

**MOWER COUNTY  
AUSTIN, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2021**



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AUSTIN, MINNESOTA  
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Mower County  
Austin, Minnesota

### Report on the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit (for the year ended September 30, 2021), each major fund, and the aggregate remaining fund information of Mower County (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit (for the year ended September 30, 2021), each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As described in Note 11 to the financial statements, the County restated beginning fund balance in the Social Services Special Revenue Fund and the beginning net position of the Governmental Activities to correct an accounting error in the previously issued financial statements. Our opinions are not modified with respect to the restatement.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information, as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of County Commissioners  
Mower County

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mower County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 13, 2022

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**REQUIRED SUPPLEMENTARY INFORMATION**

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

This section of Mower County's (County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2021. The management's discussion and analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year (2021) and the prior year (2020) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2020-2021 fiscal years include the following:

- ◆ County-wide net position increased 3% over the prior year.
- ◆ Overall fund-level revenues totaled \$56,181,198 and were \$6,885,374 less than expenditures; this is primarily due to the expenditures related to the defeasance of bonds payable in the current year.
- ◆ The General Fund's fund balance decreased by \$6,947,688 from the prior year; this is primarily due to the transfer of funds to the Bond Fund.
- ◆ The Road and Bridge Fund's fund balance decreased \$353,498 from the prior year, before the inventory adjustment; this is primarily due to a decrease in state funding (i.e. highway user tax).
- ◆ The Social Services Fund's fund balance increased by \$892,016 primarily due to increases in intergovernmental revenues and taxes.
- ◆ The Capital Projects Fund reflects a decrease of \$11,613 in fund balance. The decrease in this fund is primarily due to a decrease in tax revenue.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

- ◆ The financial section of the annual report consists of four parts – independent auditors' report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:
  - The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
  - The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
- ◆ The governmental funds' statements tell how basic services such as general government, social services, and highways and streets were financed in the short term as well as what remains for future spending.
- ◆ Fiduciary funds' statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

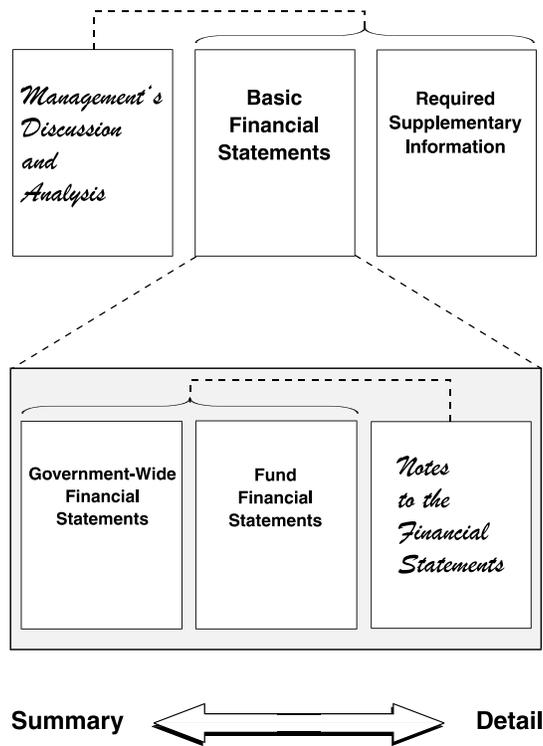
**MOWER COUNTY  
AUSTIN, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

**Figure A-1  
Annual Report Format**



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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

<b>Type of Statements</b>	<b>Government-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	Instances in which the County is the trustee or agent for someone else's resources.
<b>Required Financial Statements</b>	Statement of net position.	Balance sheet.	Statement of fiduciary net position.
	Statement of activities.	Statement of revenues, expenditures, and changes in fund balance.	Statement of changes in fiduciary net position.
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
<b>Type of Asset/Liability Information</b>	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both short-term and long-term. Custodial funds do not currently contain capital assets, although they can.
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All additions and deductions during year, regardless of when cash is received or paid.

**COUNTY-WIDE STATEMENTS**

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

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

**COUNTY-WIDE STATEMENTS (CONTINUED)**

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

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

In the County-wide financial statements, the County's activities are shown in one category:

- ◆ Governmental activities – The County's basic services are included here. Property taxes and intergovernmental revenues finance most of these activities.

**FUND FINANCIAL STATEMENTS**

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

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

**THE COUNTY HAS THREE KINDS OF FUNDS:**

- ◆ Governmental funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.
- ◆ Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County-wide financial statements because the County cannot use these assets to finance its operations.

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

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

**NET POSITION**

The County's net position was \$170,291,036 on December 31, 2021 (see Table A-1).

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

	Governmental Activities		Percentage Change
	2021	2020	
Current and Other Assets	\$ 55,184,968	\$ 56,665,473	(2.6)%
Capital Assets	<u>154,896,987</u>	<u>149,230,045</u>	3.8
Total Assets	210,081,955	205,895,518	2.0
Deferred Outflows of Resources	16,607,279	9,230,556	79.9
Current Liabilities	17,281,432	17,921,009	(3.6)
Long-Term Liabilities, Due in More Than One Year	<u>26,237,702</u>	<u>29,077,389</u>	(9.8)
Total Liabilities	43,519,134	46,998,398	(7.4)
Deferred Inflows of Resources	<u>12,879,064</u>	<u>3,323,615</u>	287.5
Net Position:			
Net Investment in Capital Assets	154,772,936	144,312,681	7.2
Restricted	9,456,722	6,967,937	35.7
Unrestricted	<u>6,061,378</u>	<u>13,523,443</u>	(55.2)
Total Net Position	<u>\$ 170,291,036</u>	<u>\$ 164,804,061</u>	3.3

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

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**CHANGES IN NET POSITION**

The County-wide total revenues were \$57,290,642 for the year ended December 31, 2021. Property and other taxes and intergovernmental revenues accounted for 89% of total revenues for the year (See Table A-2).

**CHANGE IN NET POSITION  
Table A-2**

	Governmental Activities for the Fiscal		Percentage Change
	Year Ended 2021	December 31, 2020	
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 6,175,308	\$ 5,893,372	4.8 %
Operating Grants and Contributions	12,243,192	16,965,431	(27.8)
Capital Grants and Contributions	5,054,844	5,641,422	(10.4)
General Revenues:			
Property Taxes	22,562,969	22,237,494	1.5
Other Taxes	4,435,009	4,270,110	3.9
Unrestricted Grants and Contributions	6,457,049	6,799,313	(5.0)
Unrestricted Investment Earnings	(117,667)	1,577,966	(107.5)
Miscellaneous	288,194	694,548	(58.5)
Gain on Sale of Capital Assets	191,744	63	304,255.6
Total Revenues	<u>57,290,642</u>	<u>64,079,719</u>	(10.6)
<b>EXPENSES</b>			
General Government	9,107,430	12,105,457	(24.8)
Public Safety	12,080,884	11,697,204	3.3
Highways and Streets	9,271,285	9,941,271	(6.7)
Sanitation	1,276,856	1,067,642	19.6
Human Services	13,738,170	13,362,416	2.8
Health	2,199,689	2,471,060	(11.0)
Culture and Recreation	605,892	624,728	(3.0)
Conservation of Natural Resources	1,190,606	1,471,906	(19.1)
Interest	746,758	218,535	241.7
Total Expenses	<u>51,600,274</u>	<u>52,960,219</u>	(2.6)
<b>CHANGE IN NET POSITION</b>	5,690,368	11,120,500	(48.8)
Net Position - Beginning of Year, as Previously Reported	164,804,061	153,692,983	7.2
Restatement (See Note 11)	(203,393)	(9,422)	(2058.7)
Net Position - Beginning of Year, as Restated	<u>164,600,668</u>	<u>153,683,561</u>	
<b>NET POSITION - END OF YEAR</b>	<u>\$ 170,291,036</u>	<u>\$ 164,804,061</u>	3.3

Total revenues surpassed expenses, increasing net position \$5,690,368 over last year.

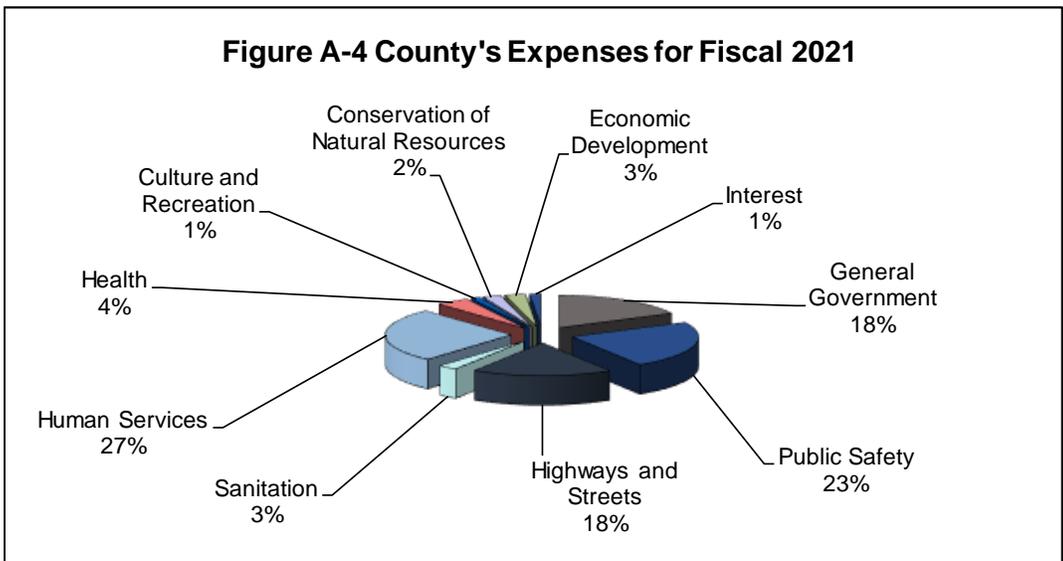
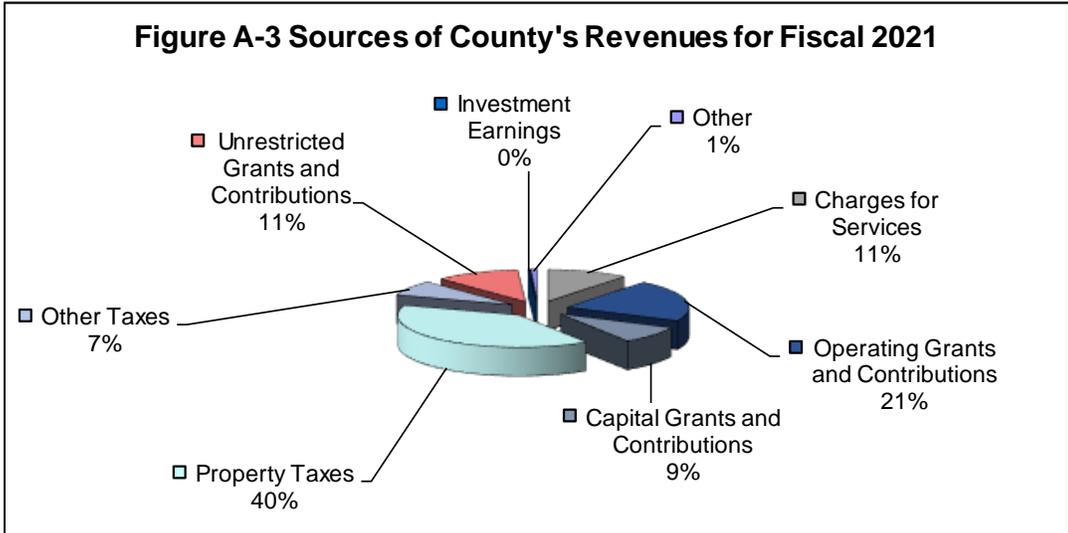
**MOWER COUNTY  
AUSTIN, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**CHANGES IN NET POSITION (CONTINUED)**

The County-wide cost of all governmental activities this year was \$51,600,274.

