § 471.59, and under the jurisdiction of the Fifth Judicial District. Brown, Cottonwood, Jackson, Lyon, Martin, Murray, Nobles, Redwood, and Watonwan Counties have agreed to guarantee their shares of debt arising within each respective county. The Red Rock Rural Water System provides water for participating rural water users and cities within the water district. The cost of providing these services is recovered through user charges.

The governing body is composed of nine members appointed to three-year terms by the District Court. Each county is responsible for levying and collecting the special assessments from the benefited properties within the county. The bond issue and notes payable are shown as long-term debt in the financial statements of the Red Rock Rural Water System. During 2021, Brown County provided \$5,565 in funding to the joint venture. There is no accumulation of resources or fiscal stress related to this entity.

Complete financial information can be obtained from the Red Rock Rural Water System, 305 West Whited Street, Jeffers, Minnesota 56145.

Families First Collaborative

The Families First Collaborative was established in 1997 under the authority of Minn. Stat. § 471.59. The Collaborative includes Brown County Human Services, Public Health, and Probation agencies; New Ulm, Comfrey, Sleepy Eye, and Springfield School Districts; River Bend Education District; and Minnesota Valley Action Council. The mission of the Families First Collaborative is to promote the healthy development of children and families in Brown County. The Collaborative provides improved coordination for children and families through information sharing, elimination of duplicate services, and cooperative efforts. The Collaborative funds selected projects and services that support intervention and the prevention of out-of-home placement of children at risk.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

Families First Collaborative (Continued)

The Collaborative is funded by Local Collaborative Time Study (LCTS) funds and fees. Control of the Collaborative is vested in a Board of Directors consisting of twelve members. Brown County Human Services acts as a fiscal agent for the Collaborative. During 2021, Brown County provided \$300 in funding to the Collaborative Integrated Fund. There is no accumulation of resources or fiscal stress related to this entity.

Any withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, the Families First Collaborative Board of Directors shall distribute all property, real and personal, at the time of termination.

As the administrative county, Brown County Human Services may be liable to the state or federal government for the disallowance, sanction, or audit exception attributable to the Families First Collaborative, including but not limited to, federal fiscal disallowances or sanctions based upon the Collaborative's implementation of the LCTS or any of the other state and federal funding sources and their related requirements. In the event of any such audit disallowance or sanction, the following participating partners, Brown County Human Services, Public Health, and Probation agencies; New Ulm, Comfrey, Sleepy Eye, and Springfield School Districts; and the River Bend Education District, share the liability. Financial information can be obtained by contacting the Brown County Human Services Department.

Three Counties for Kids Children's Mental Health Collaborative

The Three Counties for Kids Children's Mental Health Collaborative was established in 1996 under the authority of Minn. Stat. § 471.59. The Collaborative includes Brown, Sibley, and Watonwan Counties; River Bend Education District; Sioux Trails Mental Health Center; and Greater Minnesota Family Services; and appointed representatives: school district, correction, public health and a parent representative. The purpose of the Collaborative is to join local units of government together to ensure a unified, unduplicated, and family-friendly system of intervention and care of families and children. The Collaborative provides improved coordination for children and families through information sharing, elimination of duplicate services, and cooperative efforts. The Collaborative funds selected projects and services that support intervention and the prevention of out-of-home placement of children at risk.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

Three Counties for Kids Children’s Mental Health Collaborative (Continued)

The Collaborative is financed by LCTS funds and program reimbursements. Control of the Collaborative is vested in a Board of Directors consisting of 10 members. Brown County Human Services acts as a fiscal agent for the Collaborative. During 2021, Brown County did not provide funding to the Collaborative. There is no accumulation of resources or fiscal stress related to this entity.

Any withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, the Three Counties for Kids Children’s Mental Health Collaborative Board of Directors shall distribute all property, real and personal, at the time of termination.

As the administrative county, Brown County Human Services may be liable to the state or federal government for any disallowance, sanction, or audit exception attributable to the Three Counties for Kids Children’s Mental Health Collaborative, including but not limited to, federal fiscal disallowances or sanctions based upon the Collaborative’s implementation of the LCTS or any of the other state and federal funding sources and their related requirements. In the event of any such audit disallowance or sanction, the following participating partners, Brown, Sibley, and Watonwan Counties and the River Bend Education District, share the liability. Financial information can be obtained by contacting the Brown County Human Services Department.

South Country Health Alliance

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

South Country Health Alliance (Continued)

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

Each member county has an explicit and measurable right to its share of the total capital surplus of the SCHA. Gains and losses are allocated annually to all members based on the percentage of their utilization. The County's equity interest in the SCHA at December 31, 2021, was \$3,347,966. The equity interest is reported as an investment in joint venture on the county-wide statement of net position. Changes in equity are included in the county-wide statement of activities as Human Services program expenses or revenues. During 2021, Brown County did not provide funding to the joint venture. There is no accumulation of resources or fiscal stress related to this entity.

Complete financial statements for the SCHA can be obtained from Scott Schufman, SCHA Chief Fiscal Officer, 2300 Park Drive, Suite 100, Owatonna, Minnesota 55060.

South Central Minnesota Regional Emergency Communications Board

The South Central Minnesota Regional Emergency Communications Board (formerly known as the South Central Minnesota Regional Radio Board) was established pursuant to Minn. Stat. §§ 471.59 and 403.39 and a joint powers agreement effective May 27, 2008. It comprises Blue Earth, Brown, Faribault, Le Sueur, Martin, McLeod, Nicollet, Sibley, Waseca, and Watonwan Counties and the Cities of Hutchinson and Mankato. The primary function of the joint venture is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System for the Allied Radio Matrix for Emergency Response (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications.

