

BROWN COUNTY, MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020

**BROWN COUNTY
NEW ULM, MINNESOTA**

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**BROWN COUNTY
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INTRODUCTORY

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**BROWN COUNTY
NEW ULM, MINNESOTA**

ORGANIZATION
2020

Office	Name	Term Expires
Commissioners		
1st District	David Borchert*	January 2021
2nd District	Anton Berg	January 2021
3rd District	Scott Windschitl	January 2021
4th District	Dean Simonsen	January 2023
5th District	Jeff Veerkamp	January 2023
Officers		
Elected		
Attorney	Charles Hanson	January 2023
Auditor/Treasurer	Jean Prochniak	January 2023
County Recorder	Betti Kamolz	January 2023
Sheriff	Jason Seidl	January 2023
Appointed		
Administrator	Sam Hansen	Indefinite
Assessor	Anne Grunert	December 31, 2020
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
Planning and Zoning Administrator	Laine Sletta	Indefinite
Public Health Director	Karen Moritz	Indefinite
Veterans Service Officer	Greg Peterson	April 11, 2021
Lay Board Member	DeeAnn Gieseke	December 31, 2021
Lay Board Member	Judy Kuster	December 31, 2021

*Chair

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Brown County
New Ulm, Minnesota

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The South Country Health Alliance (SCHA) is a joint venture discussed in Note 5.C to the financial statements. The county's investment in SCHA, \$3,033,069, represents 2.1% and 2.5%, respectively, of the assets and net position of the governmental activities. The financial statements of SCHA, were prepared in accordance with financial reporting provisions permitted by the Minnesota Department of Health. We have applied procedures on the conversion adjustment to the financial statements of SCHA, which conform the financial reporting of the investment in joint venture to accounting principles accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the SCHA were not audited in accordance with *Government Auditing Standards*.

Auditors' Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brown County as of December 31, 2020, 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.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended December 31, 2020, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 1.E.). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Matters (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brown County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021 on our consideration of Brown 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 Brown 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 Brown County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
September 27, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**BROWN COUNTY
NEW ULM, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(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, 2020. 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 2020 by \$120,451,048. Of this amount, \$7,712,261 (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 \$10,767,460 in 2020 (before restatement), or 9.8 percent.
- At the close of 2020, Brown County's governmental funds reported combined ending fund balances of \$26,212,881. The amount of \$6,348,441 is unassigned and is available for spending at the County's discretion.
- At the close of 2020, unassigned fund balance for the General Fund was \$6,944,361, or 46.4 percent, 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 five 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, 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. 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 \$120,451,048 at the close of 2020. The largest portion of Brown County's net position (85.9 percent) 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 2019 is presented.

Table 1
Governmental Net Position

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	\$ 34,408,152	\$ 30,986,069
Capital assets	<u>107,175,403</u>	<u>100,818,504</u>
Total Assets	<u>\$ 141,583,555</u>	<u>\$ 131,804,573</u>
Deferred Outflows of Resources	<u>\$ 1,616,738</u>	<u>\$ 1,838,983</u>
Liabilities		
Long-term liabilities outstanding	\$ 18,452,096	\$ 17,495,716
Other liabilities	<u>2,476,959</u>	<u>2,788,242</u>
Total Liabilities	<u>\$ 20,929,055</u>	<u>\$ 20,283,958</u>
Deferred Inflows of Resources	<u>\$ 1,820,190</u>	<u>\$ 3,854,564</u>
Net Position		
Investment in capital assets	\$ 103,487,047	\$ 96,262,527
Restricted	9,251,740	9,591,395
Unrestricted	<u>7,712,261</u>	<u>3,651,112</u>
Total Net Position	<u>\$ 120,451,048</u>	<u>\$ 109,505,034</u>

The unrestricted net position amount of \$7,712,261 as of December 31, 2020, may be used to meet the County's ongoing obligations to citizens and creditors.

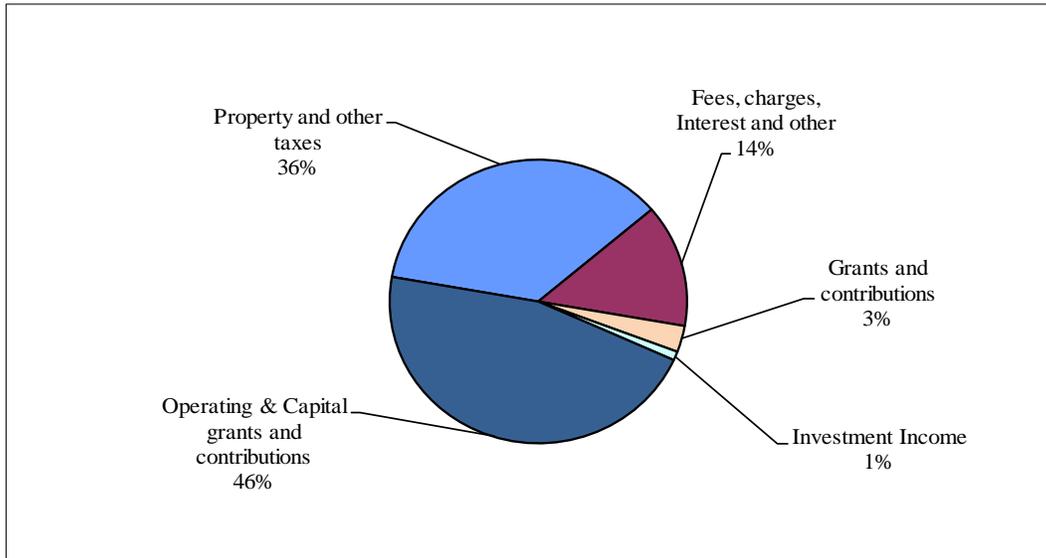
Governmental Activities

The County's activities from operations increased net position by \$10,767,460, or 9.8 percent (\$109,683,588, as restated, in 2019 to \$120,451,048 in 2020). Table 2 summarizes the changes in net position for 2020.

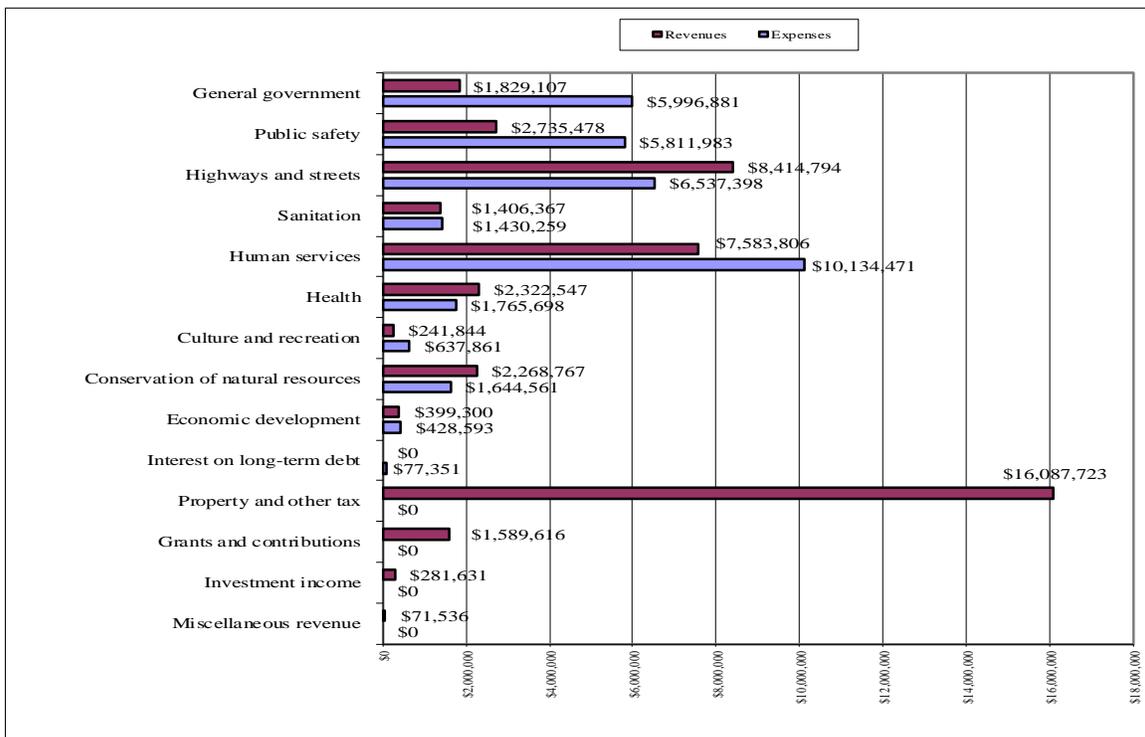
Table 2
Changes in Governmental Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues		
Charges for services	\$ 6,488,654	\$ 6,846,006
Operating grants and contributions	20,694,360	14,480,036
Capital grants and contributions	18,996	70,844
General revenues		
Property taxes	13,498,249	12,943,073
Other	<u>4,532,257</u>	<u>4,834,685</u>
Total Revenues	<u>\$ 45,232,516</u>	<u>\$ 39,174,644</u>
Expenses		
General government	\$ 5,996,881	\$ 5,829,835
Public safety	5,811,983	6,035,642
Highways and streets	6,537,398	6,411,558
Sanitation	1,430,259	1,255,589
Human services	10,134,471	10,264,309
Health	1,765,698	1,772,575
Culture and recreation	637,861	576,386
Conservation of natural resources	1,644,561	2,686,269
Economic development	428,593	26,245
Interest	<u>77,351</u>	<u>92,250</u>
Total Expenses	<u>\$ 34,465,056</u>	<u>\$ 34,950,658</u>
Increase in Net Position	\$ 10,767,460	\$ 4,223,986
Net Position - January	\$ 109,505,034	\$ 105,137,048
Restatement	178,554	144,000
Net Position – January 1, as restated	<u>\$ 109,683,588</u>	<u>\$ 105,281,048</u>
Net Position - December 31	<u>\$ 120,451,048</u>	<u>\$ 109,505,034</u>