- ◆ Some of the cost was paid by the users of the County's programs (\$6,175,308).
- ◆ Federal, state, and local governments subsidized certain programs with grants and contributions (\$17,298,036).
- ◆ Most of the County's remaining costs (\$28,126,930), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$22,562,969 in property taxes, \$4,435,009 of other taxes, \$6,457,049 of unrestricted grants and contributions, and with \$362,271 of investment earnings and other general revenues.



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

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)**

**CHANGES IN NET POSITION (CONTINUED)**

**Table A-3  
Total and Net Cost of Services**

	<u>Total Cost of Services</u>			<u>Net Revenue (Cost) of Services</u>		
	2021	2020	Change	2021	2020	Change
General Government	\$ 9,107,430	\$ 12,105,457	(24.8)%	\$ (7,618,219)	\$ (5,094,873)	(49.5)%
Public Safety	12,080,884	11,697,204	3.3	(10,092,214)	(9,703,040)	(4.0)
Highways and Streets	9,271,285	9,941,271	(6.7)	(3,531,461)	(3,637,517)	2.9
Sanitation	1,276,856	1,067,642	19.6	(179,715)	(61,273)	(193.3)
Human Services	13,738,170	13,362,416	2.8	(4,962,307)	(4,519,052)	(9.8)
Health	2,199,689	2,471,060	(11.0)	1,416,418	(120,787)	1272.7
Culture and Recreation	605,892	624,728	(3.0)	(605,892)	(624,728)	3.0
Conservation of						
Natural Resources	1,190,606	1,471,906	(19.1)	(424,078)	(479,189)	11.5
Interest	746,758	218,535	241.7	(746,758)	(218,535)	(241.7)
	<u>\$ 51,600,274</u>	<u>\$ 52,960,219</u>	(2.6)	<u>\$ (28,126,930)</u>	<u>\$ (24,458,994)</u>	(15.0)

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL**

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$44,847,106.

Revenues for the County's governmental funds were \$56,181,198, while total expenditures were \$63,066,572.

**GENERAL FUND**

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

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

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

**GENERAL FUND (CONTINUED)**

The following schedule presents a summary of General Fund revenues:

**Table A-4  
General Fund Revenues**

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
Taxes	\$ 14,734,974	\$ 14,371,185	\$ 363,789	2.5 %
Special Assessments	970,833	862,586	108,247	12.5
Intergovernmental	4,189,096	9,910,432	(5,721,336)	(57.7)
Charges for Services	1,099,408	1,074,921	24,487	2.3
Investment Earnings	(118,220)	1,575,544	(1,693,764)	(107.5)
Miscellaneous and Other	1,810,066	1,625,294	184,772	11.4
Total General Fund Revenue	<u>\$ 22,686,157</u>	<u>\$ 29,419,962</u>	<u>\$ (6,733,805)</u>	<u>(22.9)</u>

Total General Fund revenue decreased by \$6,733,805 or 22.9%, from the previous year. Intergovernmental operating grants and investment earnings primarily accounted for the decrease in revenues.

The following schedule presents a summary of General Fund expenditures:

**Table A-5  
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
General Government	\$ 8,443,527	\$ 11,108,525	\$(2,664,998)	(24.0)%
Public Safety	12,218,098	11,418,787	799,311	7.0
Sanitation	1,102,842	1,044,028	58,814	5.6
Culture and Recreation	483,665	502,791	(19,126)	(3.8)
Conservation of Natural Resources	380,416	372,559	7,857	2.1
Economic Development	1,382,704	-	1,382,704	100.0
Capital Outlay	459,910	939,072	(479,162)	(51.0)
Debt Service	-	22	(22)	(100.0)
Energy	205,426	-	205,426	100.0
Total General Fund Expenditures	<u>\$ 24,676,588</u>	<u>\$ 25,385,784</u>	<u>\$ (709,196)</u>	<u>(2.8)</u>

The General Fund had total fund balance of \$22,511,026 at the end of the current fiscal year. The fund balance of the General Fund decreased \$6,947,688 during the current fiscal year primarily due to the transfer of funds to the Bond Fund.

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

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

**OTHER MAJOR FUNDS ANALYSIS**

The Road and Bridge Fund had total fund balance of \$7,880,237 the end of the current fiscal year. The fund balance of the Road and Bridge Fund decreased \$353,498 (excluding the change in inventory) during the current fiscal year primarily due to a decrease in state funding during the year.

The Social Services Fund had total fund balance of \$8,270,689 at the end of the current fiscal year. The fund balance of the Social Services Fund increased \$892,016; this is primarily due to an increase in intergovernmental revenues and tax revenues.

The Opioid Remediation Fund was established in 2021, and is going to be used to account for the financial activity related to the County's share of the national opioid settlement agreement. The amounts due to the County total \$1,288,066, and will be paid over the next 18 years.

The Capital Projects Fund had a total fund balance of \$3,365,896 at the end of the current fiscal year. The fund balance of the Capital Projects fund decreased \$11,613 primarily due to a decrease tax revenue.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

- ◆ Actual revenues were \$284,225 more than expected resulting primarily from increased intergovernmental revenues.
- ◆ The actual expenditures were \$590,379 more than budget and relate largely to increased general government expenditures due to the pandemic.

**CONSTRUCTION PROJECTS AND DEBT SERVICE**

The Capital Projects Fund is currently being used to track the capital improvement projects approved by the board over the past years. The majority of construction expenditures are for construction and remodel of buildings needed to provide services that come with growth, particularly in health and public safety functions.

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

**CONSTRUCTION PROJECTS AND DEBT SERVICE (CONTINUED)**

**CAPITAL ASSETS**

By the end of 2021, the County had invested approximately \$237,175,000 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.4 to the financial statements.) Total depreciation expense for the year was \$3,569,524.

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

	Governmental Activities		Percentage Change
	2021	2020	
Land and Right of Way	\$ 16,734,607	\$ 16,647,814	0.5 %
Construction in Progress	675,819	3,618,056	(81.3)
Buildings and Building Improvements	38,091,941	38,091,941	-
Improvements Other than Buildings	1,274,802	1,274,802	-
Machinery and Equipment	13,090,765	12,142,291	7.8
Software	532,000	532,000	-
Infrastructure	166,774,814	156,544,916	6.5
Accumulated Depreciation	(82,277,761)	(79,621,775)	3.3
Total	<u>\$ 154,896,987</u>	<u>\$ 149,230,045</u>	3.8

**LONG-TERM LIABILITIES**

At year-end, the County had \$37,227,870 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities decreased \$7,351,733, due largely to the defeasance of bonds payable in the current year. More detailed information about long term liabilities can be found in Note 3. B. of the financial statements.

**Governmental Activities Outstanding Long-Term Liabilities  
Table A-7  
The County's Long-term Liabilities**

	Governmental Activities		Percentage Change
	2021	2020	
Notes from direct borrowings	\$ 655,733	\$ 1,101,132	(40.4)%
Bonds Payable	-	5,285,000	(100.0)
Compensated Absences Payable	1,633,962	1,656,941	(1.4)
Other Postemployment Benefits Payable	25,232,260	23,031,836	9.6
Net Pension Liability	9,705,915	13,504,694	(28.1)
Total	<u>\$ 37,227,870</u>	<u>\$ 44,579,603</u>	(16.5)

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

**FACTORS BEARING ON THE COUNTY'S FUTURE AND 2021 BUDGET**

The County is depending on the State of Minnesota for a significant portion of its revenue. Recent trends indicate that the State of Minnesota will continue to decrease state aid in the future.

Due to the economic impacts from COVID-19, the County set the 2022 expenditure and revenue budget at \$59,398,645, a slight increase of about \$74,000 from the 2021 budget.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the county's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Trish Harren, County Administrator, or Loni Swenson, Finance Director at (507) 437-9549. Separate financial statements of the Mower County HRA can be obtained at 59039 220<sup>th</sup> Street, Austin, Minnesota 55912.

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## **BASIC FINANCIAL STATEMENTS**

**MOWER COUNTY  
AUSTIN, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

	Primary Government Governmental Activities	September 30, 2021 Discretely Presented Component Unit
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 47,065,847	\$ 1,256,174
Petty Cash and Change Funds	1,570	-
Tenant Deposit Cash	-	39,424
Taxes Receivable:		
Delinquent	342,487	55,939
Special Assessments Receivable:		
Current	216,987	-
Delinquent	31,820	-
Noncurrent	32,794	-
Accounts Receivable - Net	280,996	15,776
Due from HUD	-	4,181
Accrued Interest Receivable	165,761	143
Loans Receivable	933,052	-
Due from Other Governments	5,455,513	-
Inventories	473,433	-
Restricted Assets - Temporary	29,874	10,905
Prepaid Items	-	32,312
Net Pension Asset	154,834	-
Nondepreciable Capital Assets:		
Land and Right of Way	16,734,607	42,304
Construction in Progress	675,819	-
Depreciable Capital Assets:		
Buildings (Net)	25,456,168	1,120,633
Improvements Other Than Buildings (Net)	657,298	60,367
Machinery, Vehicles, Furniture, and Equipment (Net)	5,040,243	148,550
Software (Net)	10,086	-
Infrastructure (Net)	106,322,766	-
Total Assets	210,081,955	2,786,708
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources - Pension Related	10,372,819	-
Deferred Outflows of Resources - Other Postemployment Benefit Related	6,234,460	-
Total Deferred Outflows of Resources	16,607,279	-

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2021**

	Primary Government Governmental Activities	September 30, 2021 Discretely Presented Component Unit
<b>LIABILITIES</b>		
Accounts Payable	\$ 872,688	\$ 52,352
Salaries Payable	872,857	5,188
Contracts Payable	121,783	-
Due to Other Governments	282,913	-
Accrued Expenses	-	15,841
Accrued Interest Payable	-	141
Unearned Revenue	4,141,023	1,924
Compensated Absences Payable - Due within One Year	98,184	15,000
Other Postemployment Benefits Plan Payable - Due within One Year	1,183,664	-
Notes from Direct Borrowing - Due within One Year	2,405	6,788
Tenant Deposits Payable	-	39,424
Compensated Absences Payable - Due in More Than One Year	1,535,778	34,241
Other Postemployment Benefits Plan Payable - Due in More than One Year	24,048,596	-
Notes from Direct Borrowing - Due in More Than One Year	653,328	14,308
Net Pension Liability	9,705,915	-
Total Liabilities	43,519,134	185,207
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows of Resources - Pension Related	12,339,178	-
Deferred Inflows of Resources - Other Postemployment Benefit Related	383,127	-
Deferred Inflows of Resources - Property Taxes Levied for Subsequent Year	156,759	-
Total Deferred Inflows of Resources	12,879,064	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	154,772,936	1,350,758
Restricted for:		
General Government	1,003,166	-
Highways and Streets	3,006,621	-
Public Safety	260,929	-
HRA Housing	-	16,976
Conservation	2,403,038	-
Human Services	312,267	-
Debt Service	1,027,801	-
Opioid Remediation Benefit	1,288,066	-
Net Pension Benefit	154,834	-
Unrestricted	6,061,378	1,233,767
Total Net Position	\$ 170,291,036	\$ 2,601,501

See accompanying Notes to Financial Statements.