The Board consists of one County Commissioner from each county included in the agreement, one City Council member from each city included in the agreement, a member of the South Central Minnesota Regional Advisory Committee, a member of the South Central Minnesota Regional Radio System User Committee, and a member of the Owners and Operators Committee.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

South Central Minnesota Regional Emergency Communications Board (Continued)

Blue Earth County acts as the fiscal agent for the Board. During 2021, the County did not provide funding to the Communications Board. The Chair of the Board is Kip Bruender, and the address is P. O. Box 8608, Mankato, Minnesota 56002-8608. There is no accumulation of resources or fiscal stress related to this entity.

Brown-Lyon-Redwood Drug Task Force

The Brown-Lyon-Redwood Drug Task Force was established between Brown, Lyon, Redwood, and Renville Counties and the Cities of New Ulm, Redwood Falls, and Marshall, pursuant to Minn. Stat. § 471.59. The Task Force was established to create a cooperative law enforcement effort that provides drug enforcement services for member organizations.

The Task Force is governed by an Advisory Board consisting of one appointed member from each party. Financing is provided through contributions of the participating counties, grants, and forfeitures. During the year, the County paid \$109,020 to the Task Force. Fiscal agent responsibilities for the Task Force are with the City of New Ulm. The Task Force is reported as a custodial fund in the City of New Ulm's financial statements. There is no accumulation of resources or fiscal stress related to this entity.

South Central Workforce Services Area Joint Powers Board

In June 2012, the County entered into a joint powers agreement with Blue Earth, Faribault, LeSueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties, creating the South Central Workforce Services Area Joint Powers Board. The agreement is authorized by Minn Stat. § 471.59. The Board is comprised of one voting member and one alternate member for each participating County. The goal of the Board is to develop and maintain a quality workforce for South Central Minnesota.

Brown County did not make any payments to this organization in 2021. Separate financial information can be obtained from the South Central Workforce Council, 706 North Victory Drive, Mankato, Minnesota 56001. There is no accumulation of resources or fiscal stress related to this entity.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

Rural Minnesota Energy Board

The Rural Minnesota Energy Board was established in 2005 under the authority of Minn. Stat. § 471.59. The Board includes Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, Lincoln, Lyon, Martin, Mower, Murray, Nicollet, Nobles, Pipestone, Redwood, Renville, Rock, and Watonwan Counties. The purpose of the Board is to provide guidance on issues surrounding energy development in rural Minnesota and to foster the diversification of the economic climate in rural Minnesota. The focus of the Board includes, but is not limited to, renewable energy, wind energy, energy transmission lines, hydrogen energy technology, and bio-diesel and ethanol use.

The governing body is comprised of one voting member and one alternate member from each participating county's Board of Commissioners. The Board shall remain in existence as long as two or more counties remain parties to the agreement. Should the Board cease to exist, assets shall be liquidated, after payment of liabilities, based upon the ratios set out under the equal and proportionate share articles of the agreement.

During the year, Brown County contributed \$2,500 to the Board. Complete financial information can be obtained from the Rural Minnesota Energy Board, Slayton, Minnesota 56172. There is no accumulation of resources or fiscal stress related to this entity.

Brown-Lyon-Redwood-Renville Emergency Response Unit

The Brown-Lyon-Redwood-Renville Emergency Response Unit was established between Brown, Lyon, Redwood, and Renville Counties and the Cities of New Ulm, Redwood Falls, and Marshall, pursuant to Minn. Stat. § 471.59. The Emergency Response Unit was established to provide specialized police services for its members during high risk or critical incident situations in a more effective and efficient manner than the services could be provided by the individual member on their own.

The Response Unit is governed by a Board of Directors consisting of the Chief Law Enforcement Officer from each member county and city as well as a prosecuting attorney from one of the member counties selected by the Directors. Financing is provided through equal annual contributions made by each member. There is no accumulation of resources or fiscal stress related to this entity.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

C. Joint Ventures (Continued)

Brown-Lyon-Redwood-Renville Emergency Response Unit (Continued)

The New Ulm Police Departments acts as the fiscal agent for the Board. During 2021, the County did not provide funding to the Response Unit. Financial information can be obtained by contacting the City of New Ulm Police Department.

D. Jointly-Governed Organizations

Brown County, in conjunction with other governmental entities and various private organizations, formed the jointly-governed organizations listed below:

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, Brown County paid \$12,971 to the Project.

The Redwood-Cottonwood Rivers Control Area (RCRCA) works to improve water quality, reduce erosion, and enhance recreational opportunities by providing education, outreach, monitoring, and technical assistance within the boundaries of the watersheds of the Redwood and Cottonwood Rivers for the participating counties. RCRCA consists of Brown, Cottonwood, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine Counties. During the year, Brown County made payments of \$10,050 to the RCRCA.

The South Central Emergency Medical Service (SCEMS) Joint Powers Board consists of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The purpose of the SCEMS is to ensure quality patient care is available throughout the nine-county area by maximizing the response capabilities of emergency medical personnel and to promote public education on injury prevention and appropriate response during a medical emergency. Each county appoints one member for the Joint Powers Board. During 2021, the County did not provide funding to the Medical Service.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

D. Jointly-Governed Organizations (Continued)

The South Central Regional ImmTrack (Immunization Registry) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. During the year, Brown County paid \$4,498 to ImmTrack.

The South Central Community-Based Initiative was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost-effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. Brown County did not contribute to the Joint Powers Board in 2021.

The Intelligent Transit System (ITS) Transit Consortium was established to implement and maintain the ITS among its members, which include Brown, Martin, Meeker, Pipestone, Sherburne, and Wright Counties. Initial transit software and services were funded by an American Recovery and Reinvestment Act grant. Each individual consortium member is responsible for future mapping support and costs. It is expected that there will be upgrades every three years. During the year, Brown County did not contribute to the Transit Consortium.