Revenues by Source - 2020



Expenses and Revenues - 2020



Total revenues for the County were \$45,232,516, while total expenses were \$34,465,056. This reflects a \$10,767,460 increase in net position for the year ended December 31, 2020.

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 \$26,212,881, an increase of \$4,562,444 in comparison with the prior year (after restatement and decrease in inventory). Of this amount, \$6,348,441 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 \$6,944,361, while total General Fund balance was \$9,861,083. 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 46.4 percent of total General Fund expenditures, while total fund balance represents 65.9 percent of that same amount.

In 2020, the Road and Bridge Special Revenue Fund reported an increase in operations of \$277,842 and a decrease in inventories of \$32,812. This increase from operations was a result of maintenance repair expenses reported significantly lower than anticipated.

In 2020, the Human Services Special Revenue Fund's fund balance increased by \$161,418. This increase is a result of COVID relief funding during 2020.

In 2020, the Landfill Special Revenue Fund's fund balance increased by \$136,446. This increase was mainly due to an increase in tipping fees during 2020.

In 2020, the County Ditch Fund's fund balance increased by \$632,468. This increase was a result of significant efforts made to establish and collect special assessments to strengthen the ditch system resources.

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 \$3,723,306 due, in large part, to unbudgeted state and federal COVID grant funding and from investment earnings in 2020. Overall, actual expenditures exceeded budgeted expenditures by \$508,810.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$107,175,403 (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 \$6,356,899.

Table 3
Governmental Capital Assets
(Net of Depreciation)

	<u>2020</u>	<u>2019</u>
Land	\$ 1,838,388	\$ 1,838,388
Construction in progress	150,717	8,454,289
Land improvements	2,428,663	2,499,528
Buildings and improvements	11,064,889	11,167,898
Machinery, furniture, and equipment	2,846,874	3,060,127
Computer software - intangible	449,731	570,735
Infrastructure	<u>88,396,141</u>	<u>73,227,539</u>
Totals	<u>\$ 107,175,403</u>	<u>\$ 100,818,504</u>

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

Long-Term Debt

At the end of the current fiscal year, the County has total general obligation bonds outstanding of \$3,545,000.

Table 4
Governmental Outstanding Debt

	<u>2020</u>	<u>2019</u>
General Obligation Bonds	<u>\$ 3,545,000</u>	<u>\$ 3,995,000</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 4.1 percent as of the end of 2020. This was slightly below the statewide rate of 4.9 percent.
- Low inventory of existing homes for sale plus near-record low mortgage rates have driven demand for home purchases and mortgage refinancing during 2020.
- At the end of 2020, Brown County set its 2021 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.

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BASIC FINANCIAL STATEMENTS

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COUNTY-WIDE FINANCIAL STATEMENTS

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 1

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

Assets

Cash and pooled investments	\$	22,702,050
Restricted investments		2,975,743
Taxes receivable		
Prior		85,970
Special assessments receivable		
Prior		21,569
Current		373,220
Noncurrent		257,034
Accounts receivable - net		1,136,102
Accrued interest receivable		5,473
Due from other governments		3,536,728
Inventories		281,194
Investment in joint venture		3,033,069
Capital assets		
Non-depreciable		1,989,105
Depreciable - net of accumulated depreciation		105,186,298
		105,186,298
Total Assets	\$	141,583,555

Deferred Outflows of Resources

Deferred pension outflows	\$	1,579,119
Deferred other postemployment benefit outflows		37,619
		37,619
Total Deferred Outflows of Resources	\$	1,616,738

Liabilities

Accounts payable	\$	785,528
Salaries payable		645,982
Contracts payable		4,758
Due to other governments		295,728
Accrued interest payable		22,673
Unearned revenue		99,921
Long-term liabilities		
Due within one year		596,710
Due in more than one year		6,708,308
Net pension liability		11,193,152
Other postemployment liability - Due within one year		25,659
Other postemployment liability - Due in more than one year		550,636
		550,636
Total Liabilities	\$	20,929,055

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT 1
(Continued)**

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

Deferred Inflows of Resources

Prepaid property taxes	\$	61,376
Deferred pension inflows		1,549,480
Deferred other postemployment benefit inflows		209,334
		<hr/>
Total Deferred Inflows of Resources	\$	1,820,190

Net Position

Net investment in capital assets	\$	103,487,047
Restricted for		
General government		574,278
Public safety		617,600
Highways and streets		911,518
Sanitation		13,730
Human services		4,014,873
Conservation of natural resources		1,504,870
Landfill closure/postclosure		1,614,871
Unrestricted		7,712,261
		<hr/>
Total Net Position	\$	120,451,048

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Primary government		
Governmental activities		
General government	\$ 5,996,881	\$ 1,383,201
Public safety	5,811,983	313,629
Highways and streets	6,537,398	55,180
Sanitation	1,430,259	1,334,363
Human services	10,134,471	1,189,294
Health	1,765,698	364,000
Culture and recreation	637,861	12,494
Conservation of natural resources	1,644,561	1,836,493
Economic development	428,593	-
Interest	77,351	-
	\$ 34,465,056	\$ 6,488,654
Total Governmental Activities	\$ 34,465,056	\$ 6,488,654

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

Restatement (See Note 1.E.)

Net Position - January 1, restated

Net Position - December 31

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 2

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

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
\$	\$	\$
445,906	-	(4,167,774)
2,421,849	-	(3,076,505)
8,340,618	18,996	1,877,396
72,004	-	(23,892)
6,394,512	-	(2,550,665)
1,958,547	-	556,849
229,350	-	(396,017)
432,274	-	624,206
399,300	-	(29,293)
-	-	(77,351)
\$ 20,694,360	\$ 18,996	\$ (7,263,046)
		\$
		13,498,249
		1,966,145
		590,732
		1,589,616
		32,597
		281,631
		71,536
		\$ 18,030,506
		\$ 10,767,460
		109,505,034
		178,554
		109,683,588
		\$ 120,451,048

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FUND FINANCIAL STATEMENTS

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 9,166,962	\$ 5,503,330
Restricted investments	-	-
Taxes receivable		
Prior	58,904	9,214
Special assessments		
Prior	4,162	-
Current	28,199	-
Noncurrent	149,164	-
Accounts receivable	120,812	389
Accrued interest receivable	5,473	-
Due from other funds	19,073	6,007
Due from other governments	603,231	1,381,092
Advances to other funds	858,750	-
Inventories	-	281,194
	\$ 11,014,730	\$ 7,181,226
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 112,649	\$ 200,823
Salaries payable	363,282	65,885
Contracts payable	-	-
Due to other funds	3,006	-
Due to other governments	6,452	2,228
Unearned revenue	96,069	2,004
Advances from other funds	-	-
	\$ 581,458	\$ 270,940
Deferred Inflows of Resources		
Prepaid property taxes	42,222	6,280
Unavailable revenue	529,967	809,651
	\$ 572,189	\$ 815,931
Fund Balances		
Nonspendable	\$ 858,750	\$ 281,194
Restricted	1,299,020	161,822
Assigned	758,952	5,651,339
Unassigned	6,944,361	-
	\$ 9,861,083	\$ 6,094,355
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,014,730	\$ 7,181,226