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

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position Governmental Activities	Discretely Presented Component Unit
<b>PRIMARY GOVERNMENT</b>						
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 9,107,430	\$ 1,219,966	\$ 269,245	\$ -	\$ (7,618,219)	
Public Safety	12,080,884	765,812	1,222,858	-	(10,092,214)	
Highways and Streets	9,271,285	590,257	94,723	5,054,844	(3,531,461)	
Sanitation	1,276,856	963,981	133,160	-	(179,715)	
Human Services	13,738,170	895,233	7,880,630	-	(4,962,307)	
Health	2,199,689	1,054,488	2,561,619	-	1,416,418	
Culture and Recreation	605,892	-	-	-	(605,892)	
Conservation of Natural Resources	1,190,606	685,571	80,957	-	(424,078)	
Economic Development	1,382,704	-	-	-	(1,382,704)	
Interest	746,758	-	-	-	(746,758)	
Total Governmental Activities	51,600,274	6,175,308	12,243,192	5,054,844	(28,126,930)	
<b>COMPONENT UNIT *</b>						
Housing and Redevelopment Authority	1,236,219	546,750	424,687	24,745	-	\$ (240,037)
Total Reporting Entity	<u>\$ 52,836,493</u>	<u>\$ 6,722,058</u>	<u>\$ 12,667,879</u>	<u>\$ 5,079,589</u>	(28,126,930)	(240,037)
<b>GENERAL REVENUES</b>						
Property Taxes					22,562,969	152,168
Wheelage Taxes					398,462	-
Transportation sales and use tax					2,250,943	-
Wind Production Taxes					1,678,233	-
Mortgage Registry and Deed Tax					23,222	-
Payments in Lieu of Tax					84,149	-
Grants and Contributions not Restricted for a Particular Purpose					6,457,049	-
Unrestricted Investment Earnings					(117,667)	906
Miscellaneous					288,194	13,084
Gain on the Sale of Capital Assets					191,744	-
Total General Revenues					<u>33,817,298</u>	<u>166,158</u>
<b>CHANGE IN NET POSITION</b>						
					5,690,368	(73,879)
Net Position - Beginning of Year, As Previously Reported					164,804,061	2,675,380
Restatement (See Note 11)					(203,393)	-
Net Position - Beginning of Year, as Restated					<u>164,600,668</u>	<u>2,675,380</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 170,291,036</u>	<u>\$ 2,601,501</u>

\* The statement of activities for the Component Unit is for the year ended September 30, 2021.

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

<b>ASSETS</b>	General	Road and Bridge	Social Services
Cash and Pooled Investments	\$ 26,809,996	\$ 7,526,581	\$ 7,503,934
Petty Cash and Change Funds	1,140	30	400
Taxes Receivable - Delinquent	198,513	45,608	79,202
Special Assessments Receivable - Current	18,695	-	-
Special Assessments Receivable - Delinquent	25,130	-	-
Special Assessments Receivable - Noncurrent	32,794	-	-
Accounts Receivable	82,445	77,178	121,373
Accrued Interest Receivable	165,761	-	-
Loans Receivable	-	-	-
Due from Other Governments	367,146	2,070,918	1,729,383
Inventories	-	473,433	-
Restricted Cash - Temporary	-	-	-
Total Assets	<u>\$ 27,701,620</u>	<u>\$ 10,193,748</u>	<u>\$ 9,434,292</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 420,907	\$ 107,590	\$ 348,163
Salaries Payable	468,000	89,792	302,859
Contracts Payable	-	121,783	-
Due to Other Governments	112,926	70,781	95,981
Unearned Revenue	3,890,787	250,236	-
Total Liabilities	4,892,620	640,182	747,003
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Taxes	130,604	30,626	52,126
Unavailable Special Assessments	68,614	-	-
Unavailable Grants	-	-	309,121
Unavailable Other	-	22,138	16,815
Unavailable State Aid Allotments	-	1,601,100	-
Property Taxes Levied for Subsequent Year	98,756	19,465	38,538
Total Deferred Inflows of Resources	297,974	1,673,329	416,600

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

<b>ASSETS</b>	Opioid Remediation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and Pooled Investments	\$ -	\$ 3,371,753	\$ 1,853,583	\$ 47,065,847
Petty Cash and Change Funds	-	-	-	1,570
Taxes Receivable - Delinquent	-	1,592	17,572	342,487
Special Assessments Receivable - Current	-	-	198,292	216,987
Special Assessments Receivable - Delinquent	-	-	6,690	31,820
Special Assessments Receivable - Noncurrent	-	-	-	32,794
Accounts Receivable	-	-	-	280,996
Accrued Interest Receivable	-	-	-	165,761
Loans Receivable	-	-	933,052	933,052
Due from Other Governments	1,288,066	-	-	5,455,513
Inventories	-	-	-	473,433
Restricted Cash - Temporary	-	-	29,874	29,874
<b>Total Assets</b>	<b>\$ 1,288,066</b>	<b>\$ 3,373,345</b>	<b>\$ 3,039,063</b>	<b>\$ 55,030,134</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 6,000	\$ 2,234	\$ 884,894
Salaries Payable	-	-	-	860,651
Contracts Payable	-	-	-	121,783
Due to Other Governments	-	-	3,225	282,913
Unearned Revenue	-	-	-	4,141,023
<b>Total Liabilities</b>	<b>-</b>	<b>6,000</b>	<b>5,459</b>	<b>6,291,264</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Taxes	-	1,449	204,310	419,115
Unavailable Special Assessments	-	-	10,036	78,650
Unavailable Grants	-	-	-	309,121
Unavailable Other	1,288,066	-	-	1,327,019
Unavailable State Aid Allotments	-	-	-	1,601,100
Property Taxes Levied for Subsequent Year	-	-	-	156,759
<b>Total Deferred Inflows of Resources</b>	<b>1,288,066</b>	<b>1,449</b>	<b>214,346</b>	<b>3,891,764</b>

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General	Road and Bridge	Social Services
<b>FUND BALANCES</b>			
Nonspendable For:			
Inventories	\$ -	\$ 473,433	\$ -
Restricted For:			
Law Library	63,973	-	-
Recorder Equipment	123,679	-	-
Canteen	116,418	-	-
Road Repair	-	252,219	-
Host Fees	145,934	-	-
Debt Service	-	-	-
Attorney Forfeited Property	71,462	-	-
Sheriff's Conceal	121,239	-	-
Missing Heirs	4,520	-	-
DARE	23,272	-	-
Sales Tax Carryover	-	1,152,645	-
Land Records	468,468	-	-
Sewer Improvements	-	-	-
Ditch Projects	-	-	-
Recorder's Security Deposit	4,758	-	-
Aquatic Invasive Species	-	23,770	-
Cafeteria Plan	4,559	657	3,146
SCORE	115,813	-	-
Riparian Aid	-	611,239	-
Committed:			
Wind Tower	3,000	-	-
Capital Projects	-	-	-
Assigned For:			
Capital Equipment	-	40,059	-
Veteran Van	4,205	-	-
Economic Development	1,500,000	-	-
Fuel Tank	-	30,111	-
Compensated Absences	932,726	207,963	493,429
Medical Insurance Claims	2,000,000	-	-
5 Year Capital Improvement Plan	32,794	1,030,636	-
Veteran Grant	10,000	-	-
Human Services Operations	-	-	7,774,114
Road and Bridge Operations	-	4,057,505	-
Sewer Improvements	-	-	-
Unassigned	16,764,206	-	-
Total Fund Balance	<u>22,511,026</u>	<u>7,880,237</u>	<u>8,270,689</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 27,701,620</u>	<u>\$ 10,193,748</u>	<u>\$ 9,434,292</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BALANCE SHEET (CONTINUED)  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	Opioid Remediation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>				
Nonspendable For:				
Inventories	\$ -	\$ -	\$ -	\$ 473,433
Restricted For:				
Law Library	-	-	-	63,973
Recorder Equipment	-	-	-	123,679
Canteen	-	-	-	116,418
Road Repair	-	-	-	252,219
Host Fees	-	-	-	145,934
Debt Service	-	-	1,014,490	1,014,490
Attorney Forfeited Property	-	-	-	71,462
Sheriff's Conceal	-	-	-	121,239
Missing Heirs	-	-	-	4,520
DARE	-	-	-	23,272
Sales Tax Carryover	-	-	-	1,152,645
Land Records	-	-	-	468,468
Sewer Improvements	-	-	990,357	990,357
Ditch Projects	-	-	507,299	507,299
Recorder's Security Deposit	-	-	-	4,758
Aquatic Invasive Species	-	-	-	23,770
Cafeteria Plan	-	-	-	8,362
SCORE	-	-	-	115,813
Riparian Aid	-	-	-	611,239
Committed:				
Wind Tower	-	-	-	3,000
Capital Projects	-	3,365,896	-	3,365,896
Assigned For:				
Capital Equipment	-	-	-	40,059
Veteran Van	-	-	-	4,205
Economic Development	-	-	-	1,500,000
Fuel Tank	-	-	-	30,111
Compensated Absences	-	-	-	1,634,118
Medical Insurance Claims	-	-	-	2,000,000
5 Year Capital Improvement Plan	-	-	-	1,063,430
Veteran Grant	-	-	-	10,000
Human Services Operations	-	-	-	7,774,114
Road and Bridge Operations	-	-	-	4,057,505
Sewer Improvements	-	-	307,112	307,112
Unassigned	-	-	-	16,764,206
Total Fund Balance	<u>-</u>	<u>3,365,896</u>	<u>2,819,258</u>	<u>44,847,106</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,288,066</u>	<u>\$ 3,373,345</u>	<u>\$ 3,039,063</u>	<u>\$ 55,030,134</u>

See accompanying Notes to Financial Statements.

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

**FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 44,847,106

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 154,896,987

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 3,735,005

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

Net Pension Liability	\$ (9,705,915)	
Net Pension Asset	154,834	
Deferred Outflows of Resources - Pension Related	10,372,819	
Deferred Inflows of Resources - Pension Related	<u>(12,339,178)</u>	(11,517,440)

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

Other Postemployment Benefits Liability	(25,232,260)	
Deferred Outflows of Resources - OPEB Related	6,234,460	
Deferred Inflows of Resources - OPEB Related	<u>(383,127)</u>	(19,380,927)

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

Notes from Direct Borrowing	(655,733)	
Compensated Absences	<u>(1,633,962)</u>	<u>(2,289,695)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 170,291,036**

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

	General	Road and Bridge	Social Services
<b>REVENUES</b>			
Taxes	\$ 14,734,974	\$ 3,994,363	\$ 5,360,309
Transit Sales and Use Tax	-	2,254,039	-
Special Assessments	970,833	-	-
Licenses and Permits	91,303	154,750	-
Intergovernmental	4,189,096	8,470,697	9,487,375
Charges for Services	1,099,408	82,192	1,320,329
Fines and Forfeits	47,351	-	-
Gifts and Contributions	-	-	2,000
Interest on Investments	(118,220)	-	495
Miscellaneous	1,671,412	514,648	607,251
Total Revenues	22,686,157	15,470,689	16,777,759
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
General Government	8,443,527	-	-
Public Safety	12,218,098	-	-
Highways and Streets	-	13,402,896	-
Sanitation	1,102,842	-	-
Human Services	-	-	13,622,762
Health	-	-	2,261,997
Culture and Recreation	483,665	-	-
Conservation	380,416	-	-
Economic Development	1,382,704	-	-
Energy	205,426	-	-
Total Current	24,216,678	13,402,896	15,884,759
<b>INTERGOVERNMENTAL</b>			
Highways and Streets	-	529,074	-
<b>CAPITAL OUTLAY</b>			
General Government	28,142	-	-
Public Safety	272,281	-	-
Highways and Streets	-	1,631,278	-
Sanitation	159,177	-	-
Human Services	-	-	984
Culture and Recreation	310	-	-
Conservation	-	452,683	-
Total Capital Outlay	459,910	2,083,961	984
<b>DEBT SERVICE</b>			
Principal	-	-	-
Interest	-	-	-
Total Debt Service	-	-	-
Total Expenditures	24,676,588	16,015,931	15,885,743
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,990,431)	(545,242)	892,016
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	(4,964,000)	-	-
Proceeds from Loan	-	-	-
Proceeds from the Sale of Capital Assets	6,743	191,744	-
Total Other Financing Sources (Uses)	(4,957,257)	191,744	-
<b>NET CHANGE IN FUND BALANCES</b>	(6,947,688)	(353,498)	892,016
Fund Balance - Beginning of Year	29,458,714	8,257,942	7,582,066
Restatement (See Note 11)	-	-	(203,393)
Fund Balance - Beginning of Year, as Restated	29,458,714	8,257,942	7,378,673
Change in Inventories	-	(24,207)	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 22,511,026	\$ 7,880,237	\$ 8,270,689