The Minnesota Criminal Justice Data Communications Network joint powers agreement exists to create access for the County Sheriff and County Attorney, County Probation, and County Human Services Departments to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Brown County made no payments to the joint powers.

The State of Minnesota Parks and Trails and Brown County Sentence-to-Serve (STS) joint powers agreement states that Brown County STS will provide all labor necessary to split wood at Fort Ridgely State Park.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

D. Jointly-Governed Organizations (Continued)

The Trail Systems Coordination joint powers consists of Brown County and the Cities of Comfrey, Hanska, New Ulm, Sleepy Eye, and Springfield. These parties have joined together to coordinate, consider, review, study, and analyze trails and their use in and around Brown County. The County did not contribute to the Joint Powers during 2021.

The Greater Blue Earth River Basin Alliance (GBERBA) establishes goals, policies, and objectives to protect and enhance land and water resources in the Greater Blue Earth River Basin. The Board consists of County Commissioners and members of the Soil and Water Conservation Districts. During the year, Brown County did not make any payments to GBERBA.

The Region Five - Southwest Minnesota Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. Control is vested in the Board, which comprises representatives appointed by each Board of County Commissioners. Brown County's responsibility does not extend beyond making this appointment.

The Minnesota Counties Computer Cooperative (MCCC) was established under the Minnesota Joint Powers Law, Minn. Stat. § 471.59. Minnesota counties have created the MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Brown County expended \$135,067 to the MCCC.

6. Subsequent Event

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Brown County, the amount to be received as a result of this litigation is \$738,264, to be received over 18 years, which has been recorded as due from other governments in the current year.

REQUIRED SUPPLEMENTARY INFORMATION

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-1

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS
DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 61,817	\$ 52,912	\$ 54,260	\$ 56,767
Interest	18,136	29,683	24,780	23,116
Assumption Changes	28,573	14,352	(22,388)	-
Differences Between Expected and Actual Experience	-	(233,293)	-	-
Benefit Payments	<u>(25,659)</u>	<u>(30,894)</u>	<u>(19,374)</u>	<u>(34,436)</u>
Net Change in Total OPEB liability	\$ 82,867	\$ (167,240)	\$ 37,278	\$ 45,447
Total OPEB Liability - Beginning	<u>576,295</u>	<u>743,535</u>	<u>706,257</u>	<u>660,810</u>
Total OPEB Liability - Ending	<u><u>659,162</u></u>	<u><u>576,295</u></u>	<u><u>743,535</u></u>	<u><u>706,257</u></u>
Covered-employee payroll	\$ 14,282,046	\$ 13,832,490	\$ 12,833,076	\$ 12,459,297
Total OPEB liability as a percentage of covered-employee payroll	4.62%	4.17%	5.79%	5.67%

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-2

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2021**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with Brown County (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.1778%	\$ 7,592,857	\$ 231,959	\$ 7,824,816	\$ 12,802,134	59.31%	87.00%
2020	0.1685	10,102,345	311,528	10,413,873	12,017,078	86.66	79.06
2019	0.1632	9,022,962	280,321	9,303,283	11,547,143	78.14	80.20
2018	0.1636	9,075,857	297,764	9,373,621	10,995,318	82.54	79.53
2017	0.1703	10,871,840	136,683	11,008,523	10,970,750	99.10	75.90
2016	0.1622	13,169,835	172,088	13,341,923	10,039,961	131.17	68.91
2015	0.1641	8,504,514	N/A	8,504,514	9,655,925	88.08	78.19

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 is June 30.
N/A - Not Applicable

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-3

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 970,185	\$ 970,185	\$ -	\$ 12,935,800	7.50%
2020	848,841	848,841	-	11,317,880	7.50
2019	882,221	882,221	-	11,762,947	7.50
2018	843,196	843,196	-	11,242,571	7.50
2017	802,808	802,808	-	10,705,465	7.50
2016	779,982	779,982	-	10,399,719	7.50
2015	761,372	761,372	-	10,151,627	7.50

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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2021**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) Associated with Brown County (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.071%	\$ 548,045	\$ 24,608	\$ 572,653	\$ 838,594	65.35%	93.66%
2020	0.076	996,489	23,481	1,019,970	853,033	119.57	87.19
2019	0.081	861,262	-	861,262	852,862	100.98	89.30
2018	0.075	800,489	-	800,489	791,682	101.11	88.84
2017	0.078	1,053,093	-	1,053,093	797,926	131.98	85.43
2016	0.073	2,929,617	-	2,929,617	704,477	415.86	63.88
2015	0.070	795,364	-	795,364	645,081	123.30	86.61

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 is June 30.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 163,341	\$ 163,341	\$ -	\$ 922,831	17.70%
2020	138,883	138,883	-	784,650	17.70
2019	144,584	144,584	-	853,003	16.95
2018	133,396	133,396	-	823,429	16.20
2017	128,699	128,699	-	794,439	16.20
2016	116,017	116,017	-	716,154	16.20
2015	114,198	114,198	-	704,925	16.20

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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2021**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) and the State's Related of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.38%	\$ (61,522)	\$ 828,020	7.43%	101.60%
2020	0.35	94,318	756,457	12.47	96.67
2019	0.40	55,795	859,553	6.49	98.20
2018	0.42	68,502	850,588	8.05	97.64
2017	0.42	1,197,004	847,945	141.17	67.89
2016	0.42	1,534,319	797,329	192.43	58.16
2015	0.43	66,478	781,204	8.51	96.95