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 3

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

<u>Human Services</u>	<u>Landfill</u>	<u>County Ditch</u>	<u>Nonmajor Building and Capital Improvements</u>	<u>Total Governmental Funds</u>
\$ 4,312,691	\$ 1,688,470	\$ 1,161,347	\$ 869,250	\$ 22,702,050
-	2,975,743	-	-	2,975,743
16,416	-	-	1,436	85,970
-	15,430	1,977	-	21,569
-	-	345,021	-	373,220
-	-	107,870	-	257,034
924,642	90,259	-	-	1,136,102
-	-	-	-	5,473
646	-	-	-	25,726
972,506	12,122	564,767	3,010	3,536,728
-	-	-	-	858,750
-	-	-	-	281,194
\$ 6,226,901	\$ 4,782,024	\$ 2,180,982	\$ 873,696	\$ 32,259,559
\$ 300,479	\$ 125,757	\$ 45,820	\$ -	\$ 785,528
212,027	4,708	80	-	645,982
-	-	4,758	-	4,758
16,457	-	6,263	-	25,726
218,008	-	69,040	-	295,728
-	1,848	-	-	99,921
-	-	858,750	-	858,750
\$ 746,971	\$ 132,313	\$ 984,711	\$ -	\$ 2,716,393
11,709	-	-	1,165	61,376
954,872	25,193	948,324	902	3,268,909
\$ 966,581	\$ 25,193	\$ 948,324	\$ 2,067	\$ 3,330,285
\$ -	\$ -	\$ -	\$ -	\$ 1,139,944
37,994	2,989,473	843,867	-	5,332,176
4,475,355	1,635,045	-	871,629	13,392,320
-	-	(595,920)	-	6,348,441
\$ 4,513,349	\$ 4,624,518	\$ 247,947	\$ 871,629	\$ 26,212,881
\$ 6,226,901	\$ 4,782,024	\$ 2,180,982	\$ 873,696	\$ 32,259,559

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**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, 2020**

Fund balances - total governmental funds (Exhibit 3)	\$	26,212,881
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.		3,033,069
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		107,175,403
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the governmental funds.		3,268,909
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	\$ 1,579,119	
Deferred pension inflows	<u>(1,549,480)</u>	29,639
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	\$ 37,619	
Deferred other postemployment benefits inflows	<u>(209,334)</u>	(171,715)
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.		(22,673)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$ (3,545,000)	
Unamortized premium on bonds	(120,683)	
Loans payable	(252,713)	
Compensated absences	(2,025,750)	
Estimated liability for landfill closure/postclosure	(1,360,872)	
Net pension liability	(11,193,152)	
Total OPEB liability	<u>(576,295)</u>	<u>(19,074,465)</u>
Net Position of Governmental Activities (Exhibit 1)	\$	<u>120,451,048</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

	General	Road and Bridge
Revenues		
Taxes	\$ 9,319,280	\$ 3,927,801
Special assessments	170,336	-
Licenses and permits	38,821	-
Intergovernmental	6,208,485	10,172,724
Charges for services	1,594,088	31,781
Fines and forfeits	17,319	-
Gifts and contributions	100	-
Investment earnings	283,557	-
Miscellaneous	497,874	23,399
	\$ 18,129,860	\$ 14,155,705
Expenditures		
Current		
General government	\$ 5,826,813	\$ -
Public safety	5,867,229	-
Highways and streets	-	12,987,335
Sanitation	-	-
Human services	-	-
Health	1,774,711	-
Culture and recreation	441,756	-
Conservation of natural resources	539,014	-
Economic development	428,593	-
Intergovernmental	-	433,307
Debt service		
Principal	73,184	450,000
Interest	1,700	97,323
	\$ 14,953,000	\$ 13,967,965
Excess of Revenues Over (Under) Expenditures	\$ 3,176,860	\$ 187,740
Other Financing Sources (Uses)		
Transfers in	\$ -	\$ 90,102
Transfers out	(230,307)	-
Loans Issued	21,165	-
	\$ (209,142)	\$ 90,102
Net Change in Fund Balance	\$ 2,967,718	\$ 277,842
Fund Balance - January 1	6,714,811	5,849,325
Restatement (See Note 1.E.)	178,554	-
Fund Balance - January 1, restated	6,893,365	5,849,325
Increase (decrease) in inventories	-	(32,812)
Fund Balance - December 31	\$ 9,861,083	\$ 6,094,355

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 5

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

Human Services	Landfill	County Ditch	Nonmajor Building and Capital Improvements	Total Governmental Funds
\$ 2,556,143	\$ -	\$ -	\$ 254,385	\$ 16,057,609
-	405,806	1,684,354	-	2,260,496
-	240	-	-	39,061
6,576,244	72,970	56,940	224,389	23,311,752
1,125,148	1,034,835	-	-	3,785,852
-	-	-	-	17,319
8,290	-	-	-	8,390
-	-	-	-	283,557
170,760	1,703	-	8,698	702,434
\$ 10,436,585	\$ 1,515,554	\$ 1,741,294	\$ 487,472	\$ 46,466,470
\$ -	\$ -	\$ -	\$ 27,045	\$ 5,853,858
-	-	-	31,250	5,898,479
-	-	-	-	12,987,335
-	1,422,827	-	-	1,422,827
10,357,983	-	-	-	10,357,983
-	-	-	-	1,774,711
-	-	-	195,522	637,278
-	-	1,115,341	-	1,654,355
-	-	-	-	428,593
-	-	-	-	433,307
-	-	-	-	523,184
-	-	-	-	99,023
\$ 10,357,983	\$ 1,422,827	\$ 1,115,341	\$ 253,817	\$ 42,070,933
\$ 78,602	\$ 92,727	\$ 625,953	\$ 233,655	\$ 4,395,537
\$ 82,816	\$ 43,719	\$ 6,515	\$ 7,155	\$ 230,307
-	-	-	-	(230,307)
-	-	-	-	21,165
\$ 82,816	\$ 43,719	\$ 6,515	\$ 7,155	\$ 21,165
\$ 161,418	\$ 136,446	\$ 632,468	\$ 240,810	\$ 4,416,702
4,351,931	4,488,072	(384,521)	630,819	21,650,437
-	-	-	-	178,554
4,351,931	4,488,072	(384,521)	630,819	21,828,991
-	-	-	-	(32,812)
\$ 4,513,349	\$ 4,624,518	\$ 247,947	\$ 871,629	\$ 26,212,881

**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, 2020**

Change in fund balances - total governmental funds (Exhibit 5) \$ 4,416,702

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. 213,770

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	\$ 9,817,580	
Depreciation expense	<u>(3,404,110)</u>	6,413,470

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		(56,571)
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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		(1,252,107)
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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	\$ (21,165)	
Amortization of bond premium	18,242	
Principal payments on debt	<u>523,184</u>	520,261

**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, 2020**

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	\$	(32,812)	
Change in deferred pension outflows		(228,970)	
Change in deferred other postemployment outflows		6,725	
Change in accrued interest payable		3,430	
Change in compensated absences payable		(218,189)	
Change in net pension liability		(1,253,133)	
Change in other postemployment benefits liability		167,240	
Change in landfill postclosure care costs		33,305	
Change in deferred pension inflows		2,225,017	
Change in deferred other postemployment inflows		(190,678)	511,935
Change in Net Position of Governmental Activities (Exhibit 2)			\$ 10,767,460

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FIDUCIARY FUNDS

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 7

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

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	\$ 208,558	\$ 846,042
Due from other governments	-	40,864
Taxes for other governments	-	263,031
	\$ 208,558	\$ 1,149,937
Liabilities		
Due to others	\$ -	\$ 39,295
Due to other governments	-	406,288
	\$ -	\$ 445,583
Deferred Inflows of Resources		
Property Taxes Collected for Subsequent Period	\$ -	\$ 110,756
	\$ -	\$ 110,756
Net Position		
Restricted for:		
Individuals, Organizations, and		
Other Governments	\$ 208,558	\$ 593,598

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT 8

**STATEMENT CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2020**

	<u>Social Welfare Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
Additions		
Contributions:		
Individuals	\$ 1,266,452	\$ 45,590
Investment earnings	-	3,193
Intergovernmental	-	185,799
Property tax collections for other governments	-	24,268,768
License and fees collected for state	-	9,582,318
Recoveries	-	431,907
Miscellaneous	-	1,669
	<hr/>	<hr/>
Total Additions	\$ 1,266,452	\$ 34,519,244
Deductions		
Beneficiary payments to individuals	\$ 1,231,766	\$ 39,276
Payments of property tax to other governments	-	24,253,668
Payments to the state	-	10,014,225
Administrative Expense	-	145,925
Payments to other entities	-	132,677
	<hr/>	<hr/>
Total Deductions	\$ 1,231,766	\$ 34,585,771
Net Increase (Decrease) in Fiduciary Net Position	\$ 34,686	\$ (66,527)
Fiduciary Net Position - Beginning of Year	\$ -	-
Change in Accounting Principle	173,872	660,125
Fiduciary Net Position - Beginning of Year, as Restated	<hr/> \$ 173,872	<hr/> \$ 660,125
Fiduciary Net Position - End of Year	<u>\$ 208,558</u>	<u>\$ 593,598</u>

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**BROWN COUNTY
NEW ULM, MINNESOTA**

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

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, 2020. 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 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; as an agent for the license center; as an agent for the Collaboratives; as an agent for the GRH and estate recoveries; and as an agent for 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, 2020. 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 2020 were \$283,557.