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES (CONTINUED)  
GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2021**

	Opioid Remediation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ 697	\$ 722,859	\$ 24,813,202
Transit Sales and Use Tax	-	-	-	2,254,039
Special Assessments	-	-	457,289	1,428,122
Licenses and Permits	-	-	-	246,053
Intergovernmental	-	-	49,432	22,196,600
Charges for Services	-	-	-	2,501,929
Fines and Forfeits	-	-	-	47,351
Gifts and Contributions	-	-	-	2,000
Interest on Investments	-	-	58	(117,667)
Miscellaneous	-	-	16,258	2,809,569
Total Revenues	-	697	1,245,896	56,181,198
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government	-	-	-	8,443,527
Public Safety	-	-	-	12,218,098
Highways and Streets	-	-	-	13,402,896
Sanitation	-	-	-	1,102,842
Human Services	-	-	-	13,622,762
Health	-	-	-	2,261,997
Culture and Recreation	-	-	-	483,665
Conservation	-	-	361,810	742,226
Economic Development	-	-	-	1,382,704
Energy	-	-	-	205,426
Total Current	-	-	361,810	53,866,143
<b>INTERGOVERNMENTAL</b>				
Highways and Streets	-	-	-	529,074
<b>CAPITAL OUTLAY</b>				
General Government	-	12,310	-	40,452
Public Safety	-	-	-	272,281
Highways and Streets	-	-	-	1,631,278
Sanitation	-	-	-	159,177
Human Services	-	-	-	984
Culture and Recreation	-	-	-	310
Conservation	-	-	-	452,683
Total Capital Outlay	-	12,310	-	2,557,165
<b>DEBT SERVICE</b>				
Principal	-	-	6,010,000	6,010,000
Interest	-	-	104,190	104,190
Total Debt Service	-	-	6,114,190	6,114,190
Total Expenditures	-	12,310	6,476,000	63,066,572
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	-	(11,613)	(5,230,104)	(6,885,374)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	4,964,000	4,964,000
Transfers Out	-	-	-	(4,964,000)
Proceeds from Loan	-	-	279,601	279,601
Proceeds from the Sale of Capital Assets	-	-	-	198,487
Total Other Financing Sources (Uses)	-	-	5,243,601	478,088
<b>NET CHANGE IN FUND BALANCES</b>				
	-	(11,613)	13,497	(6,407,286)
Fund Balance - Beginning of Year	-	3,377,509	2,805,761	51,481,992
Restatement (See Note 11)	-	-	-	(203,393)
Fund Balance - Beginning of Year, as Restated	-	3,377,509	2,805,761	51,278,599
Change in Inventories	-	-	-	(24,207)
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 3,365,896</b>	<b>\$ 2,819,258</b>	<b>\$ 44,847,106</b>

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN THE FUND BALANCES OF THE GOVERNMENTAL FUNDS TO  
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

**NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** \$ (6,407,286)

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

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.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	\$ 9,249,328	
Net Book Value of Capital Assets Disposed	(12,862)	
Current Year Depreciation	<u>(3,569,524)</u>	5,666,942

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,057,699

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. 1,552,035

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are:

Proceeds from Loan		(279,601)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.

Principal Repayments:		
Notes from Direct Borrowing	725,000	
General Obligation Bonds	<u>5,285,000</u>	6,010,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Accrued Interest Payable	49,328	
Amortization of Premiums and Discounts	32,187	
Change in Accrued Compensated Absences	22,979	
Change in Other Postemployment Benefits Payable	(2,200,424)	
Change in Deferred Outflow of Resources - OPEB Related	743,234	
Change in Deferred Inflow of Resources - OPEB Related	191,565	
Change in Deferred Outflow of Resources - Loss on Refunding	(724,083)	
Change in Inventories	<u>(24,207)</u>	<u>(1,909,421)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 5,690,368

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

	Private-Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 88,070	\$ 1,326,796
Due from Other Governments	-	38,630
Taxes for Other Governments	-	1,056,444
	\$ 88,070	\$ 2,421,870
<b>LIABILITIES</b>		
Due to Others	\$ -	\$ 3,934
Due to Other Governments	-	944,744
	\$ -	\$ 948,678
<b>NET POSITION</b>		
Restricted for:		
Individuals, Organizations, and Other Governments	\$ 88,070	\$ 1,473,192
	\$ 88,070	\$ 1,473,192
Total Net Position	\$ 88,070	\$ 1,473,192

See accompanying Notes to Financial Statements.

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

	Private-Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 603,878	\$ 871,766
Investment Earnings:		
Property Tax Collections for Other Governments	-	31,853,872
Recoveries	-	839,558
License and Fees Collected for State	-	1,744,085
Total Additions	603,878	35,309,281
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	638,631	849,152
Payments of Property Tax to Other Governments	-	32,007,646
Payments to Other Entities	-	2,583,643
Total Deductions	638,631	35,440,441
Net Increase in Fiduciary Net Position	(34,753)	(131,160)
Fiduciary Net Position - Beginning of Year	122,823	1,604,352
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b>\$ 88,070</b>	<b>\$ 1,473,192</b>

See accompanying Notes to Financial Statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

Mower County was established February 20, 1855 and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Mower County (Primary Government) and its component units for which the County is financially accountable. There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the Primary Government. Based on the criteria for determining component units, the County reports the Mower County Housing and Redevelopment Authority (HRA) as a discrete component unit. The HRA information is reported as of September 30, 2021. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the County Board, serves as the clerk of the Board of Commissioners but has no vote.

**Discretely Presented Component Unit**

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

<u>Component Unit</u>	<u>Component Unit Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Mower County Housing and Redevelopment Auth. (HRA) provide services pursuant to Minnesota Statutes §469.001-.047.	The County appoints members, and the HRA is a financial burden.	Mower County HRA 59039 – 200th Street Austin, Minnesota 55912

**Joint Ventures**

The County participates in several joint ventures which are described in Note 7.B. The County also participates in jointly-governed organizations which are described in Note 7.C.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements**

**1. Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the Primary Government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis by column; 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 net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

**2. Fund Financial Statements**

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

The County reports the following major governmental funds:

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

The Road and Bridge Special Revenue Fund is used to account for restricted intergovernmental revenues and other revenues and expenditures of the County Highways and Streets Department which is responsible for the construction and maintenance of roads, bridges, and other projects affecting roadways and to account for environmental issues.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**2. Fund Financial Statements (Continued)**

The Social Services Special Revenue Fund is used to account for economic assistance, community social services, and public health programs, which are funded through restricted intergovernmental revenues.

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

The Capital Projects Fund is used to account for committed intergovernmental revenues and expenditures related to the maintenance and construction of County buildings.

Additionally, the County reports the following fund types:

The Social Welfare Private-purpose trust funds are used to report trust agreements other than pension 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 family connections collaborative, as an agent for the civil process, as an agent for estate recoveries, as an agent for state revenue payments, and as an agent for the inmates of the Mower County Jail.

**C. Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Mower County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**1. Cash and Pooled Investments**

The County has defined cash and pooled investments to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a pooled investments because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

**2. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2021, based on market prices, except for investment in MAGIC as discussed below. Pursuant to Minnesota Statutes §385.07, investment earnings on cash and pooled investments are credited to the general fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants.

The 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 Minnesota Statutes §471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the amortized cost per share provided by the pool, which would closely approximate fair value. The term investment in the pool is measured at net asset value per share provided by the pool. More information including the most recent audited financial statement is available on their website [www.magicfund.org](http://www.magicfund.org).

**3. Receivables and Payables**

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

All receivables, including those of the discretely reported component units, are shown net of an allowance for uncollectible accounts.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**3. Receivables and Payables (Continued)**

Accounts receivable in the social services fund are offset by an allowance for doubtful accounts. The County estimated this balance to be \$1,972,260 at December 31, 2021. The County considers these types of accounts over 90 days past due to uncollectible. All other accounts receivable are considered to be collectible in full.

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

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

**4. Inventories**

All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

**5. Restricted Assets**

Certain funds of the County are classified as restricted assets on the statement of net position and balance sheet because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

**6. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1 for land, \$25,000 for improvements other than buildings, buildings, and building improvements, as well as \$5,000 for all other capital assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. In the case of the initial capitalization of general infrastructure reported in governmental activities, the County chose to include all such items it was able to identify since 1927. Costs were estimated based upon a conversion from current construction converted to 2001 dollars.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**6. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Primary Government and the component unit are depreciated using the straight-line method over the following estimated useful lives:

Computer Hardware/Software	1 to 5 Years
Cars and Light Trucks	3 to 10 Years
Furniture and Equipment	5 to 10 Years
Telephone/Communication Equipment	5 to 20 Years
Land Improvements	5 to 20 Years
Heavy Equipment	10 to 20 Years
Building Improvements and Buildings	20 to 50 Years

**7. Compensated Absences**

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

**8. Deferred Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The County will not recognize the related outflow until a future event occurs. More detailed information about postemployment benefits other than pensions and pension related deferred outflows of resources can be found in Note 3 and Note 4 to the financial statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. Deferred Inflows of Resources**

The County's governmental fund and government-wide financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has three types of items which occur relating to revenue recognition: The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to post-employment benefits other than pensions and pension liabilities as described in Note 3 and Note 4 to the financial statements. The third type occurs because the County collected property taxes prior to the year they were levied for and, therefore, the County will report deferred inflows for these items.

**10. Long-Term Obligations**

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

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

**11. Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the County. For this purpose, the County recognizes benefit payments when due and payable in accordance with the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**13. Fund Balance**

In the fund financial statements, governmental funds reported nonspendable portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund. Nonspendable portions of fund balance are related to prepaid items, loans receivable, and inventory. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Commissioners. Assigned fund balances are established and modified by the Board of Commissioners or their designee. The Board, as part of the adoption of this statement, has designated the finance director as the responsible party in determining assigned fund balance.

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

Mower County receives a majority of its property tax payments based on the property tax calendar as discussed in Note 1.D.3. As a result of the unequal timing of the tax receipts, it is necessary for the County to maintain adequate fund balances to meet the operational expenditure needs of the County. It is the County's policy to maintain a minimum unassigned fund balance, equal to 50% of the subsequent year's tax levy for the General Fund and the Road and Bridge and Social Services Special Revenue Funds, plus an additional \$5,000,000, for cash flow purposes in the General Fund. The failure to maintain these fund balance levels could result in the need for short-term borrowing. As of December 31, 2021, the required minimum fund balance is \$16,629,452.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**14. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt or liabilities used to build or acquire the assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The government-wide statement of net position reports \$9,456,722 of restricted net position, of which \$3,667,133 is restricted by enabling legislation.

**15. Use of Estimates**

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

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Excess of Expenditures Over Budget

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

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 24,676,588	\$ 24,086,209	\$ 590,379
Sewer Improvements	970,972	428,000	542,972

The excess of expenditures over budget was funded by greater than anticipated revenues and existing fund balance.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Minnesota Statutes §§118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes, and bonds; issue of U.S. government agencies; general obligations rated "A" or better, 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 that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk – Deposits

In the case of deposits, 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 does not have a policy for deposit custodial credit risk but rather follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

As of December 31, 2021, the County's deposits in banks were entirely covered by federal deposit insurance or collateral held as described in the preceding paragraph.