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 is June 30.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT
CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 80,510	\$ 80,510	\$ -	\$ 920,114	8.75%
2020	63,178	63,178	-	722,034	8.75
2019	73,156	73,156	-	836,069	8.75
2018	72,977	72,977	-	833,451	8.75
2017	72,977	72,977	-	834,024	8.75
2016	70,896	70,896	-	810,238	8.75
2015	71,867	71,867	-	821,342	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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-8

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,672,634	\$ 10,672,634	\$ 9,639,797	\$ (1,032,837)
Special assessments	147,624	147,624	143,389	(4,235)
Licenses and permits	38,000	38,000	47,207	9,207
Intergovernmental	1,622,772	1,622,772	6,238,451	4,615,679
Charges for services	1,689,423	1,689,423	1,506,143	(183,280)
Fines and forfeits	10,100	10,100	4,448	(5,652)
Gifts and contributions	-	-	160	160
Investment earnings	122,444	122,444	(8,362)	(130,806)
Miscellaneous	375,591	375,591	569,356	193,765
	<u>\$ 14,678,588</u>	<u>\$ 14,678,588</u>	<u>\$ 18,140,589</u>	<u>\$ 3,462,001</u>
Total Revenues				
Expenditures				
Current				
General government				
Commissioners	\$ 282,349	\$ 282,349	\$ 244,629	\$ 37,720
Courts	112,111	112,111	151,544	(39,433)
Law library	18,000	18,000	16,896	1,104
County auditor/treasurer	692,627	692,627	734,890	(42,263)
License bureau	406,998	406,998	361,238	45,760
County assessor	623,284	623,284	607,647	15,637
Elections	17,800	17,800	19,598	(1,798)
Accounting and auditing	42,502	42,502	74,640	(32,138)
Data processing	593,431	593,431	583,803	9,628
Central services	258,135	258,135	256,398	1,737
Personnel administration	352,935	352,935	329,266	23,669
Attorney	726,067	726,067	736,186	(10,119)
Recorder	489,795	489,795	551,818	(62,023)
Planning and zoning	198,944	198,944	241,051	(42,107)
Buildings and plant	653,526	653,526	646,762	6,764
Veterans service officer	161,013	161,013	162,723	(1,710)
Veterans shuttle	7,761	7,761	6,585	1,176
Other	218,991	218,991	390,462	(171,471)
	<u>\$ 5,856,269</u>	<u>\$ 5,856,269</u>	<u>\$ 6,116,136</u>	<u>\$ (259,867)</u>
Total general government				

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT A-8
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 2,746,899	\$ 2,746,899	\$ 2,647,410	\$ 99,489
Regional radio board operations	1,034	1,034	1,034	-
Boat and water safety	14,476	14,476	1,815	12,661
Emergency services	97,260	97,260	322,014	(224,754)
Coroner	15,850	15,850	11,074	4,776
E-911 system	109,705	109,705	157,993	(48,288)
County jail	1,585,883	1,585,883	1,748,794	(162,911)
Probation and parole	1,748,268	1,748,268	1,769,925	(21,657)
Sheriff's contingency	3,000	3,000	-	3,000
Snowmobile safety	4,000	4,000	12,965	(8,965)
Total public safety	\$ 6,326,375	\$ 6,326,375	\$ 6,673,024	\$ (346,649)
Health				
Nursing service	\$ 1,613,645	\$ 1,613,645	\$ 1,831,116	\$ (217,471)
Culture and recreation				
Historical society	\$ 97,837	\$ 97,837	\$ 97,837	\$ -
Parks	174,021	174,021	195,823	(21,802)
County/regional library	83,500	83,500	83,500	-
Snowmobile trails	-	-	50,199	(50,199)
Other	23,531	23,531	24,781	(1,250)
Total culture and recreation	\$ 378,889	\$ 378,889	\$ 452,140	\$ (73,251)
Conservation of natural resources				
Cooperative extension	\$ 88,732	\$ 88,732	\$ 83,791	\$ 4,941
Soil and water conservation	116,150	116,150	114,726	1,424
Agricultural society/County fair	28,500	28,500	28,500	-
Water planning	83,778	83,778	79,267	4,511
Wetlands	20,160	20,160	19,885	275
Septic loan program	167,294	167,294	174,542	(7,248)
Other conservation	12,971	12,971	12,971	-
Total conservation of natural resources	\$ 517,585	\$ 517,585	\$ 513,682	\$ 3,903

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT A-8
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Economic development				
Community development	\$ 5,495	\$ 5,495	\$ 493,756	\$ (488,261)
Debt service				
Principal	\$ 5,330	\$ 5,330	\$ 28,370	\$ (23,040)
Interest	-	-	627	(627)
Total debt services	<u>\$ 5,330</u>	<u>\$ 5,330</u>	<u>\$ 28,997</u>	<u>\$ (23,667)</u>
Total Expenditures	<u>\$ 14,703,588</u>	<u>\$ 14,703,588</u>	<u>\$ 16,108,851</u>	<u>\$ (1,405,263)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 2,031,738</u>	<u>\$ 2,056,738</u>
Other Financing Sources (Uses)				
Transfers in	\$ 25,000	\$ 25,000	-	\$ (25,000)
Transfers out	-	-	(52,863)	(52,863)
Loans issued	-	-	29,914	29,914
Total Other Financing Sources (Uses)	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ (22,949)</u>	<u>\$ (47,949)</u>
Net Change in Fund Balance	\$ -	\$ -	\$ 2,008,789	\$ 2,008,789
Fund Balance - January 1	<u>9,861,083</u>	<u>9,861,083</u>	<u>9,861,083</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 9,861,083</u>	<u>\$ 9,861,083</u>	<u>\$ 11,869,872</u>	<u>\$ 2,008,789</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-9