**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 consist of delinquent special assessments payable in the years 2015 through 2020 and current/noncurrent special assessments payable in 2021 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

No allowance for 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value 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 straight-line 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, 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**

1. Summary of Significant Accounting Policies (Continued)

E. Change in Accounting Principle

During the year ended December 31, 2020, the County adopted GASB Statement No. 84, *Fiduciary Activities*, which established criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including accruals and net position to custodial funds not previously reported and reporting a private purpose trust fund. This pronouncement requires a restatement of December 31, 2019, net position as follows:

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as previously reported	\$ -	\$ -
Change in Accounting Principle	173,872	660,125
Net Position, January 1, 2020, as restated	\$ 173,872	\$ 660,125
	General Fund	Governmental Activities
Fund Balance/Net Position, January 1, 2020, as previously reported	\$ 6,714,811	\$ 109,505,034
Change in Accounting Principle	178,554	178,554
Fund Balance/Net Position, January 1, 2020, as restated	\$ 6,893,365	\$ 109,683,588

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. 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

A. Budgetary Information (Continued)

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, 2020:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 14,953,000	\$ 14,444,190	\$ 508,810
Special Revenue Funds			
Human Services	10,357,983	10,113,665	244,318
Landfill	1,422,827	1,408,090	14,737
County Ditch	1,115,341	75,000	1,040,341

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

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	\$ 25,677,793
Fiduciary funds	
Cash and pooled investments	<u>1,054,600</u>
Total Cash and Investments	<u>\$ 26,732,393</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.

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, 2020, the County's deposits were not 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

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) 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.

**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

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.

At December 31, 2020, the County had the following recurring fair value measurements.

	Fair Value Measurements Using			
	December 31, 2020	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	\$ 499,770	\$ -	\$ 499,770	\$ -
Negotiable certificates of deposit	1,942,318	-	1,942,318	-
Total Debt Securities	\$ 2,442,088	\$ -	\$ 2,442,088	\$ -
Investments Measured at amortized cost				
MAGIC Portfolio	\$ 20,619,840			

**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)

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.

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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

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, 2020, none of the County's investments were exposed to custodial credit risk.

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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

The following table presents the County's deposit and investment balances at December 31, 2020, 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	<5.0%	\$ -	\$ 499,770	\$ -	\$ 499,770
Investment pools - MAGIC Fund	N/R	N/A	20,619,840	-	-	20,619,840
Negotiable certificates of deposit (1)	N/R	<5.0%	1,238,581	703,737	-	1,942,318
Total investments			<u>\$ 21,858,421</u>	<u>\$ 1,203,507</u>	<u>\$ -</u>	<u>\$ 23,061,928</u>
Deposits						3,668,325
Change funds						<u>2,140</u>
Total Cash and Investments						<u>\$ 26,732,393</u>

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

(2) As rated by Standard and Poors

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, 2020, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes - delinquent	\$ 85,970	\$ -
Special assessments - delinquent	21,569	-
Special assessments	630,254	257,034
Accounts	1,136,102	-
Accrued interest	5,473	-
Due from other governments	3,536,728	-
Total Governmental Activities	\$ 5,416,096	\$ 257,034

3. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,838,388	\$ -	\$ -	\$ 1,838,388
Construction in progress	8,454,289	27,855	8,331,427	150,717
Total capital assets not depreciated	\$ 10,292,677	\$ 27,855	\$ 8,331,427	\$ 1,989,105
Capital assets depreciated				
Buildings and improvements	\$ 15,728,032	\$ 129,672	\$ -	\$ 15,857,704
Land improvements	4,702,732	7,866	-	4,710,598
Machinery, furniture, and equipment	8,919,508	407,309	319,277	9,007,540
Computer software - intangible	943,201	-	101,914	841,287
Infrastructure - highway	104,537,619	17,576,305	-	122,113,924
Infrastructure - dam	2,098,857	-	-	2,098,857
Total capital assets depreciated	\$ 136,929,949	\$ 18,121,152	\$ 421,191	\$ 154,629,910

**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	\$ 4,560,134	\$ 232,681	\$ -	\$ 4,792,815
Land improvements	2,203,204	78,731	-	2,281,935
Machinery, furniture, and equipment	5,859,381	620,562	319,277	6,160,666
Computer software - intangible	372,466	64,433	45,343	391,556
Infrastructure - highway	33,026,051	2,393,537	-	35,419,588
Infrastructure - dam	382,886	14,166	-	397,052
Total accumulated depreciation	\$ 46,404,122	\$ 3,404,110	\$ 364,620	\$ 49,443,612
Total capital assets depreciated, net	\$ 90,525,827	\$ 14,717,042	\$ 56,571	\$ 105,186,298
Governmental Activities				
Capital Assets, Net	\$ 100,818,504	\$ 14,744,897	\$ 8,387,998	\$ 107,175,403

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

Governmental Activities	
General government	\$ 199,636
Public safety	237,619
Highways and streets, including depreciation of infrastructure assets	2,824,393
Sanitation	49,416
Human services	70,584
Health	5,321
Culture and recreation, including depreciation of infrastructure assets	12,003
Conservation of natural resources	5,138
Total Depreciation Expense - Governmental Activities	\$ 3,404,110

**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, 2020, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General	Human Services	\$ 12,810	Labor and Interest
	County Ditch	6,263	Interest on advance
Total due to General Fund		<u>\$ 19,073</u>	
Road and Bridge	General	\$ 2,360	Fuel
	Human Services	3,647	Fuel
Total due to Road and Bridge Fund		<u>\$ 6,007</u>	
Human Services	General	\$ 646	Postage
Total Due To/From Other Funds		<u>\$ 25,726</u>	

The interfund receivables and payables are expected to be paid within one year of December 31, 2020.

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>\$ 858,750</u>	<u>\$ 44,291</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, 2020, consisted of transfers from the General Fund to allocate investment earnings and Coronavirus Relief Funds:

Transfers Out	Transfers In	Amount	Purpose	
General	Road and Bridge	\$ 81,132	Allocated Interest	
		8,970	COVID-19 Coronavirus Relief Funds	
		90,102		
	Human Services	37,527	Allocated Interest	
		45,289	COVID-19 Coronavirus Relief Funds	
		82,816		
	Landfill	43,719	Allocated Interest	
		County Ditch	6,515	Allocated Interest
		Building and Capital Improvements	7,155	Allocated Interest
	Total Transfers In/Out		\$ 230,307	

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, 2020. The projects and commitments include the following:

	Spent-to-date	Remaining Commitment
General Fund Pictometry	\$ 128,899	\$ 57,911

**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

Types of Indebtedness	Maturity Date	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
2017A G.O. State Aid Bonds	2027	\$440,000- \$545,000	2.00 - 3.00	\$ 4,875,000	\$ 3,545,000
Plus: Unamortized Bond Premium					<u>120,683</u>
Total General Obligation Bonds, Net					<u>\$ 3,665,683</u>

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.

Types of Indebtedness - Direct Borrowing	Maturity Date	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
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	48,022
2009 Cottonwood River Watershed Phosphorus TMDL Continuation CWP Project	2022	\$ 9,147	2.00	165,066	<u>35,691</u>
Total Direct Borrowing - Loans Payable					<u>\$ 252,713</u>

**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
2021	\$ 465,000	\$ 83,598	\$ 26,571	\$ 626
2022	480,000	69,423	23,039	271
2023	490,000	54,873	57,641	-
2024	505,000	39,948	82,427	-
2025	525,000	27,122	44,908	-
2026-2030	1,080,000	22,109	17,361	-
2031	-	-	766	-
Total	<u>\$ 3,545,000</u>	<u>\$ 297,073</u>	<u>\$ 252,713</u>	<u>\$ 897</u>

4. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2017A G.O. State Aid Bonds	\$ 3,995,000	\$ -	\$ 450,000	\$ 3,545,000	\$ 465,000
Plus: Unamortized Bond Premium	138,925	-	18,242	120,683	-
Total Bonds Payable	\$ 4,133,925	\$ -	\$ 468,242	\$ 3,665,683	\$ 465,000
Landfill closure/postclosure liability	1,394,177		33,305	1,360,872	-
Direct Borrowing - Loans payable	304,732	21,165	73,184	252,713	26,571
Compensated absences	1,807,561	1,787,370	1,569,181	2,025,750	105,139
Long-Term Liabilities	<u>\$ 7,640,395</u>	<u>\$ 1,808,535</u>	<u>\$ 2,143,912</u>	<u>\$ 7,305,018</u>	<u>\$ 596,710</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 \$1,360,872 landfill closure and postclosure care liability at December 31, 2020, represents the cumulative amount reported to date based on the use of 59 percent of the ultimate capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$939,006 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. 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, 2020, investments of \$2,975,743 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, 2020, for the County's governmental funds are as follows:

	Unavailable Revenue
Taxes and special assessments, delinquent and noncurrent	\$ 701,373
Highway allotments that do not provide current financial resources	731,825
Grants and intergovernmental revenues	1,039,822
Charges for services	794,168
Interest	1,721
Total Governmental Funds	\$ 3,268,909

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	\$ 858,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 858,750
Inventories	-	281,194	-	-	-	-	281,194
Total nonspendable	\$ 858,750	\$ 281,194	\$ -	\$ -	\$ -	\$ -	\$ 1,139,944
Restricted:							
Recorder's equipment purchases	29,621	-	-	-	-	-	29,621
Enhanced 911	509,206	-	-	-	-	-	509,206
Land records	42,613	-	-	-	-	-	42,613
Sheriff contingency	5,343	-	-	-	-	-	5,343
Gun permits program	65,286	-	-	-	-	-	65,286
Probation special needs program	23,880	-	-	-	-	-	23,880
Septic/sewer loans	418,665	-	-	-	-	-	418,665
Attorney forfeitures	11,967	-	-	-	-	-	11,967
Sheriff non-DWI forfeitures	917	-	-	-	-	-	917
Sheriff DWI forfeitures	12,968	-	-	-	-	-	12,968
Forfeited land	178,554	-	-	-	-	-	178,554
Highway construction	-	161,822	-	-	-	-	161,822
Donations	-	-	37,994	-	-	-	37,994
Landfill closure/postclosure	-	-	-	2,975,743	-	-	2,975,743
Solid waste operations	-	-	-	13,730	-	-	13,730
Ditch maintenance and construction	-	-	-	-	843,867	-	843,867
Total restricted	\$ 1,299,020	\$ 161,822	\$ 37,994	\$ 2,989,473	\$ 843,867	\$ -	\$ 5,332,176

**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:							
Tax and license software	\$ 209,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,731
License bureau system	52,995	-	-	-	-	-	52,995
Jail commissions	57,296	-	-	-	-	-	57,296
County septic loans	245,030	-	-	-	-	-	245,030
Parks	93,962	-	-	-	-	-	93,962
Veterans shuttle	59,803	-	-	-	-	-	59,803
Boat and water safety	38,455	-	-	-	-	-	38,455
Well sealing program	1,680	-	-	-	-	-	1,680
Road and bridge	-	5,651,339	-	-	-	-	5,651,339
Human services	-	-	4,475,355	-	-	-	4,475,355
Landfill	-	-	-	1,635,045	-	-	1,635,045
Capital improvements	-	-	-	-	-	871,629	871,629
Total assigned	\$ 758,952	\$ 5,651,339	\$ 4,475,355	\$ 1,635,045	\$ -	\$ 871,629	\$ 13,392,320
Unassigned	\$ 6,944,361	\$ -	\$ -	\$ -	\$ (595,920)	\$ -	\$ 6,348,441
Total Fund Balances	\$ 9,861,083	\$ 6,094,355	\$ 4,513,349	\$ 4,624,518	\$ 247,947	\$ 871,629	\$ 26,212,881

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 percent 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 January 1, 2020, 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 \$576,295 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date. 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	6.50% as of January 1, 2020 grading to 5.00% over 6 years and then to 4.00% over the next 48 years.

The current year discount rate is 2.90 percent, which is a change from the prior year rate of 3.80 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 Headcount-Weighted Mortality Tables (general, Safety) with MP-2019 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2020 valuation were based on the 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, 2020	\$ 743,535
Changes for the Year:	
Service Cost	\$ 52,912
Interest	29,683
Benefit Payments	(30,894)
Assumption changes	14,352
Difference between Expected and Actual Experience	<u>(233,293)</u>
Net Change	\$ <u>(167,240)</u>
Balance as of December 31, 2020	<u>\$ 576,295</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	1.90%	\$ 613,624
Current	2.90	576,295
1% Increase	3.90	540,606

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	5.50% Decreasing to 4.0% then 3.00%	\$ 520,037
Current	6.50% Decreasing to 5.00% then 4.00%	576,295
1% Increase	7.50% Decreasing to 6.0% then 5.00%	641,873

**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, 2020, the County recognized OPEB expense of \$42,372. 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	\$ 11,960	\$ 14,924
County Contributions Subsequent to the measurement date	25,659	-
Liability Gains	-	194,410
Total	<u>\$ 37,619</u>	<u>\$ 209,334</u>

\$25,659 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, 2021. 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>
2021	\$ (40,223)
2022	(40,223)
2023	(40,223)
2024	(40,219)
2025	(36,486)

**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 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 percent to 2.90 percent.

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

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

1. Plan Description (Continued)

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.

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 Retirement Plan

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 Retirement Plan (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 2020 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, 2020, were \$848,841. 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 member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$138,883. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020, were \$63,178. 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, 2020, the County reported a liability of \$10,102,345 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 \$311,528. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1685% at the end of the measurement period and 0.1632% 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	\$ 10,102,345
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>311,528</u>
Total	<u><u>\$ 10,413,873</u></u>

For the year ended December 31, 2020, Brown County recognized pension expense of \$490,137 for its proportionate share of the General Employees Plan's pension expense. In addition, Brown County recognized \$27,112 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, Brown 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	\$ 89,220	\$ 38,222
Changes in assumptions	-	368,136
Difference between projected and actual investment earnings	179,578	-
Changes in proportion	219,769	118,026
Contributions paid to PERA subsequent to the measurement date	<u>467,632</u>	<u>-</u>
Total	<u><u>\$ 956,199</u></u>	<u><u>\$ 524,384</u></u>

**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 \$467,632 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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2021	\$ (608,418)
2022	63,670
2023	264,854
2024	244,077

b. Police and Fire Fund Pension Costs

At December 31, 2020, Brown County reported a liability of \$996,489 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Brown County's proportionate share of the net pension liability was based on Brown County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. Brown County's proportionate share was 0.0756% at the end of the measurement period and 0.0809% 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 \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, Brown County recognized pension expense of \$160,838 for its proportionate share of the Police and Fire Plan's pension expense. Brown County recognized \$6,804 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. Brown County recognized \$6,804 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

The County's proportionate share of the net pension liability	\$ 996,489
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>23,481</u>
Total	<u>\$ 1,019,970</u>

**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)

At December 31, 2020, 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	\$ 44,786	\$ 45,697
Changes in assumptions	322,460	640,473
Difference between projected and actual investment earnings	28,714	-
Changes in proportion	113,783	66,654
Contributions paid to PERA subsequent to the measurement date	70,537	-
Total	\$ 580,280	\$ 752,824

The \$70,537 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (58,579)
2022	(257,484)
2023	37,688
2024	44,011
2025	(8,717)

**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, 2020, Brown County reported a liability of \$94,318 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Brown County's proportionate share of the net pension liability was based on Brown County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. Brown County's proportionate share was 0.3480% at the end of the measurement period and 0.4030% for the beginning of the period.

For the year ended December 31, 2020 Brown County recognized pension expense of (\$232,427) for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2020, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,060	\$ 35,218
Changes in assumptions	-	227,697
Difference between projected and actual investment earnings	7,678	-
Changes in proportion	-	9,357
Contributions paid to PERA subsequent to the measurement date	<u>33,902</u>	<u>-</u>
Total	<u>\$ 42,640</u>	<u>\$ 272,272</u>

**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 \$33,902 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (268,410)
2022	(15,558)
2023	3,420
2024	17,014

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	\$ 10,102,345	\$ 996,489	\$ 94,318	\$ 11,193,152
Deferred Outflows of Resources				
Related to Pensions	956,199	580,280	42,640	1,579,119
Deferred Inflows of Resources				
Related to Pensions	524,384	752,824	272,272	1,549,480
Pension Expense	517,249	167,642	(232,427)	452,464

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions

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

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.50% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

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

General Employees Fund

Changes in Actuarial Assumptions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

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

General Employees Fund (Continued)

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

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

<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	17.50	5.90
Fixed income	20.00	0.75
Private markets	25.00	5.90
Cash equivalents	2.00	0.00

7. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

F. Defined Benefit Pension Plans (Continued)

8. Pension Liability Sensitivity

The following presents Brown County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what 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	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1 % Decrease	6.50%	\$ 16,190,555	6.50%	\$ 1,986,146	6.50%	\$ 586,175
Current	7.50	10,102,345	7.50	996,489	7.50	94,318
1% Increase	8.50	5,080,061	8.50	177,721	8.50	(299,489)

9. Pension Plan Fiduciary Net Position

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

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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

G. Defined Contribution Plan (Continued)

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 2020 were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 7,607	\$ 7,607
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, 2020, is \$4,653,395.

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

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.

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, 2019 (the most current information available), the Health Services Board had net position of \$428,282. 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 2020, Brown County provided \$5,956 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 ten members. Brown County Human Services acts as a fiscal agent for the Collaborative. During 2020, 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. 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 seven members. Brown County Human Services acts as a fiscal agent for the Collaborative. During 2020, 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, 2020, was \$3,033,069. 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 2020, 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 2020, the County provided \$10,000 to the Joint Powers 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 \$90,272 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 2020. 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, Nobles, Pipestone, Redwood, Renville, Rock, Watonwan, and Yellow Medicine 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 2020, 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 provides cost-share and technical assistance for the implementation of flood reduction measures to the area 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. Brown County appropriated \$10,000 to the SCEMS in 2020.