Investments

The funds of the County shall be deposited or invested in accordance with Minnesota Statutes §118A, any other applicable laws, and the County investment policy. The objectives, in order of priority, will be to preserve principal, maintain liquidity, and earn the optimum rate of return.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Investments (Continued)

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (a) 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 Minnesota Statutes §118A.04, subd. 6;
- (b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (c) 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;
- (d) bankers’ acceptances of United States banks;
- (e) 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
- (f) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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. In accordance with the County’s investment policy, investments will be sufficiently diverse to avoid risk and enhance return.

As of December 31, 2021, the County had the following investments:

Investment Type	Reported Amount	Maturity			
		Less Than 2 Years	2-5 Years	5-10 Years	10+ Years
Municipal Bonds	\$ 25,185,686	\$ 4,492,913	\$ 7,523,975	\$ 13,168,798	\$ -
Government Securities	299,688	-	299,688	-	-
Money Market Mutual Fund	3,259,251	3,259,251	-	-	-
Asset Backed Securities	526,169	-	-	225,029	301,140
MAGIC Fund	13,696,417	13,696,417	-	-	-
Negotiable Certificates of Deposit	5,178,501	2,955,467	2,223,034	-	-
Total	<u>\$ 48,145,712</u>	<u>\$ 24,404,048</u>	<u>\$ 10,046,697</u>	<u>\$ 13,393,827</u>	<u>\$ 301,140</u>

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and 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 securities that meet the ratings requirements set by State Statute.

Following is a summary of the credit risk and reported amounts as of December 31, 2021:

Investment Type	S&P / Moody's Rating	Reported Amount
Money Market Mutual Fund	NR	\$ 3,259,251
Municipal Bonds	AAA - Aaa	5,852,683
Municipal Bonds	Aa3 - AA	17,774,788
Municipal Bonds	A+ - A-	1,377,506
Municipal Bonds	NR	180,710
Negotiable Certificates of Deposit	NR	5,178,500
Asset Backed Securities	NR	526,169
Government Securities	NR	299,688
Counties (MAGIC) Fund	NR	13,696,417

NR - Not Rated

Custodial Credit Risk – Investments

For an investment, this 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. At December 31, 2021, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. Agency Securities, obligations backed by U.S. Treasury and/or U.S. Agency securities, and investments held by Trustees may be held without limit.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Concentration of Credit Risk (Continued)

Investments in any category that represent 5.0% or more of the County's investments are:

Municipal Bonds	\$ 25,185,686	52.3 %
Money Market Mutual Fund	3,259,251	6.8
Government Securities	299,688	0.6
Asset Backed Securities	526,169	1.1
Negotiable Certificates of Deposit	5,178,501	10.8
MN Association of Governments Investing for Counties (MAGIC) Fund	13,696,417	28.4
Total	\$ 48,145,712	

It should be noted that investments in municipal bonds and negotiable certificates of deposits did not exceed 5% of total investments with any one issuer.

Balance Sheet Presentation

Total County cash and investments at December 31, 2021 consisted of:

Deposits	\$ 364,875
Petty Cash and Change Funds	1,570
Investments	48,145,712
Total	\$ 48,512,157

Deposits and investments are reported in the County's financial statements as follows:

Cash and Pooled Investments	\$ 47,065,847
Petty Cash and Change Funds	1,570
Restricted Cash	29,874
Fiduciary Fund Cash and Investments	1,414,866
Total	\$ 48,512,157

Fair Market Value

The County uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Fair Market Value (Continued)

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Fair Market Value (Continued)

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
<b>Investments by Fair Value Level</b>				
Municipal Bonds	\$ -	\$ 25,185,686	\$ -	\$ 25,185,686
Asset Backed Securities	-	526,169	-	526,169
Government Securities	-	299,688	-	299,688
Negotiable Certificates of Deposit	-	5,178,501	-	5,178,501
Total Investments by Fair Value Level	\$ -	\$ 31,190,044	\$ -	31,190,044
<b>Investments Measured at Amortized Cost</b>				
MAGIC Portfolio External Investment Pool				13,696,417
Money Market Mutual Funds				3,259,251
Total investments Measured at Amortized Cost				16,955,668
Total Investments				48,145,712
Deposits, Petty Cash, and Cash on Hand				366,445
Total Cash and Investments				\$ 48,512,157

The MAGIC portfolio is valued using amortized cost. Shares of the MAGIC portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC fund's Board of Trustees can suspend the right to 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.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Receivables**

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

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities:		
Taxes	\$ 342,487	\$ -
Special Assessments	281,601	32,794
Accounts	280,996	-
Interest	165,761	-
Loans	933,052	930,647
Due from Other Governments	5,455,513	-
Total Governmental Activities, Net	\$ 7,459,410	\$ 963,441

**3. Loans and Notes Receivable**

The County has made various loans to businesses and other governmental entities under a variety of repayment terms. In addition, the County has made loans to individuals under a sewer improvement loan program. Repayment of these loans is over 10 years, with interest at 3.0%. Delinquent sewer improvement loans are added to the special assessment tax rolls. The funds for the sewer improvement revolving loan program were originally received from the state of Minnesota in the form of a loan to the County.

Activity in these loans and notes receivable is as follows for the year ended December 31, 2021:

	Beginning Balance	Additional Loans Made	Collections	Ending Balance
Sewer Improvement Loans	\$ 947,875	\$ 245,974	\$ 260,797	\$ 933,052
Total	\$ 947,875	\$ 245,974	\$ 260,797	\$ 933,052

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets**

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

	Beginning Balance	Additions & Transfers	Deletions & Transfers	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 6,046,134	\$ -	\$ -	\$ 6,046,134
Right of Way	10,601,680	86,793	-	10,688,473
Construction in Progress	3,618,056	7,441,998	10,384,235	675,819
Total Capital Assets, Not Depreciated	20,265,870	7,528,791	10,384,235	17,410,426
Capital Assets Being Depreciated				
Buildings	33,731,480	-	-	33,731,480
Buildings Improvements	4,360,461	-	-	4,360,461
Improvements Other Than Building	1,274,802	-	-	1,274,802
Machinery, Furniture, Equipment, and Vehicles	12,142,291	1,863,097	914,623	13,090,765
Software	532,000	-	-	532,000
Infrastructure	156,544,916	10,241,675	11,777	166,774,814
Total Capital Assets Being Depreciated	208,585,950	12,104,772	926,400	219,764,322
Less: Accumulated Depreciation for				
Buildings	10,469,679	676,534	-	11,146,213
Buildings Improvements	1,319,641	169,919	-	1,489,560
Improvements Other Than Building	560,885	56,619	-	617,504
Machinery, Furniture, Equipment, and Vehicles	8,059,691	904,369	913,538	8,050,522
Software	485,230	36,684	-	521,914
Infrastructure	58,726,649	1,725,399	-	60,452,048
Total Accumulated Depreciation	79,621,775	3,569,524	913,538	82,277,761
Total Capital Assets, Depreciated, Net	128,964,175	8,535,248	12,862	137,486,561
Governmental Activities Capital Assets, Net	\$ 149,230,045	\$ 16,064,039	\$ 10,397,097	\$ 154,896,987

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

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

Governmental Activities		
General Government	\$	803,522
Public Safety		383,110
Highways and Streets, Including Infrastructure		2,215,332
Sanitation		43,431
Culture and Recreation		122,227
Conservation of Natural Resources		1,902
		<u>3,569,524</u>
Depreciation Expense - Governmental Activities	\$	<u>3,569,524</u>

**A. Interfund Receivables, Payables, and Transfers**

Interfund Transfers for the year ended December 31, 2021 consisted of the following:

<u>Transfer</u>	<u>Amount</u>	<u>Reason</u>
Transfer from the General Fund to the Bond Fund	\$ 4,964,000	Bond Payment
Total Interfund Transfers	<u>\$ 4,964,000</u>	

**B. Liabilities**

**1. Construction Commitments**

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

	<u>Original Contract Amount</u>	<u>Remaining Commitment</u>
Governmental Activities Roads and Bridges	\$ 4,562,221	\$ 989,305

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities (Continued)**

**2. Other Postemployment Benefits**

a) Plan Description and Funding Policy

**Retirees**

The County provides postemployment health care benefits for retirees and their dependents under a single-employer fully-insured plan. This benefit is provided based on Board of County Commissioners motion dated January 5, 1999. Mower County offers various levels of retiree health insurance coverage based upon the date of hire, retirement date, and years of service. The County has three basic groups as follows:

- (1) Employees who retired prior to July 18, 1989, who meet the eligibility requirements are eligible to be included as a member of the County's group medical insurance program until death. The County pays the family (\$1,910 per month) premium. The total premiums paid for retirees for the year ended December 31, 2021 was \$1,183,664. Under certain conditions, dependents, at their cost, can continue in this program after the death of the retiree.
- (2) Employees who retire after October 31, 1992, and were hired before that date, and meet other eligibility requirements, are qualified to receive the same health insurance benefits as current County employees. Under certain conditions, dependents, at their cost, can continue in this program after the death of the retiree.
- (3) Employees who were hired after October 31, 1992, and meet other eligibility requirements are qualified to receive employer contribution to health insurance capped at the dollar amount being paid at the date of retirement. The retiree is responsible for all premium increases. Benefits terminate when the retiree qualifies for full Social Security benefits. Under certain conditions, dependents, at their cost, can continue in this program after the death of the retiree.

When qualified retirees reach the age of 65 they may join a Medicare Supplement and Medicare RX plan. The County will pay for the cost of the plan. If the retiree was a less than full-time employee, the cost of the plan will be prorated between the County and the retiree.

**Elected Officials**

After their County Service, elected County officials are entitled to the same benefits listed above. They must meet the age and years of service qualifying conditions to be eligible for health insurance benefits.

No trust or custodial funds have been established for the plans.

The plans do not issue stand-alone financial statements.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities (Continued)**

**2. Other Postemployment Benefits (Continued)**

b) Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	176
Active Employees	<u>266</u>
Total Participants	<u><u>442</u></u>

c) Actuarial Methods and Assumptions

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

Inflation	2.5%
Salary	Service graded table
Health Care Trend Rates	6.25% Decreasing to 5.00% over 5 Years then to 4.00% over the next 48 years

Mortality rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables with MP-2019 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2020 valuation were based on the PERA actuarial experience studies. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The discount rate used to measure the total OPEB liability was 2.00%. The discount rate is equal to the 20-Year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

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

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities (Continued)**

**2. Other Postemployment Benefits (Continued)**

**d) Changes to Total OPEB Liability**

	Total OPEB Liability
Balance as of January 1, 2021	\$ 23,031,836
Changes for the Year:	
Service Cost	449,062
Interest	663,150
Changes in Assumptions	2,324,391
Benefit Payments	<u>(1,236,179)</u>
Net Change in Total OPEB Liability	<u>2,200,424</u>
Balance as of December 31, 2021	<u><u>\$ 25,232,260</u></u>

Of the \$25,232,260 total OPEB liability, \$1,183,664 is due within one year. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$ 28,403,941	\$ 25,232,260	\$ 22,590,371

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25% decreasing to 4.00% then 3.00%) or 1% higher (7.25% decreasing to 6.00% then 5.00%) than the current healthcare costs trend rates:

Description	1% Decrease (5.25% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.25% Decreasing to 5.00% then 4.00%)	1% Increase (7.25% Decreasing to 6.00% then 5.00%)
Total OPEB Liability	\$ 22,292,568	\$ 25,232,260	\$ 28,763,945

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities (Continued)**

**2. Other Postemployment Benefits (Continued)**

d) Changes to Total OPEB Liability (Continued)

For the year ended December 31, 2021, the County recognized OPEB expense of \$2,449,289. In addition, the County reported deferred outflows and inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes	\$ 2,776,405	\$ 383,127
Liability Loss	2,274,391	-
Employer Contributions	1,183,664	-
Total	\$ 6,234,460	\$ 383,127

\$

1,183,664 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over four years and will be recognized in OPEB expense as follows:

Year Ending December 31.	Amount
2022	\$ 1,337,077
2023	1,337,080
2024	1,528,637
2025	464,875

**3. Long-Term Debt**

Direct Borrowing

In 1996, the County started a program that resulted in entering into several loan agreements with the Minnesota Department of Agriculture and the Minnesota Department of Employment and Economic Development for financing failing septic systems. The revolving loans are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. The loans are to be repaid in amounts ranging from \$1,045 to \$117,450 with 3% interest and final maturity of 2032. The loans are repaid with the proceeds that are collected on the related loans receivable in the Sewer Improvement Special Revenue Fund.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities (Continued)**

**3. Long-Term Debt (Continued)**

General Obligation Bonds Payable

On June 11, 2012, the County issued \$9,955,000 General Obligation Capital Improvement Plan Bonds, Series 2012A (CIP Bonds). The proceeds were used refund the Mower County HRA's Lease Revenue Bonds (Mower County Court Facilities Project) Series 2008A.