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,279,283	\$ 5,279,283	\$ 4,361,484	\$ (917,799)
Intergovernmental	10,754,598	10,754,598	9,250,624	(1,503,974)
Charges for services	40,000	40,000	24,811	(15,189)
Refunds and reimbursements	-	-	1,015,689	1,015,689
Miscellaneous	149,939	149,939	31,797	(118,142)
Total Revenues	\$ 16,223,820	\$ 16,223,820	\$ 14,684,405	\$ (1,539,415)
Expenditures				
Current				
Highway and streets				
Administration	\$ 2,360,972	\$ 2,360,972	\$ 2,345,785	\$ 15,187
Maintenance	902,150	902,150	683,843	218,307
Construction	11,470,000	11,470,000	10,414,039	1,055,961
Equipment maintenance and shop	397,500	397,500	284,545	112,955
Materials and services for resale	176,600	176,600	165,611	10,989
Total Highways and streets	\$ 15,307,222	\$ 15,307,222	\$ 13,893,823	\$ 1,413,399
Intergovernmental				
Highways and streets	\$ 368,000	\$ 368,000	\$ 398,411	\$ (30,411)
Debt Service				
Principal	465,000	465,000	465,000	-
Interest	83,598	83,598	83,598	-
Total Debt Service	\$ 548,598	\$ 548,598	\$ 548,598	\$ -
Total Expenditures	\$ 16,223,820	\$ 16,223,820	\$ 14,840,832	\$ 1,382,988
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (156,427)	\$ (156,427)
Other Financing Sources (Uses)				
Transfers in	-	-	21,547	21,547
Net Change in Fund Balance	\$ -	\$ -	\$ (134,880)	\$ (134,880)
Fund Balance - January 1	6,094,355	6,094,355	6,094,355	-
Increase (decrease) in inventories	-	-	(19,421)	(19,421)
Fund Balance - December 31	\$ 6,094,355	\$ 6,094,355	\$ 5,940,054	\$ (154,301)

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-10

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,917,302	\$ 2,917,302	\$ 2,609,801	\$ (307,501)
Intergovernmental	6,307,018	6,307,018	6,304,201	(2,817)
Charges for services	1,283,753	1,283,753	1,104,762	(178,991)
Gifts and contributions	2,000	2,000	18,620	16,620
Investment earnings	56,209	56,209	-	(56,209)
Miscellaneous	107,000	107,000	118,976	11,976
Total Revenues	\$ 10,673,282	\$ 10,673,282	\$ 10,156,360	\$ (516,922)
Expenditures				
Current				
Human services				
Income maintenance	\$ 2,946,045	\$ 2,946,045	\$ 3,123,541	\$ (177,496)
Social services	6,815,651	6,815,651	6,480,874	334,777
Heartland express	911,586	911,586	841,085	70,501
Total Expenditures	\$ 10,673,282	\$ 10,673,282	\$ 10,445,500	\$ 227,782
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (289,140)	\$ (289,140)
Other Financing Sources (Uses)				
Transfers in	-	-	12,009	12,009
Net Change in Fund Balance	\$ -	\$ -	\$ (277,131)	\$ (277,131)
Fund Balance - January 1	4,513,349	4,513,349	4,513,349	-
Fund Balance - December 31	\$ 4,513,349	\$ 4,513,349	\$ 4,236,218	\$ (277,131)

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-11

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 400,000	\$ 400,000	\$ 407,583	\$ 7,583
Licenses and permits	400	400	440	40
Intergovernmental	72,082	72,082	36,702	(35,380)
Charges for services	818,000	818,000	1,297,576	479,576
Miscellaneous	83,074	83,074	12,123	(70,951)
Total Revenues	\$ 1,373,556	\$ 1,373,556	\$ 1,754,424	\$ 380,868
Expenditures				
Current				
Sanitation				
Solid waste	\$ 2,320,176	\$ 2,320,176	\$ 2,796,078	\$ (475,902)
Excess of Revenues Over (Under)				
Expenditures	\$ (946,620)	\$ (946,620)	\$ (1,041,654)	\$ (95,034)
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	14,148	(15,852)
Net Change in Fund Balance	\$ (916,620)	\$ (916,620)	\$ (1,027,506)	\$ (110,886)
Fund Balance - January 1	4,624,518	4,624,518	4,624,518	-
Fund Balance - December 31	\$ 3,707,898	\$ 3,707,898	\$ 3,597,012	\$ (110,886)

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-12

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 50,075	\$ 50,075	\$ 458,696	\$ 408,621
Expenditures				
Current				
Conservation of natural resources				
Ditch maintenance	\$ 50,075	\$ 50,075	\$ 1,062,465	\$ (1,012,390)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (603,769)	\$ (603,769)
Other Financing Sources (Uses)				
Transfers in	-	-	3,116	3,116
Net Change in Fund Balance	\$ -	\$ -	\$ (600,653)	\$ (600,653)
Fund Balance - January 1	<u>247,947</u>	<u>247,947</u>	<u>247,947</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 247,947</u></u>	<u><u>\$ 247,947</u></u>	<u><u>\$ (352,706)</u></u>	<u><u>\$ (600,653)</u></u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Budget Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The County did not budget for the Opioid Remediation Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-August, all departments submit requests for appropriations to the County Auditor/Treasurer so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. A final budget is adopted by the Board and certified to the Auditor no later than December 31.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

2. Excess of Expenditures over Appropriations

The following major funds had expenditures in excess of budget for the year ended December 31, 2021. These expenditures in excess of appropriations were funded by revenues that exceeded the revenue budget.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 16,108,851	\$ 14,703,588	\$ 1,405,263
Special Revenue Funds			
Landfill	2,796,078	2,320,176	475,902
County Ditch	1,062,465	50,075	1,012,390

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Other Postemployment Benefits – Funded Status and Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

As disclosed in the Schedule of Funding Progress, no assets have been irrevocably deposited in trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero.