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 \$3,585 to ImmTrack.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

D. Jointly-Governed Organizations (Continued)

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 2020.

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.

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 2020.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

D. Jointly-Governed Organizations (Continued)

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 \$130,741 to the MCCC.

6. Subsequent Events

Due to the uncertainty related to COVID-19's impact on County operations, the County will receive a \$4,850,148 grant from the year 2021 to the year 2024 from the federal government as a part of the American Rescue Plan Act (ARPA) of 2021. These funds are available to the County for a range of allowable uses through December 31, 2024.

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, 2020**

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

This schedule is intended to show information for ten 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
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020**

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 Associated with Brown County (b)	Employer's Proportionate Share of the Net Pension Liability 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
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 ten 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, 2020**

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)
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 ten 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
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020**

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 Associated with Brown County (b)	Employer's Proportionate Share of the Net Pension Liability 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
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 ten 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, 2020**

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)
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 ten 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
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020**

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) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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 ten 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, 2020**

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)
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 ten 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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,213,624	\$ 9,213,624	\$ 9,319,280	\$ 105,656
Special assessments	187,693	187,693	170,336	(17,357)
Licenses and permits	35,300	35,300	38,821	3,521
Intergovernmental	2,809,264	2,809,264	6,208,485	3,399,221
Charges for services	1,726,508	1,726,508	1,594,088	(132,420)
Fines and forfeits	11,350	11,350	17,319	5,969
Gifts and contributions	100	100	100	-
Investment earnings	132,027	132,027	283,557	151,530
Miscellaneous	290,688	290,688	497,874	207,186
Total Revenues	\$ 14,406,554	\$ 14,406,554	\$ 18,129,860	\$ 3,723,306
Expenditures				
Current				
General government				
Commissioners	\$ 273,672	\$ 273,672	\$ 238,093	\$ 35,579
Courts	111,013	111,013	102,213	8,800
Law library	18,000	18,000	20,642	(2,642)
County auditor/treasurer	713,072	713,072	695,772	17,300
License bureau	302,252	302,252	380,338	(78,086)
County assessor	580,701	580,701	603,893	(23,192)
Elections	116,607	116,607	175,249	(58,642)
Accounting and auditing	41,455	41,455	51,147	(9,692)
Data processing	592,464	592,464	555,891	36,573
Central services	243,535	243,535	245,080	(1,545)
Personnel administration	333,764	333,764	386,010	(52,246)
Attorney	661,705	661,705	671,586	(9,881)
Recorder	486,039	486,039	526,406	(40,367)
Planning and zoning	180,190	180,190	223,539	(43,349)
Buildings and plant	632,882	632,882	608,166	24,716
Veterans service officer	144,643	144,643	153,916	(9,273)
Veterans shuttle	12,736	12,736	9,640	3,096
Other	271,224	271,224	179,232	91,992
Total general government	\$ 5,715,954	\$ 5,715,954	\$ 5,826,813	\$ (110,859)

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT A-8
(Continued)**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 2,574,623	\$ 2,574,623	\$ 2,460,597	\$ 114,026
Regional radio board operations	-	-	1,034	(1,034)
Boat and water safety	14,002	14,002	11,589	2,413
Emergency services	72,133	72,133	84,538	(12,405)
Coroner	15,600	15,600	9,039	6,561
E-911 system	111,268	111,268	96,903	14,365
County jail	1,634,493	1,634,493	1,478,426	156,067
Probation and parole	1,746,920	1,746,920	1,715,738	31,182
Sheriff's contingency	3,000	3,000	-	3,000
Snowmobile safety	4,000	4,000	9,365	(5,365)
Total public safety	\$ 6,176,039	\$ 6,176,039	\$ 5,867,229	\$ 308,810
Health				
Nursing service	\$ 1,654,320	\$ 1,654,320	\$ 1,774,711	\$ (120,391)
Culture and recreation				
Historical society	\$ 93,712	\$ 93,712	\$ 93,712	\$ -
Parks	126,509	126,509	189,866	(63,357)
County/regional library	83,500	83,500	83,500	-
Snowmobile trails	-	-	50,577	(50,577)
Other	23,531	23,531	24,101	(570)
Total culture and recreation	\$ 327,252	\$ 327,252	\$ 441,756	\$ (114,504)
Conservation of natural resources				
Cooperative extension	\$ 86,929	\$ 86,929	\$ 84,046	\$ 2,883
Soil and water conservation	116,150	116,150	122,066	(5,916)
Agricultural society/County fair	28,500	28,500	28,500	-
Water planning	78,345	78,345	78,850	(505)
Wetlands	18,792	18,792	19,197	(405)
Septic loan program	207,363	207,363	163,448	43,915
Other conservation	12,971	12,971	42,907	(29,936)
Total conservation of natural resources	\$ 549,050	\$ 549,050	\$ 539,014	\$ 10,036

**BROWN COUNTY
NEW ULM, MINNESOTA**

**EXHIBIT A-8
(Continued)**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Economic development				
Community development	\$ 16,245	\$ 16,245	\$ 428,593	\$ (412,348)
Debt service				
Principal	\$ 5,330	\$ 5,330	\$ 73,184	\$ (67,854)
Interest	-	-	1,700	(1,700)
Total debt services	\$ 5,330	\$ 5,330	\$ 74,884	\$ (69,554)
Total Expenditures	\$ 14,444,190	\$ 14,444,190	\$ 14,953,000	\$ (508,810)
Excess of Revenues Over (Under)				
Expenditures	\$ (37,636)	\$ (37,636)	\$ 3,176,860	\$ 3,214,496
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (230,307)	\$ (230,307)
Loans Issued	25,000	25,000	21,165	(3,835)
Total Other Financing Sources (Uses)	\$ 25,000	\$ 25,000	\$ (209,142)	\$ (234,142)
Net Change in Fund Balance	\$ (12,636)	\$ (12,636)	\$ 2,967,718	\$ 2,980,354
Fund Balance - January 1	6,714,811	6,714,811	6,714,811	-
Restatement (Note 1.E.)	-	-	178,554	178,554
Fund Balance - January 1, as restated	6,714,811	6,714,811	6,893,365	178,554
Fund Balance - December 31	\$ 6,702,175	\$ 6,702,175	\$ 9,861,083	\$ 3,158,908

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-9

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,665,811	\$ 3,665,811	\$ 3,927,801	\$ 261,990
Intergovernmental	10,444,912	10,444,912	10,172,724	(272,188)
Charges for services	40,000	40,000	31,781	(8,219)
Miscellaneous	30,000	30,000	23,399	(6,601)
Total Revenues	\$ 14,180,723	\$ 14,180,723	\$ 14,155,705	\$ (25,018)
Expenditures				
Current				
Highway and streets				
Administration	\$ 2,229,280	\$ 515,897	\$ 526,528	\$ (10,631)
Maintenance	888,750	2,008,034	1,426,013	582,021
Construction	9,492,600	9,704,778	9,941,595	(236,817)
Equipment maintenance and shop	524,000	905,921	967,497	(61,576)
Materials and services for resale	201,000	201,000	125,702	75,298
Total Highways and streets	\$ 13,335,630	\$ 13,335,630	\$ 12,987,335	\$ 348,295
Intergovernmental				
Highways and streets	\$ 415,000	\$ 415,000	\$ 433,307	\$ (18,307)
Debt Service				
Principal	450,000	450,000	450,000	-
Interest	97,323	97,323	97,323	-
Total Debt Service	\$ 547,323	\$ 547,323	\$ 547,323	\$ -
Total Expenditures	\$ 14,297,953	\$ 14,297,953	\$ 13,967,965	\$ 329,988
Excess of Revenues Over (Under)				
Expenditures	\$ (117,230)	\$ (117,230)	\$ 187,740	\$ 304,970
Other Financing Sources (Uses)				
Transfers in	117,230	117,230	90,102	(27,128)
Net Change in Fund Balance	\$ -	\$ -	\$ 277,842	\$ 277,842
Fund Balance - January 1	5,849,325	5,849,325	5,849,325	-
Increase (decrease) in inventories	-	-	(32,812)	(32,812)
Fund Balance - December 31	\$ 5,849,325	\$ 5,849,325	\$ 6,094,355	\$ 245,030