In 2021, the County approved the full cash defeasance of the CIP Bonds. As of December 31, 2021, the 2012A CIP Bonds are deemed defeased and therefore removed from the County's financial statements.

Debt Summary

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issues Amount	Outstanding Balance December 31, 2021
Notes from Direct Borrowings:					
2011 Septic Loans	2027	\$2,500 - \$5,400	0%	\$ 52,500	\$ 7,016
2012 Septic Loans	2027	\$2,500 - \$5,400	-	409,619	47,709
2013 Septic Loans	2027	\$2,500 - \$5,400	-	281,512	42,950
2014 Septic Loans	2027	\$2,500 - \$5,400	-	325,000	55,130
2015 Septic Loans	2027	\$2,500 - \$9,140	-	220,500	37,364
2016 Septic Loans	2027	\$2,500 - \$9,140	-	304,500	15,146
2019 Septic Loans	2031	\$1,050 - \$14,040	-	168,000	43,946
2020 Septic Loans	2032	\$1,045 - \$105,740	-	371,418	126,871
2021 Septic Loans	2032	\$2,405 - \$117,450	-	279,601	279,601
Total Notes from Direct Borrowings				2,412,650	655,733
Bonds:					
General Obligation Taxable:					
Capital Improvement Plan					
Bonds, 2012A	2028	\$615,000 - \$715,000	1.5%-2.7%	9,955,000	-
Total Long-Term Debt				<u>\$ 12,367,650</u>	<u>\$ 655,733</u>

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities (Continued)**

**3. Long-Term Debt (Continued)**

Debt Service Requirements

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

Year Ending December 31,	Notes from Direct Borrowings	
	Principal	Interest
2022	\$ 2,405	\$ -
2023	6,603	-
2024	6,805	-
2025	117,450	-
2026	103,814	-
2027-2031	401,254	-
2032	17,402	-
Totals	<u>\$ 655,733</u>	<u>\$ -</u>

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes from Direct Borrowings	\$ 1,101,132	\$ 279,601	\$ 725,000	\$ 655,733	\$ 2,405
Bonds Payable	5,285,000	-	5,285,000	-	-
Unamortized Premium	32,187	-	32,187	-	-
Leases Payable	-	-	-	-	-
Compensated Absences	1,656,941	1,677,602	1,700,581	1,633,962	98,184
Long-Term Liabilities	<u>\$ 8,075,260</u>	<u>\$ 1,957,203</u>	<u>\$ 7,742,768</u>	<u>\$ 2,289,695</u>	<u>\$ 100,589</u>

The bonds payable are liquidated by the Nonmajor Bond Fund, loans payable are liquidated by the Nonmajor Sewer Improvements Fund, and the leases payable, and compensated absences liabilities are liquidated by the General Fund.

**MOWER COUNTY  
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**NOTE 4 PENSION PLANS**

**A. Pension 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.

**1. General Employees Retirement Plan**

All full-time and certain part-time employees of Mower County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**2. Public Employees Police and Fire Plan**

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

**3. Local Employees Correctional Plan**

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

**B. Benefits Provided**

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

**MOWER COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**1. General Employees Retirement Plan Benefits**

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

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

**2. Police and Fire 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 ten 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 ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**MOWER COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. Police and Fire Plan Benefits (Continued)**

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

**3. Correctional Plan Benefits**

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after ten 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.

**C. Contributions**

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

**1. General Employees Retirement Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2021, were \$1,073,990. The County's contributions were equal to the required contributions as set by state statute.

**MOWER COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$360,877. The County's contributions were equal to the required contributions as set by state statute.

**3. Correctional Fund Contributions**

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2021 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2021, were \$181,838. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Plan Pension Costs**

At December 31, 2021, the County reported a liability of \$8,382,889 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 \$256,003.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1963% at the end of the measurement period and 0.1847% for the beginning of the period.

County's Proportionate Share of the	
Net Pension Liability	\$ 8,382,889
State of Minnesota's Proportionate Share of the	
Net Pension Liability Associated with the County	256,003
Total	<u>\$ 8,638,892</u>

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Plan Pension Costs (Continued)**

For the year ended December 31, 2021, the County recognized pension expense of \$475,625 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$20,655 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 51,502	\$ 256,540
Changes in Actuarial Assumptions	5,118,418	185,435
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	7,259,937
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	875,900	-
County Contributions Subsequent to the Measurement Date	539,378	-
Total	<u>\$ 6,585,198</u>	<u>\$ 7,701,912</u>

The \$539,377 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2022	\$ (1,552)
2023	214,540
2024	111,085
2025	(1,980,165)

**MOWER COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Plan Pension Costs**

At December 31, 2021, the County reported a liability of \$1,323,026 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1714% at the end of the measurement period and 0.1661% for the beginning of the period.

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2021, the County recognized pension expense of (\$60,458) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$10,832 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$15,426 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**MOWER COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Plan Pension Costs (Continued)**

County's Proportionate Share of the Net Pension Liability	\$ 1,323,026
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	59,478
Total	<u>\$ 1,382,504</u>

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 254,102	\$ -
Changes in Actuarial Assumptions	1,944,503	726,921
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	2,527,968
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	241,550	36,480
County Contributions Subsequent to the Measurement Date	179,512	-
Total	<u>\$ 2,619,667</u>	<u>\$ 3,291,369</u>

The \$179,512 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2022	\$ (846,235)
2023	(88,153)
2024	(109,584)
2025	(247,619)
2026	440,377

**MOWER COUNTY  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs**

At December 31, 2021, the County reported a net pension asset of \$154,834 for its proportionate share of the Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension asset was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.943% at the end of the measurement period and 0.891% for the beginning of the period.

For the year ended December 31, 2021, the County recognized pension expense (revenue) of (\$331,924) for its proportionate share of the Correctional Plan's pension expense (revenue).

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 88,305
Changes in Actuarial Assumptions	969,217	14,515
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,243,077
Changes in Proportion and Differences Between County Contributions and Proportionate Share of Contributions	107,684	-
County Contributions Subsequent to the Measurement Date	91,053	-
Total	<u>\$ 1,167,954</u>	<u>\$ 1,345,897</u>

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs (Continued)**

The \$91,053 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 asset 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:

<u>Year Ending June 30,</u>	<u>Pension Expenses Amount</u>
2022	\$ 6,255
2023	29,124
2024	33,513
2025	(337,888)

**4. Summary**

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

<u>Description</u>	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>	<u>Correctional Fund</u>	<u>Total</u>
Net Pension Liability	\$ 8,382,889	\$ 1,323,026	\$ -	\$ 9,705,915
Net Pension Asset	-	-	154,834	154,834
Deferred Outflows of Resources				
Related to Pensions	6,585,198	2,619,667	1,167,954	10,372,819
Deferred Inflows of Resources				
Related to Pensions	7,701,912	3,291,369	1,345,897	12,339,178
Pension Expense	496,280	(49,626)	(331,924)	114,730

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**E. Long-Term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
Totals	<u>100.0%</u>	

**F. Actuarial Assumptions**

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

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

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

**MOWER COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

Police and Fire Fund (Continued)

Changes in Actuarial Assumptions (Continued):

- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Discount Rate**

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

**H. Pension Liability Sensitivity**

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

	<i>Net Pension Liability (Asset) at Different Discount Rates</i>					
	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>		<u>Correctional Fund</u>	
1% Lower	5.50%	\$ 17,096,815	5.50%	\$ 4,200,385	5.50%	\$ 1,611,402
Current Discount Rate	6.50%	8,382,889	6.50%	1,323,026	6.50%	(154,834)
1% Higher	7.50%	1,232,581	7.50%	(1,035,695)	7.50%	(1,556,529)

**I. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position a separately-issued PERA financial report. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 5 DEFINED CONTRIBUTION PLAN**

Three County Board of Commissioners 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.

**MOWER COUNTY  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5 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 the County during fiscal year 2021 were:

	Contribution Amount		Percentage of Covered Payroll		Rates
	Employee	Employer	Employee	Employer	Rates
2021	\$ 4,827	\$ 4,827	5.0 %	5.0 %	5.0 %

**NOTE 6 RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County is a member of the Southeast Service Cooperative to establish, procure, and administer group employee benefits. 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 in 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**MOWER COUNTY  
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DECEMBER 31, 2021**

**NOTE 6 RISK MANAGEMENT (CONTINUED)**

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

The County has entered into a joint powers agreement with other Minnesota counties to form the Southeast Service Cooperative for group employee benefits. Group employee benefits include, but are not limited to, health benefits coverage, life insurance, disability income protection, dental insurance, flexible spending programs, and other services as directed by the joint powers board.

**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

**A. Contingent Liabilities**

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

**B. Joint Ventures**

Family Services Collaborative

The Mower County Family Services Collaborative (the Collaborative) was established in 1996 under the authority of Minnesota Statutes §§33 471.59 and 124D.23. The Collaborative includes Mower County; the City of Austin; SEMCAC; Mower County Township Association; and Independent School District Nos. 492, 495, 497, 499, and 500. All of these entities appoint members to the Collaborative's governing board. The purpose of the Collaborative is to provide a coordinated approach to support and nurture individuals and families through prevention and intervention so as to ensure success for every child.

Control of the Collaborative is vested in a board of directors. Mower County appoints two members to this 14-member Board. The Mower County Department of Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. In the event of withdrawal from the Collaborative, the withdrawing party shall give a 30-day notice. The 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, all property, real and personal, at the time of termination shall be distributed by the Minnesota Department of Education. There is no accumulation of significant financial resources or fiscal stress related to this entity.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

Family Services Collaborative (Continued)

During 2021, the County made no payments to the Collaborative.

Currently, the Collaborative does not prepare complete financial statements; therefore, the Collaborative does not have audited financial statements. Financial information can be obtained by contacting Val Kruger, Mower County Social Service Collections and Financial Supervisor, Social Services Department, 201 First Street N.E., Austin, Minnesota 55912.

**C. Jointly-Governed Organizations**

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

**1. Minnesota Counties Computer Cooperative**

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During 2021, Mower County paid \$129,073 to the Cooperative.

**2. Southeast Minnesota Emergency Medical Services (EMS)**

The EMS provides various health services to several counties. During 2021, the County paid \$5,000 to Southeast Minnesota Emergency Medical Services.

**3. Southeast Minnesota Recyclers Exchange (SEMREX)**

The County paid \$1,933 to SEMREX for recycling coordination services.

**4. Southeastern Minnesota Community Action Council**

The Southeastern Minnesota Community Action Council provides various elder care programs on behalf of member counties. During the year, the County paid \$3,000 to the Southeastern Minnesota Community Action Council.