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

2021

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

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate used changed from 3.80% to 2.90%.

2019

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

2018

- The actuarial cost method used changed from the Projected Unit Credit to the Entry Age as prescribed by GASB 75.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50% to 3.30%.
- The percentage of future spouses of retirees who are assumed to continue on one of the County's medical plans post-employment was increased from 10% to 25%.

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended December 31, 2021.

General Employees Plan

2021

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 have been no changes since the prior valuation.

2020

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) retirement 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

General Employees Plan (Continued)

2020 (Continued)

Changes in Actuarial Assumptions: (Continued)

- 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 in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% 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% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

General Employees Plan (Continued)

2018 (Continued)

Changes in Plan Provisions: (Continued)

- Postretirement benefit increases were changed from 1% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2016

Changes in Actuarial Assumptions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

General Employees Plan (Continued)

2016 (Continued)

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Plan

2021

Changes in Actuarial Assumptions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Police and Fire Plan (Continued)

2021 (Continued)

Changes in Actuarial Assumptions: (Continued)

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Postretirement benefit increases changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100% funding or July 1, 2048, if earlier.

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Police and Fire Plan (Continued)

2018 (Continued)

Changes in Plan Provisions: (Continued)

- Member contributions were changed from 10.80% to 11.30 of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% effective January 1, 2019. Augmentation that has an already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Police and Fire Plan (Continued)

2017 (Continued)

Changes in Actuarial Assumptions: (Continued)

- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Correctional Plan

2021

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Correctional Plan (Continued)

2019

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2017

Changes in Actuarial Assumptions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions (Continued)

Correctional Plan (Continued)

2017 (Continued)

Changes in Actuarial Assumptions: (Continued)

- The Combined Service Annuity (CSA) load was 30% for vested and nonvested, deferred members. The CSA has been changed to 35% for vested members and 1% for nonvested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES**

**BROWN COUNTY
NEW ULM, MINNESOTA**

NONMAJOR GOVERNMENTAL FUND

CAPITAL PROJECTS FUND

Building and Capital Improvements – to account for funds used for capital outlay and maintenance.
Financing is provided by a tax levy.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
BUILDING AND CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 29,598	\$ 29,598	\$ 26,746	\$ (2,852)
Intergovernmental	10,000	10,000	42,978	32,978
Charges for services	303,524	303,524	-	(303,524)
Miscellaneous	14,811	14,811	31,381	16,570
Total Revenues	\$ 357,933	\$ 357,933	\$ 101,105	\$ (256,828)
Expenditures				
Current				
General government				
Buildings and plant	\$ 279,872	\$ 279,872	\$ 153,463	\$ 126,409
Veterans service officer	6,000	6,000	-	6,000
Total general government	\$ 285,872	\$ 285,872	\$ 153,463	\$ 132,409
Public safety				
Sheriff	59,250	59,250	170,255	(111,005)
Culture and recreation				
Historical society	-	-	22,300	(22,300)
Total Expenditures	\$ 345,122	\$ 345,122	\$ 346,018	\$ (896)
Excess of Revenues Over (Under)				
Expenditures	\$ 12,811	\$ 12,811	\$ (244,913)	\$ (257,724)
Other Financing Sources (Uses)				
Transfers in	-	-	2,043	2,043
Change in Fund Balance	\$ 12,811	\$ 12,811	\$ (242,870)	\$ (255,681)
Fund Balance - January 1	871,629	871,629	871,629	-
Fund Balance - December 31	\$ 884,440	\$ 884,440	\$ 628,759	\$ (255,681)

**BROWN COUNTY
NEW ULM, MINNESOTA**

CUSTODIAL FUNDS

Taxes and Penalties – to account for the inflows of tax collections and the disbursement of taxes during the settlement process for municipalities within the County.

State Revenue – to account for the collection of fees on behalf of the state.

License Center – to account for the collection of license fees on behalf of the state.

Sheriff's Inmate Commissary – to account for deposits and withdrawals made by inmates of the Brown County Jail.

Estate Recoveries – is used to hold the State's portion of estates of deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

GRH Recoveries – is used to hold the State's portion of GRH recoveries within the County until such a time they can be analyzed and disbursed appropriately.

Three Counties for Kids Collaborative – to account for the funds of a multi-county/school district children's mental health collaborative.

Families First Family Services Collaborative – to account for the funds of the County/multi-school district family services collaborative.

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT C-1

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

	Taxes and Penalties	State Revenue	License Center	Sheriff's Inmate Commissary	Estate Recoveries
Assets					
Cash and pooled investments	\$ 278,887	\$ 132,855	\$ -	\$ 5,801	\$ 196,480
Due from other governments	-	-	-	-	-
Taxes for other governments	282,576	-	-	-	-
Total Assets	\$ 561,463	\$ 132,855	\$ -	\$ 5,801	\$ 196,480
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	162,295	132,855	-	-	196,480
Total Liabilities	\$ 162,295	\$ 132,855	\$ -	\$ -	\$ 196,480
Deferred Inflows of Resources					
Property taxes collected for subsequent period	\$ 116,592	\$ -	\$ -	\$ -	\$ -
Net Position					
Restricted for:					
Individuals, organizations, and other governments	\$ 282,576	\$ -	\$ -	\$ 5,801	\$ -