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-10

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,850,410	\$ 2,547,221	\$ 2,556,143	\$ 8,922
Intergovernmental	5,789,045	6,092,234	6,576,244	484,010
Charges for services	1,298,010	1,218,110	1,125,148	(92,962)
Gifts and contributions	2,000	2,000	8,290	6,290
Miscellaneous	94,400	94,400	170,760	76,360
Total Revenues	\$ 10,033,865	\$ 9,953,965	\$ 10,436,585	\$ 482,620
Expenditures				
Current				
Human services				
Income maintenance	\$ 2,658,258	\$ 2,658,258	\$ 2,876,732	\$ (218,474)
Social services	6,628,102	6,628,102	6,615,765	12,337
Heartland express	827,305	827,305	865,486	(38,181)
Total Expenditures	\$ 10,113,665	\$ 10,113,665	\$ 10,357,983	\$ (244,318)
Excess of Revenues Over (Under) Expenditures	\$ (79,800)	\$ (159,700)	\$ 78,602	\$ 238,302
Other Financing Sources (Uses)				
Transfers in	79,800	79,800	82,816	3,016
Net Change in Fund Balance	\$ -	\$ (79,900)	\$ 161,418	\$ 241,318
Fund Balance - January 1	4,351,931	4,351,931	4,351,931	-
Fund Balance - December 31	\$ 4,351,931	\$ 4,272,031	\$ 4,513,349	\$ 241,318

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-11

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 399,513	\$ 399,513	\$ 405,806	\$ 6,293
Licenses and permits	300	300	240	(60)
Intergovernmental	72,082	72,082	72,970	888
Charges for services	818,000	818,000	1,034,835	216,835
Miscellaneous	24,896	24,896	1,703	(23,193)
Total Revenues	\$ 1,314,791	\$ 1,314,791	\$ 1,515,554	\$ 200,763
Expenditures				
Current				
Sanitation				
Solid waste	<u>\$ 1,408,090</u>	<u>\$ 1,408,090</u>	<u>\$ 1,422,827</u>	<u>\$ (14,737)</u>
Excess of Revenues Over (Under)				
Expenditures	\$ (93,299)	\$ (93,299)	\$ 92,727	\$ 186,026
Other Financing Sources (Uses)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>43,719</u>	<u>(56,281)</u>
Net Change in Fund Balance	\$ 6,701	\$ 6,701	\$ 136,446	\$ 129,745
Fund Balance - January 1	<u>4,488,072</u>	<u>4,488,072</u>	<u>4,488,072</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 4,494,773</u></u>	<u><u>\$ 4,494,773</u></u>	<u><u>\$ 4,624,518</u></u>	<u><u>\$ 129,745</u></u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT A-12

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 75,000	\$ 75,000	\$ 1,684,354	\$ 1,609,354
Intergovernmental	-	-	56,940	56,940
Total Revenues	\$ 75,000	\$ 75,000	\$ 1,741,294	\$ 1,666,294
Expenditures				
Current				
Conservation of natural resources				
Ditch maintenance	\$ 75,000	\$ 75,000	\$ 1,115,341	\$ (1,040,341)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 625,953	\$ 625,953
Other Financing Sources (Uses)				
Transfers in	-	-	6,515	6,515
Net Change in Fund Balance	\$ -	\$ -	\$ 632,468	\$ 632,468
Fund Balance - January 1	(384,521)	(384,521)	(384,521)	-
Fund Balance - December 31	\$ (384,521)	\$ (384,521)	\$ 247,947	\$ 632,468

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

1. Budget Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

By July of each year, all departments submit requests for appropriations to the County Administrator so that a budget can be prepared. Before September 30, 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, 2020. 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	\$ 14,953,000	\$ 14,444,190	\$ 508,810
Special Revenue Funds			
Human Services	10,357,983	10,113,665	244,318
Landfill	1,422,827	1,408,090	14,737
County Ditch	1,115,341	75,000	1,040,341

**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:

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 percent to 2.90 percent.

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 ten percent to 25 percent.

**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, 2020.

General Employees Plan

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 mortality improvement scale was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

General Employees Plan (Continued)

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 post-retirement benefit increase rate 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.
- 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.
- 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

General Employees Plan (Continued)

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.
- Minneapolis Employees Retire Fund plan provisions change the employer supplemental contribution to \$21,000,000 in calendar years 2017 and 2018 and returns to \$31,000 through calendar year 2031. The state's required contribution is \$16,000,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000,000 annually through calendar year 2031.

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

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)

Police and Fire Plan

2020

Changes in Actuarial Assumptions:

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

Changes in Plan Provision:

- 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 Provision:

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

**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

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.
- 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.

**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)

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.

Correctional Plan

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

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

Correctional Plan (Continued)
2018 (Continued)

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial 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).
- 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.

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

Correctional Plan (Continued)

2016

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

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

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**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.

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**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
BUILDING AND CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 253,698	\$ 253,698	\$ 254,385	\$ 687
Intergovernmental	261,571	261,571	224,389	(37,182)
Miscellaneous	8,843	8,843	8,698	(145)
Total Revenues	\$ 524,112	\$ 524,112	\$ 487,472	\$ (36,640)
Expenditures				
Current				
General government				
Buildings and plant	\$ 149,890	\$ 149,890	\$ 13,045	\$ 136,845
Veterans service officer	6,000	6,000	14,000	(8,000)
Total general government	\$ 155,890	\$ 155,890	\$ 27,045	\$ 128,845
Public safety				
Sheriff	140,000	140,000	31,250	108,750
Culture and recreation				
Historical society	212,269	212,269	195,522	16,747
Total Expenditures	\$ 508,159	\$ 508,159	\$ 253,817	\$ 254,342
Excess of Revenues Over (Under)				
Expenditures	\$ 15,953	\$ 15,953	\$ 233,655	\$ 217,702
Other Financing Sources (Uses)				
Transfers in	6,000	6,000	7,155	1,155
Change in Fund Balance	\$ 21,953	\$ 21,953	\$ 240,810	\$ 218,857
Fund Balance - January 1	630,819	630,819	630,819	-
Fund Balance - December 31	\$ 652,772	\$ 652,772	\$ 871,629	\$ 218,857

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**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**

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

	Taxes and Penalties	State Revenue	License Center	Sheriff's Inmate Commissary
Assets				
Cash and pooled investments	\$ 232,643	\$ 105,823	\$ -	\$ 14,387
Due from other governments	-	-	-	-
Taxes for other governments	263,031	-	-	-
Total Assets	\$ 495,674	\$ 105,823	\$ -	\$ 14,387
Liabilities				
Due to others	\$ -	\$ -	\$ -	\$ -
Due to other governments	121,887	105,823	-	-
Total Liabilities	\$ 121,887	\$ 105,823	\$ -	\$ -
Deferred Inflows of Resources				
Property Taxes Collected for Subsequent Period	\$ 110,756	\$ -	\$ -	\$ -
Net Position				
Restricted for:				
Individuals, Organizations, and Other Governments	\$ 263,031	\$ -	\$ -	\$ 14,387

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT C-1

<u>Estate Recoveries</u>	<u>GRH Recoveries</u>	<u>Three Counties for Kids Collaborative</u>	<u>Families First Family Services Collaborative</u>	<u>Total Custodial Funds</u>
\$ 169,797	\$ 8,781	\$ 189,364	\$ 125,247	\$ 846,042
-	-	17,099	23,765	40,864
-	-	-	-	263,031
\$ 169,797	\$ 8,781	\$ 206,463	\$ 149,012	\$ 1,149,937
\$ -	\$ -	\$ 24,193	\$ 15,102	\$ 39,295
169,797	8,781	-	-	406,288
\$ 169,797	\$ 8,781	\$ 24,193	\$ 15,102	\$ 445,583
\$ -	\$ -	\$ -	\$ -	110,756
\$ -	\$ -	\$ 182,270	\$ 133,910	\$ 593,598
\$ -	\$ -	\$ 182,270	\$ 133,910	\$ 593,598

**BROWN COUNTY
NEW ULM, MINNESOTA**

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

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>License Center</u>	<u>Sheriff's Inmate Commissary</u>
Additions				
Contributions:				
Individuals	\$ -	\$ -	\$ -	\$ 45,590
Investment earnings	-	-	-	-
Intergovernmental	-	-	-	-
Property tax collections for other governments	24,268,768	-	-	-
License and fees collected for state	-	977,198	8,605,120	-
Recoveries	-	-	-	-
Miscellaneous	-	-	-	-
Total Additions	<u>\$ 24,268,768</u>	<u>\$ 977,198</u>	<u>\$ 8,605,120</u>	<u>\$ 45,590</u>
Deductions				
Beneficiary payments to individuals	\$ -	\$ -	\$ -	\$ 39,276
Payments of property tax to other governments	24,253,668	-	-	-
Payments to the state	-	977,198	8,605,120	-
Administrative Expense	-	-	-	-
Payments to other entities	-	-	-	-
Total Deductions	<u>\$ 24,253,668</u>	<u>\$ 977,198</u>	<u>\$ 8,605,120</u>	<u>\$ 39,276</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>\$ 15,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,314</u>
Fiduciary Net Position - Beginning of Year	\$ -	-	-	-
Change in Accounting Principle	247,931	-	-	8,073
Fiduciary Net Position - Beginning of Year, as Restated	<u>\$ 247,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,073</u>
Fiduciary Net Position - End of Year	<u><u>\$ 263,031</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,387</u></u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT C-2