**5. Southeastern Minnesota Narcotics Task Force**

The Southeastern Minnesota Narcotics Task Force provides drug investigation services for member organizations. During 2021, the County paid \$7,649 to the Task Force.

**6. Workforce Development, Inc.**

Workforce Development, Inc. provides various job training services to member counties. During 2021, the County paid \$542,224 to the Development.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**C. Jointly-Governed Organizations (Continued)**

**7. Southeast Minnesota Water Resources Board**

The Southeast Minnesota Water Resources Board provides water quality services to several counties. The County made no payments to the Board during 2021.

**8. Southeast Minnesota Regional Radio Board**

The Southeast Minnesota Regional Board has been organized to ensure communication among member counties for emergency service purposes. The County paid \$6,500 to the Board during 2021.

**9. Rural Minnesota Energy Board**

The Rural Minnesota Energy Board has been organized to provide policies and procedures regarding alternative energy sources, including ethanol, bio-diesel, solar, wind, etc. The County paid \$2,500 to the Board during the year.

**10. SEMN Region1 JPB Emergency Management Board**

The SEMN Region1 JPB Emergency Management Board has been organized to provide for the joint exercise of the parties' powers requiring regional coordination to plan for the needs of southeast Minnesota homeland security emergency management. The County paid \$1,000 to the Board during the year.

**11. Austin/Mower County Home Ownership Fund**

The Austin/Mower County Home Ownership Fund (the Fund) has been organized to provide a flexible source of secondary funds to families and individuals interested in purchasing a house. The Fund is meant to assist families and individuals who qualify for a mortgage with down payment assistance. The Fund can also be used to assist with rehabilitation on projects that are required to be made in order to meet code or mortgage requirements. The County made no payments to the Fund during 2021.

**12. Minnesota Rural Counties Caucus**

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Mower, Murray, Norman, Pennington, Pine, Pipestone, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin, and Wright Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of twelve appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each County also appoints a delegate and alternate to the Board of Directors. The County's responsibility does not extend beyond making these appointments.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 COMPONENT UNIT DISCLOSURES**

**A. Summary of Significant Accounting Policies**

In addition to those identified in Note 1, the County's discretely presented component unit has the following significant accounting policies.

**1. Reporting Entity**

The Housing and Redevelopment Authority (HRA) is governed by a five-member board of directors appointed by the County Board and the HRA requires tax levy financing. The HRA has a fiscal year-end of September 30.

Because of the significance of its financial relationship, Mower County considers the HRA a discrete component unit.

**2. Basis of Presentation**

The HRA prepares separate financial statements. These statements were prepared in accordance with GASB Statement 34.

**3. Cash, Cash Equivalents, Investments, and Restricted Investments**

For the purposes of reporting cash flows, the HRA considers all cash on hand, demand deposit accounts and non-negotiable certificates of deposits, excluding amounts held for tenant deposits or restricted by mortgage agreements, to be cash equivalents.

**B. Detailed Notes on All Fund**

**1. Assets**

Deposits and Investments

In accordance with Minnesota Statutes, the HRA maintains deposits at depository banks authorized by the Board of Commissioners.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the HRA's deposits may not be returned to it. The HRA's deposit policy for custodial credit risk follows Minnesota Statutes for deposits.

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

The HRA's deposits in banks at September 30, 2021, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)**

**B. Detailed Notes on All Fund (Continued)**

**1. Assets (Continued)**

Investments

The HRA may also invest idle funds, as authorized by Minnesota Statutes, as follows:

- (a) direct obligations or obligations guaranteed by the United States or its agencies;
- (b) shares of investment companies registered under the Federal Investment Company Act of 1940 that either receive the highest credit rating and one of the two highest ratings by a statistical rating agency, with all of the investments having a final maturity of no more than 13 months, or holds itself out to be a money market mutual fund and is rated in one of the two highest ratings by a statistical rating agency;
- (c) general obligations rated "A" or better; revenue obligations rated "AA" or better;
- (d) general obligations of the Minnesota Housing Finance Agency rated "A" or better;
- (e) bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System;
- (f) commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less;
- (g) guaranteed investment contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; and
- (h) repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Restricted Investments

At September 30, 2021, the HRA had the following restricted investments:

	At Estimated Market Value
Replacement Reserve Colonial	\$ 10,905

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)**

**B. Detailed Notes on All Funds (Continued)**

**1. Assets (Continued)**

Restricted Investments (Continued)

The MHFA requires the HRA to establish various escrow and reserve accounts. These investments are restricted and held in an escrow account by the MHFA in the HRA's name in accordance with debt agreements. These restricted investments are administered by the MHFA. Eligible investments of these funds, as stated in the escrow agreement, include instruments of the U.S. government and its agencies, the state of Minnesota and its agencies, certain financial institution demand or time deposits, and certain shares of investment companies. The balances are stated at their cost, which approximates fair value. The HRA does not have the authority to invest or to disburse funds from these accounts. Expenditures must be approved by the MHFA, who then withdraws the funds and mails the funds to the HRA.

Interest Rate Risk

The HRA has an informal investment policy that addresses permissible investment, portfolio diversification, and instrument maturities. Investment maturities are scheduled to coincide with projected cash flows. Within these parameters, it is the HRA's policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates.

Concentration of Investments

The HRA does not have a policy that limits the amount of the total portfolio that may be invested with any one depository. In general, other than escrowed funds, all other excess funds are invested in deposits and are covered under the HRA's collateral requirements.

Balance Sheet Presentation

Cash and Cash Equivalents	\$	1,256,174
Tenant Deposit Cash		39,424
Restricted Assets		10,905
Total	\$	1,306,503

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)**

**B. Detailed Notes on All Funds (Continued)**

**1. Assets (Continued)**

Capital Assets

HRA capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Equipment	\$ 8,014	\$ -	\$ -	\$ 8,014
Accumulated Depreciation for:				
Equipment	3,120	979	-	4,099
Total Capital Assets, Being Depreciated, Net	<u>\$ 4,894</u>	<u>\$ (979)</u>	<u>\$ -</u>	<u>\$ 3,915</u>
<b>Business-Type Activities:</b>				
Capital Asset, Not Being Depreciated:				
Land	\$ 42,304	\$ -	\$ -	\$ 42,304
Capital Assets, Being Depreciated:				
Land Improvements	398,809	9,660	-	408,469
Buildings	4,706,728	79,458	-	4,786,186
Furnishings	608,490	24,938	-	633,428
Maintenance Equipment	46,040	-	-	46,040
Total Capital Assets Being Depreciated	5,760,067	114,056	-	5,874,123
Accumulated Depreciation for:				
Land Improvements	342,094	6,008	-	348,102
Buildings	3,534,436	131,117	-	3,665,553
Furnishings	451,136	17,608	-	468,744
Maintenance Equipment	61,379	4,710	-	66,089
Total Accumulated Depreciation	4,389,045	159,443	-	4,548,488
Total Capital Assets, Depreciated, Net	<u>1,371,022</u>	<u>(45,387)</u>	<u>-</u>	<u>1,325,635</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,413,326</u>	<u>\$ (45,387)</u>	<u>\$ -</u>	<u>\$ 1,367,939</u>

Depreciation expense was charged to functions/programs of the discretely presented component unit as follows:

Business-Type Activities Housing	<u>\$ 159,443</u>
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**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)**

**B. Detailed Notes on All Funds (Continued)**

**2. Liabilities**

Long-Term Debt

Long-term debt outstanding at September 30, 2021 for the HRA consists of the following:

Types of Indebtedness	Final Maturity	Interest Rates (%)	Original Amount	Remaining Balance	Due Within One Year
Mortgage Payable	2024	8.75	\$ 123,000	\$ 21,096	\$ 6,788

Debt Service Requirements

Mortgage debt service requirements to maturity for the HRA are as follows:

Year Ending December 31,	Mortgages Payable	
	Principal	Interest
2022	\$ 6,788	\$ 1,555
2023	7,407	937
2024	6,901	268
Total	<u>\$ 21,096</u>	<u>\$ 2,760</u>

Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the HRA for the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Mortgages Payable	\$ 32,296	\$ -	\$ 11,200	\$ 21,096	\$ 6,788
Compensated Absences	46,792	27,792	24,822	49,762	15,000
Long-Term Liabilities	<u>\$ 79,088</u>	<u>\$ 27,792</u>	<u>\$ 36,022</u>	<u>\$ 70,858</u>	<u>\$ 21,788</u>

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

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

**NOTE 10 SUBSEQUENT EVENTS**

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Mower County, the amount to be received as a result of this litigation is \$1,288,066, to be received over 18 years, which has been recorded as a settlement receivable in the current year.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 11 RESTATEMENT**

During the year ended December 31, 2021, it was determined a correction to accounts receivable was needed in the Social Services Fund in the prior year which requires the restatement of the December 31, 2020 fund balance and net position of the governmental activities.

	<u>Governmental Activities</u>	<u>Social Services Fund</u>
Net Position/Fund Balance, January 1, 2021 as Previously Reported	\$ 164,804,061	\$ 7,582,066
Restatement	<u>(203,393)</u>	<u>(203,393)</u>
Net Position/Fund Balance, January 1, 2021 as Restated	<u>\$ 164,600,668</u>	<u>\$ 7,378,673</u>

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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A**

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**MOWER COUNTY  
AUSTIN, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES  
YEAR ENDED DECEMBER 31, 2021**

	Measurement Date <u>December 31, 2021</u>	Measurement Date <u>December 31, 2020</u>	Measurement Date <u>December 31, 2019</u>	Measurement Date <u>December 31, 2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 449,062	\$ 366,379	\$ 285,206	\$ 306,095
Interest	663,150	672,685	621,512	622,653
Changes in Assumptions	2,324,391	1,528,157	(957,822)	-
Differences Between Expected and Actual Experience	-	3,790,653	-	-
Benefit Payments	<u>(1,236,179)</u>	<u>(1,311,573)</u>	<u>(1,015,436)</u>	<u>(870,637)</u>
Net Change in Total OPEB Liability	2,200,424	5,046,301	(1,066,540)	58,111
Total OPEB Liability - Beginning	<u>23,031,836</u>	<u>17,985,535</u>	<u>19,052,075</u>	<u>18,993,964</u>
Total OPEB Liability - Ending	<u><u>\$ 25,232,260</u></u>	<u><u>\$ 23,031,836</u></u>	<u><u>\$ 17,985,535</u></u>	<u><u>\$ 19,052,075</u></u>
 Covered Employee Payroll	 \$ 17,755,000	 \$ 17,196,126	 \$ 16,146,520	 \$ 15,676,233
 Agency's OPEB Liability as a Percentage of Covered Employee Payroll	 142.1%	 133.9%	 111.4%	 121.5%