**BROWN COUNTY
NEW ULM, MINNESOTA**

*EXHIBIT C-1
(Continued)*

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

	GRH Recoveries	Three Counties for Kids Collaborative	Families First Family Services Collaborative	Total Custodial Funds
Assets				
Cash and pooled investments	\$ 2,488	\$ 108,377	\$ 92,853	\$ 817,741
Due from other governments	-	-	51,014	51,014
Taxes for other governments	-	-	-	282,576
	Total Assets	\$ 108,377	\$ 143,867	\$ 1,151,331
Liabilities				
Accounts payable	\$ -	\$ 1,251	\$ 175	\$ 1,426
Due to other governments	2,488	-	-	494,118
	Total Liabilities	\$ 1,251	\$ 175	\$ 495,544
Deferred Inflows of Resources				
Property taxes collected for subsequent period	\$ -	\$ -	\$ -	116,592
Net Position				
Restricted for:				
Individuals, organizations, and other governments	\$ -	\$ 107,126	\$ 143,692	\$ 539,195

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT C-2

**COMBINING STATEMENT CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>License Center</u>	<u>Sheriff's Inmate Commissary</u>	<u>Estate Recoveries</u>
Additions					
Contributions:					
Individuals	\$ -	\$ -	\$ -	\$ 65,461	\$ -
Investment earnings	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Property tax collections for other governments	24,995,861	-	-	-	-
License and fees collected for state	-	996,004	9,394,982	-	-
Recoveries	-	-	-	-	366,054
Miscellaneous	-	-	-	-	-
Total Additions	<u>\$ 24,995,861</u>	<u>\$ 996,004</u>	<u>\$ 9,394,982</u>	<u>\$ 65,461</u>	<u>\$ 366,054</u>
Deductions					
Beneficiary payments to individuals	\$ -	\$ -	\$ -	\$ 74,047	\$ -
Payments of property tax to other governments	24,976,316	-	-	-	-
Payments to the state	-	996,004	9,394,982	-	366,054
Administrative expense	-	-	-	-	-
Payments to other entities	-	-	-	-	-
Total Deductions	<u>\$ 24,976,316</u>	<u>\$ 996,004</u>	<u>\$ 9,394,982</u>	<u>\$ 74,047</u>	<u>\$ 366,054</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ 19,545	\$ -	\$ -	\$ (8,586)	\$ -
Fiduciary Net Position - Beginning of Year	<u>263,031</u>	<u>-</u>	<u>-</u>	<u>14,387</u>	<u>-</u>
Fiduciary Net Position - End of Year	<u><u>\$ 282,576</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,801</u></u>	<u><u>\$ -</u></u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT C-2

(Continued)

**COMBINING STATEMENT CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>GRH Recoveries</u>	<u>Three Counties for Kids Collaborative</u>	<u>Families First Family Services Collaborative</u>	<u>Total Custodial Funds</u>
Additions				
Contributions:				
Individuals	\$ -	\$ -	\$ -	\$ 65,461
Investment earnings	-	380	307	687
Intergovernmental	-	46,400	153,200	199,600
Property tax collections for other governments	-	-	-	24,995,861
License and fees collected for state	-	-	-	10,390,986
Recoveries	17,182	-	-	383,236
Miscellaneous	-	-	1,669	1,669
Total Additions	<u>\$ 17,182</u>	<u>\$ 46,780</u>	<u>\$ 155,176</u>	<u>\$ 36,037,500</u>
Deductions				
Beneficiary payments to individuals	\$ -	\$ -	\$ -	\$ 74,047
Payments of property tax to other governments	-	-	-	24,976,316
Payments to the state	17,182	-	-	10,774,222
Administrative expense	-	121,924	10,974	132,898
Payments to other entities	-	-	134,420	134,420
Total Deductions	<u>\$ 17,182</u>	<u>\$ 121,924</u>	<u>\$ 145,394</u>	<u>\$ 36,091,903</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ -</u>	<u>\$ (75,144)</u>	<u>\$ 9,782</u>	<u>\$ (54,403)</u>
Fiduciary Net Position - Beginning of Year	<u>-</u>	<u>182,270</u>	<u>133,910</u>	<u>593,598</u>
Fiduciary Net Position - End of Year	<u><u>\$ -</u></u>	<u><u>\$ 107,126</u></u>	<u><u>\$ 143,692</u></u>	<u><u>\$ 539,195</u></u>

SCHEDULES

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2021**

	<u>Interest Rate</u>	<u>Amount</u>
Deposits and Investments		
Checking accounts	0.50%	\$ 4,104,160
Change funds	None	2,140
MAGIC fund	Varies	12,670,064
Government securities	Varies	8,769,569
Negotiable certificates of deposit	Varies	<u>1,425,278</u>
Total Deposits and Investments		<u><u>\$ 26,971,211</u></u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT D-2

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

Shared revenue

State

Highway users tax	\$	6,853,008
County program aid		1,257,535
PERA rate reimbursement		41,228
Disparity reduction aid		27,051
Police aid		91,926
Aquatic invasive species aid		51,676
Enhanced 911		150,568
Local performance aid		3,628
Market value credit		371,209
Out of home placement		1,638
SCORE		35,672

Total shared revenue **\$ 8,885,139**

Reimbursement for services

State

Minnesota Department of Human Services	\$	1,861,379
--	----	-----------

Direct

U.S. Department of Treasury		30,133
-----------------------------	--	--------

Total reimbursements for services **\$ 1,891,512**

Payments

Local

Local contributions	\$	140,713
Payments in lieu of taxes		32,597

Total payments **\$ 173,310**

Grants

State

Minnesota Department/Board of	\$	305,993
Corrections		1,030
Agriculture		31,219
Public Safety		591,097
Transportation		196,974
Health		72,643
Natural Resources		8,030
Trial Courts		495,737
Minnesota Management and Budget		1,227,065
Human Services		10,000
Veterans Affairs		59,686
Water and Soil Resources		11,334
Peace Officer Standards and Training Board		40,395
Pollution Control Agency		