<u>Estate Recoveries</u>	<u>GRH Recoveries</u>	<u>Three Counties for Kids Collaborative</u>	<u>Families First Family Services Collaborative</u>	<u>Total Custodial Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 45,590
-	-	1,982	1,211	3,193
-	-	72,709	113,090	185,799
-	-	-	-	24,268,768
-	-	-	-	9,582,318
403,836	28,071	-	-	431,907
-	-	-	1,669	1,669
<u>\$ 403,836</u>	<u>\$ 28,071</u>	<u>\$ 74,691</u>	<u>\$ 115,970</u>	<u>\$ 34,519,244</u>
\$ -	\$ -	\$ -	\$ -	\$ 39,276
-	-	-	-	24,253,668
403,836	28,071	-	-	10,014,225
-	-	134,953	10,972	145,925
-	-	-	132,677	132,677
<u>\$ 403,836</u>	<u>\$ 28,071</u>	<u>\$ 134,953</u>	<u>\$ 143,649</u>	<u>\$ 34,585,771</u>
\$ -	\$ -	\$ (60,262)	\$ (27,679)	\$ (66,527)
-	-	-	-	-
-	-	242,532	161,589	660,125
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,532</u>	<u>\$ 161,589</u>	<u>\$ 660,125</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,270</u>	<u>\$ 133,910</u>	<u>\$ 593,598</u>

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SCHEDULES

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**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2020**

	<u>Interest Rate</u>	<u>Amount</u>
Deposits and Investments		
Checking accounts	0.50%	\$ 3,423,325
Certificates of deposit	Varies	245,000
Change funds	None	2,140
MAGIC Fund	Varies	20,619,840
Government securities	Varies	499,770
Negotiable certificates of deposit	Varies	<u>1,942,318</u>
Total Deposits and Investments		<u>\$ 26,732,393</u>

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT D-2

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

Shared revenue

State

Highway users tax	\$	9,828,630
County program aid		1,186,280
PERA rate reimbursement		26,960
Disparity reduction aid		27,050
Police aid		103,961
Aquatic invasive species aid		51,767
Enhanced 911		101,673
Market value credit		376,287
SCORE		72,004
		72,004

Total shared revenue **\$ 11,774,612**

Reimbursement for services

State

Minnesota Department of Human Services	\$	1,034,702
		1,034,702

Payments

Local

Local contributions	\$	113,951
Payments in lieu of taxes		32,597
		32,597

Total payments **\$ 146,548**

Grants

State

Minnesota Department/Board of		
Corrections	\$	300,471
Agriculture		966
Public Safety		72,414
Transportation		467,028
Health		207,180
Natural Resources		66,732
Trial Courts		7,400
Secretary of State		54,190
Historical Society		178,773
Human Services		1,982,746
Veterans Affairs		10,000
Water and Soil Resources		143,861
Peace Officer Standards and Training Board		13,173
Pollution Control Agency		46,445
		46,445

Total state **\$ 3,551,379**

**BROWN COUNTY
NEW ULM, MINNESOTA**

***EXHIBIT D-2
(Continued)***

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

Grants (Continued)

Federal

Department of	
Agriculture	\$ 363,596
Election Assistance Commerce	24,047
Justice	158,774
Transportation	617,500
Veterans Affairs	15,424
Treasury	3,166,990
Health and Human Services	2,293,439
Homeland Security	164,741
	<hr/>
Total federal	\$ 6,804,511
	<hr/>
Total state and federal grants	\$ 10,355,890
	<hr/>
Total Intergovernmental Revenue	\$ 23,311,752
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**BROWN COUNTY
NEW ULM, MINNESOTA**

**BROWN COUNTY
NEW ULM, MINNESOTA**

EXHIBIT D-3

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

Federal Grantor Pass-Through Agency Grant Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Pass-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	12-700-00060	\$ 115,706	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	238,724	-
Total U.S. Department of Agriculture			\$ 354,430	\$ -
U.S. Election Assistance Commission				
Passed Through Minnesota Secretary of State COVID-19 HAVA Election Security Grants	90.404	EAC201908MNCVID	\$ 24,047	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance Grant	16.575	F-CVS-2020-BRWNPROB	\$ 91,551	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-JAG-2020-BRWNPROB	104,566	-
Total U.S. Department of Justice			\$ 196,117	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation HPCC Cluster Highway Planning and Construction	20.205	00008	\$ 18,996	\$ -
Formula Grants for Rural Areas and Tribal Transit Program	20.509	AGR#07175	558,331	-
Total U.S. Department of Transportation			\$ 577,327	\$ -
U.S. Department of Treasury				
Passed Through Minnesota Department of Revenue COVID-19 Coronavirus Relief Fund	21.019	SLT0016	\$ 3,148,402	\$ 4,000
Passed Through Brown-Nicollet Community Health Services COVID-19 Coronavirus Relief Fund (Total COVID-19 Coronavirus Relief Fund 21.019 - \$3,187,390)	21.019	SLT0232	38,988	-
Total U.S. Department of Treasury			\$ 3,187,390	\$ 4,000
U.S. Department of Veterans Affairs				
Direct Burial Expenses Allowance for Veterans	64.101	N/A	\$ 15,424	\$ -

**BROWN COUNTY
NEW ULM, MINNESOTA**

*EXHIBIT D-3
(Continued)*

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

Federal Grantor Pass-Through Agency Grant Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Pass-Through to Subrecipient
U.S. Department of Health and Human Services				
Passed Through Brown-Nicollet Community Health Services				
Public Health Emergency Preparedness	93.069	U90TP000529	\$ 12,092	\$ -
Early Hearing Detection and Intervention	93.251	Not available	200	-
Immunization Cooperative Agreements	93.268	H12H715H	2,621	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$254,718)	93.558	2001MNTANF	30,103	-
Medicaid Cluster				
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,116,531)	93.778	2005MN5ADM	28,595	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00060	28,005	-
Passed Through Minnesota Department of Human Services				
MaryLee Allen Promoting Safe and Stable Families	93.556	2001MNPKIN	9,520	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$254,718)	93.558	2001MNTANF	224,615	-
		2001MNCSES,		
Child Support Enforcement	93.563	2001MNCCEST	511,469	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2001MNRCSMA	309	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2001MNCDF	11,202	-
Community-Based Child Abuse Prevention Grants	93.590	2001MNBCAP	6,175	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	5,641	-
Foster Care Title IV-E	93.658	2001MNFOST	203,152	-
Social Services Block Grant	93.667	2001MNSOR	157,154	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	1,990	-
Children's Health Insurance Program	93.767	2005MN5021	553	-
Medicaid Cluster				
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,116,531)	93.778	2005MN5ADM	1,087,936	-
Total U.S. Department of Health and Human Services			\$ 2,321,332	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G70CGFFY18	\$ 7,348	\$ -
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEDERAL DR 4390	380,637	-
Homeland Security Grant Program	97.042	P072019EMPG	21,829	-
Total U.S. Department of Homeland Security			\$ 409,814	\$ -
Total Federal Awards			\$ 7,085,881	\$ 4,000
Totals by Cluster				
Total expenditures by SNAP Cluster			\$ 238,724	
Total expenditures by HPCC Cluster			18,996	
Total expenditures by CCDF Cluster			11,202	
Total expenditures by Medicaid Cluster			1,116,531	

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**BROWN COUNTY
NEW ULM, MINNESOTA**

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

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, 2020. 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 CFDA 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. 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		\$ 6,804,511
Unavailable Revenue in 2020 - grants received more than 60 days after year-end,		
Crime Victim Assistance Grant	16.575	17,065
Edward Byrne Memorial Justice Assistance Grant Program	16.738	20,277
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 (TANF)	93.558	78,049
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1,277
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	435,433
Homeland Security Grant Program	97.042	21,829
Unavailable Revenue in 2019 - recognized as revenue in 2020		
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	(9,166)
Formula Grants for Rural Areas and Tribal Transit Program	20.509	(40,171)
Public Health Emergency Preparedness	93.069	(9,099)
Early Hearing Detection and Intervention	93.251	(450)
MaryLee Allen Promoting Safe and Stable Families	93.556	(1,900)
Temporary Assistance for Needy Families (TANF)	93.558	(3,064)
Community-Based Child Abuse Prevention Grants	93.590	(1,420)
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(1,205)
Foster Care Title IV-E	93.658	(34,823)
John H. Chafee Foster Care Program for Successful Transition into Adulthood	93.674	(1,930)
Block Grants for Community Mental Health Services	93.958	(213)
Maternal and Child Health Services Block Grant to the States	93.994	(2,029)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>(212,189)</u>
Expenditures per Schedule of Expenditures of Federal Awards		<u>\$ 7,085,881</u>