Total state **\$ 3,051,203**

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT D-2
(Continued)**

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

Grants (Continued)

Federal

Department of	
Agriculture	\$ 367,001
Justice	97,824
Transportation	2,198,188
Education	2,662
Treasury	2,499,081
Health and Human Services	2,679,811
Homeland Security	27,225
	<hr/>

Total federal **\$ 7,871,792**

Total state and federal grants **\$ 10,922,995**

Total Intergovernmental Revenue **\$ 21,872,956**

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT D-3

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipient
U.S. Department of Agriculture				
Passed Through Brown-Nicollet Community Health Services WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	\$ 105,426	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	212MN101S2514	<u>261,575</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>\$ 367,001</u>	<u>\$ -</u>
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	F-CVS-2020-BRWNPROB	\$ 11,247	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-JAG-2020-BRWNPROB	<u>69,512</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 80,759</u>	<u>\$ -</u>
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STPF-HSIP 0821 (022)	<u>\$ 2,207,000</u>	<u>\$ -</u>
U.S. Department of Treasury				
Passed Through Brown-Nicollet Community Health Services COVID-19 Coronavirus Relief Fund	21.019	SLT0232	\$ 49,925	\$ -
Direct COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Applicable	<u>4,857,511</u>	<u>-</u>
Total U.S. Department of Treasury			<u>\$ 4,907,436</u>	<u>\$ -</u>
U.S. Department of Education				
Passed Through Brown-Nicollet Community Health Services Special Education-Grants for Infants and Families	84.181	BO4MC32551	<u>\$ 2,662</u>	<u>\$ -</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

*EXHIBIT D-3
(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipient
U.S. Department of Health and Human Services				
Passed Through Brown-Nicollet Community Health Services				
Public Health Emergency Preparedness	93.069	NU90TP922026	\$ 38,709	\$ -
COVID-19 Immunization Cooperative Agreements (Total Immunization Cooperative Agreements 93.268 \$129,375)	93.268	NH23IP922628	122,908	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	H61MC00035-16-02	675	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	117,375	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922188	8,126	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$264,774)	93.558	2101MNTANF	37,996	-
Medicaid Cluster				
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,087,293)	93.778	2105MN5ADM	29,271	-
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	40,710	-
Passed Through Minnesota Department of Health				
Immunization Cooperative Agreements (Total Immunization Cooperative Agreements 93.268 \$129,375)	93.268	NH23IP922628	6,467	-
Passed Through Minnesota Department of Human Services				
MaryLee Allen Promoting Safe and Stable Families	93.556	2001MNPkin	5,845	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$264,774)	93.558	2101MNTANF	226,778	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$541,071)	93.563	2001MNCES	423,203	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$541,071)	93.563	2101MNCSES	117,868	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs CCDF Cluster	93.566	2101MNRcMA	550	-
Child Care and Development Block Grant	93.575	2101MNCcDF	11,776	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBcAP	9,317	-
Stephanie Tubbs Jones Child Welfare Services Program (Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 \$5,099)	93.645	2101MNCWSS	3,367	-
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program (Total Stephanie Tubbs Jones Child Welfare Services Program 93.645 \$5,099)	93.645	2101MNCWSS	1,732	-
Foster Care Title IV-E	93.658	2101MNFoST	220,524	-
Social Services Block Grant	93.667	2101MNSoR	148,520	-
Child Abuse and Neglect State Grants	93.669	2101MNNcAN	878	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood (Total John H. Chafee Foster Care Program for Successful Transition to Adulthood 93.674 \$9,320)	93.674	2101MNCILP	1,981	-
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood (Total John H. Chafee Foster Care Program for Successful Transition to Adulthood 93.674 \$9,320)	93.674	2101MNCILP	7,339	-
Children's Health Insurance Program	93.767	2105MN5021	1,175	-
Medicaid Cluster				
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,087,293)	93.778	2105MN5MAP	14,504	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,087,293)	93.778	2105MN5ADM	1,043,518	-
Total U.S. Department of Health and Human Services			\$ 2,641,112	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEDERAL DR 4390	\$ (217,483)	\$ -
Total Expenditures of Federal Awards			\$ 9,988,487	\$ -
Totals by Cluster				
Total expenditures by SNAP Cluster			\$ 261,575	
Total expenditures by Highway Planning and Construction Cluster			2,207,000	
Total expenditures by CCDF Cluster			11,776	
Total expenditures by Medicaid Cluster			1,087,293	

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Brown County. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Brown 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 the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget. Because the schedule presents only a selected portion of the operations of Brown County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Brown County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for all awards with the exception of Federal Assistance Listing Number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Brown County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**BROWN COUNTY
NEW ULM, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue		\$ 7,871,792
Unavailable Revenue in 2021 - grants received more than 60 days after year-end,		
Highway Planning and Construction	20.205	8,812
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2,428,755
Temporary Assistance for Needy Families	93.558	38,355
Community-Based Child Abuse Prevention Grants	93.590	2,585
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	3,014
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	589
Children's Health Insurance Program	93.767	783
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	190,725
Unavailable Revenue in 2020 - recognized as revenue in 2021		
Crime Victim Assistance Grant	16.575	(17,065)
COVID-19 Coronavirus Relief Fund	21.019	(20,400)
Public Health Emergency Preparedness	93.069	(2,175)
MaryLee Allen Promoting Safe and Stable Families	93.556	(2,524)
Temporary Assistance for Needy Families	93.558	(78,049)
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(1,277)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>(435,433)</u>
Expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 9,988,487</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.