Note 1: The County implemented GASB Statement No. 75 in 2018. The above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 14,881,684	\$ 14,881,684	\$ 14,734,974	\$ (146,710)
Special Assessments	779,791	779,791	970,833	191,042
Licenses and Permits	53,040	53,040	91,303	38,263
Intergovernmental	3,591,885	3,591,885	4,189,096	597,211
Charges for Services	969,453	969,453	1,099,408	129,955
Fines and Forfeits	31,100	31,100	47,351	16,251
Investments Earnings	685,000	685,000	(118,220)	(803,220)
Miscellaneous	1,409,979	1,409,979	1,671,412	261,433
Total Revenues	22,401,932	22,401,932	22,686,157	284,225
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL GOVERNMENT</b>				
Commissioners	291,346	291,346	260,609	30,737
Courts	110,000	110,000	216,352	(106,352)
Law Library	41,834	41,834	32,423	9,411
County Administration	288,221	288,221	300,710	(12,489)
County Auditor-Treasurer	324,177	324,177	344,500	(20,323)
County Assessor	738,016	738,016	720,801	17,215
Elections	182,630	182,630	150,680	31,950
Auditing	344,602	344,602	366,627	(22,025)
Information Systems	912,447	912,447	883,075	29,372
Attorney	1,456,539	1,456,539	1,462,190	(5,651)
Recorder	515,773	515,773	372,930	142,843
Building and Plant	882,780	882,780	895,706	(12,926)
Tax Payer Services	199,169	199,169	165,014	34,155
Veterans Service	218,647	218,647	196,581	22,066
Other General Government	1,086,232	1,086,232	2,075,329	(989,097)
Total General Government	7,592,413	7,592,413	8,443,527	(851,114)
<b>PUBLIC SAFETY</b>				
Sheriff	3,519,465	3,519,465	3,607,337	(87,872)
E911	122,306	122,306	113,499	8,807
Coroner	124,900	124,900	122,433	2,467
County Jail	4,118,968	4,118,968	4,009,738	109,230
County Jail Canteen	42,500	42,500	9,747	32,753
Law Enforcement Center	1,680,054	1,680,054	1,652,875	27,179
Community Corrections	2,728,051	2,728,051	2,488,935	239,116
Sentence to Serve	71,310	71,310	73,806	(2,496)
Civil/Bailiff	185,422	185,422	130,967	54,455
Other Public Safety	2,000	2,000	8,761	(6,761)
Total Public Safety	12,594,976	12,594,976	12,218,098	376,878

Notes to Required Supplementary Information are an Integral Part of this Schedule.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
<b>CURRENT (Continued)</b>				
<b>SANITATION</b>				
Solid Waste	\$ 995,226	\$ 995,226	\$ 1,102,842	\$ (107,616)
<b>CULTURE AND RECREATION</b>				
Historical Society	60,653	60,653	45,490	15,163
Senior Citizens	55,000	55,000	58,400	(3,400)
Regional Library	293,750	293,750	292,162	1,588
Other	88,182	88,182	87,613	569
Total Culture and Recreation	497,585	497,585	483,665	13,920
<b>CONSERVATION OF NATURAL RESOURCES</b>				
County Extension	202,827	202,827	188,416	14,411
Soil and Water Conservation	162,000	162,000	162,000	-
Fairgrounds	30,000	30,000	30,000	-
Total Conservation of Natural Resources	394,827	394,827	380,416	14,411
<b>ECONOMIC DEVELOPMENT</b>				
Grow Austin	145,000	145,000	-	145,000
Development Corporation	105,237	1,355,237	1,382,704	(27,467)
Total Economic Development	250,237	1,500,237	1,382,704	117,533
<b>ENERGY</b>				
	-	-	205,426	(205,426)
<b>CAPITAL OUTLAY</b>				
General Government	98,500	98,500	28,142	70,358
Public Safety	252,000	252,000	272,281	(20,281)
Sanitation	38,000	156,945	159,177	(2,232)
Culture and Recreation	3,500	3,500	310	3,190
Total Capital Outlay	392,000	510,945	459,910	51,035
Total Expenditures	22,717,264	24,086,209	24,676,588	(590,379)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(315,332)	(1,684,277)	(1,990,431)	(306,154)

Notes to Required Supplementary Information are an Integral Part of this Schedule.

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Out	\$ -	\$ -	\$ (4,964,000)	\$ (4,964,000)
Proceeds from the Sale of Capital Assets	1,500	1,500	6,743	5,243
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>(4,957,257)</u>	<u>(4,958,757)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (313,832)</u>	<u>\$ (1,682,777)</u>	(6,947,688)	<u>\$ (5,264,911)</u>
Fund Balance - Beginning of Year			<u>29,458,714</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 22,511,026</u>	

*Notes to Required Supplementary Information are an Integral Part of this Schedule.*

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,935,847	\$ 3,935,847	\$ 3,994,363	\$ 58,516
Transit Sales and Use Tax	1,500,000	1,500,000	2,254,039	754,039
Licenses and Permits	80,500	80,500	154,750	74,250
Intergovernmental	10,165,531	10,165,531	8,470,697	(1,694,834)
Charges for Services	85,000	85,000	82,192	(2,808)
Miscellaneous	741,000	741,000	514,648	(226,352)
Total Revenues	<u>16,507,878</u>	<u>16,507,878</u>	<u>15,470,689</u>	<u>(1,037,189)</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HIGHWAY AND STREETS</b>				
Administration	705,977	705,977	747,984	(42,007)
Maintenance	2,830,669	2,830,669	2,572,989	257,680
Construction	12,786,912	12,786,912	8,854,551	3,932,361
Equipment and Maintenance Shops	926,438	926,438	987,478	(61,040)
Buildings and Grounds	191,029	191,029	233,270	(42,241)
Other	-	-	6,624	(6,624)
Total Current	<u>17,441,025</u>	<u>17,441,025</u>	<u>13,402,896</u>	<u>4,038,129</u>
<b>INTERGOVERNMENTAL</b>				
Highways and Streets	-	-	529,074	(529,074)
<b>CAPITAL OUTLAY</b>				
Highway and Streets	552,000	934,544	1,631,278	(696,734)
Conservation	440,496	440,496	452,683	(12,187)
Total Capital Outlay	<u>992,496</u>	<u>1,375,040</u>	<u>2,083,961</u>	<u>(708,921)</u>
Total Expenditures	<u>18,433,521</u>	<u>18,816,065</u>	<u>16,015,931</u>	<u>2,800,134</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(1,925,643)	(2,308,187)	(545,242)	1,762,945
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the Sale of Capital Assets	40,000	40,000	191,744	151,744
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,885,643)</u>	<u>\$ (2,268,187)</u>	(353,498)	<u>\$ 1,914,689</u>
Fund Balance - Beginning of Year			8,257,942	
<b>CHANGE IN INVENTORIES</b>			<u>(24,207)</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 7,880,237</u>	

Notes to Required Supplementary Information are an Integral Part of this Schedule.

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**MOWER COUNTY  
AUSTIN, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,428,075	\$ 5,428,075	\$ 5,360,309	\$ (67,766)
Intergovernmental	8,382,649	8,382,649	9,487,375	1,104,726
Charges for Services	2,413,353	2,413,353	1,320,329	(1,093,024)
Gifts and Contributions	-	-	2,000	2,000
Investments Earnings	1,350	1,350	495	(855)
Miscellaneous	630,650	630,650	607,251	(23,399)
Total Revenues	<u>16,856,077</u>	<u>16,856,077</u>	<u>16,777,759</u>	<u>(78,318)</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>HUMAN SERVICES</b>				
Income Maintenance	5,372,893	5,372,893	4,937,330	435,563
Social Services	9,143,343	9,143,343	8,685,432	457,911
Total Human Services	<u>14,516,236</u>	<u>14,516,236</u>	<u>13,622,762</u>	<u>893,474</u>
<b>HEALTH</b>				
Health	2,338,341	2,338,341	2,261,997	76,344
<b>CAPITAL OUTLAY</b>				
Human Services	<u>1,500</u>	<u>1,500</u>	<u>984</u>	<u>516</u>
Total Expenditures	<u>16,856,077</u>	<u>16,856,077</u>	<u>15,885,743</u>	<u>970,334</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	892,016	<u>\$ 892,016</u>
Fund Balance - Beginning of Year, as Previously Reported			7,582,066	
Restatement (See Note 11)			<u>(203,393)</u>	
Fund Balance - Beginning of Year, as Restated			<u>7,378,673</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 8,270,689</u>	

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
DECEMBER 31, 2021**

	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
<b>GERF</b>							
County's Proportion of the Net Pension Liability	0.196%	0.185%	0.174%	0.173%	0.168%	0.171%	0.168%
County's Proportionate Share of the Net Pension Liability	\$ 8,382,889	\$ 11,073,609	\$ 9,642,185	\$ 9,608,426	\$ 10,725,009	\$ 13,916,830	\$ 8,685,902
State's Proportionate Share of the Net Pension Liability	\$ 256,003	\$ 341,479	\$ 299,654	\$ 315,207	\$ 134,847	\$ 181,823	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 8,638,892	\$ 11,415,088	\$ 9,941,839	\$ 9,923,633	\$ 10,859,856	\$ 14,098,653	\$ 8,685,902
County's Covered Payroll	\$ 14,131,733	\$ 13,170,093	\$ 12,341,827	\$ 11,536,387	\$ 10,822,067	\$ 10,621,187	\$ 10,475,290
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	59.32%	84.08%	78.13%	83.29%	99.10%	131.03%	82.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%
<b>PEPFF</b>							
County's Proportion of the Net Pension Liability	0.171%	0.166%	0.166%	0.152%	0.145%	0.157%	0.162%
County's Proportionate Share of the Net Pension Liability	\$ 1,323,026	\$ 2,189,376	\$ 1,771,496	\$ 1,621,229	\$ 1,957,673	\$ 6,300,683	\$ 1,840,699
State's Proportionate Share of the Net Pension Liability	\$ 59,478	\$ 51,574	\$ -	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 1,382,504	\$ 2,240,950	\$ 1,771,496	\$ 1,621,229	\$ 1,957,673	\$ 6,300,683	\$ 1,840,699
County's Covered Payroll	\$ 2,213,821	\$ 2,004,068	\$ 1,796,012	\$ 1,593,340	\$ 1,486,722	\$ 1,516,909	\$ 1,506,793
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	59.76%	109.25%	98.63%	101.75%	131.68%	415.36%	122.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.66%	87.19%	89.26%	88.84%	85.43%	63.90%	86.60%
<b>PECF</b>							
County's Proportion of the Net Pension Liability (Asset)	0.943%	0.891%	0.821%	0.769%	0.720%	0.730%	0.730%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ (154,834)	\$ 241,709	\$ 113,600	\$ 126,478	\$ 2,052,007	\$ 2,666,792	\$ 112,858
County's Covered Payroll	\$ 2,084,034	\$ 1,938,411	\$ 1,720,274	\$ 1,545,349	\$ 1,439,886	\$ 1,376,247	\$ 1,348,969
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	-7.43%	12.47%	6.60%	8.18%	142.51%	193.77%	8.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	101.61%	96.67%	98.17%	97.64%	67.89%	58.20%	96.90%

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

Notes to Required Supplementary Information are an Integral Part of this Schedule.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS  
DECEMBER 31, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
<b>GERF</b>								
Contractually Required Contribution	\$ 1,073,990	\$ 1,035,258	\$ 943,286	\$ 888,428	\$ 832,621	\$ 790,373	\$ 726,621	\$ 692,722
Contributions in Relation to the Contractually Required Contribution	(1,073,990)	(1,035,258)	(943,286)	(888,428)	(832,621)	(790,373)	(726,621)	(692,722)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 14,319,867	\$ 13,803,440	\$ 12,577,147	\$ 11,979,040	\$ 11,101,613	\$ 10,538,307	\$ 9,688,280	\$ 9,554,786
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%
<b>PEPFF</b>								
Contractually Required Contribution	\$ 360,877	\$ 351,107	\$ 301,699	\$ 274,991	\$ 242,328	\$ 242,618	\$ 233,183	\$ 207,479
Contributions in Relation to the Contractually Required Contribution	(360,877)	(351,107)	(301,699)	(274,991)	(242,328)	(242,618)	(233,183)	(207,479)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 2,038,853	\$ 1,983,655	\$ 1,779,935	\$ 1,697,475	\$ 1,495,852	\$ 1,497,642	\$ 1,439,401	\$ 1,356,072
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%	15.30%
<b>PECF</b>								
Contractually Required Contribution	\$ 181,838	\$ 181,006	\$ 158,109	\$ 141,043	\$ 129,428	\$ 122,853	\$ 114,921	\$ 115,046
Contributions in Relation to the Contractually Required Contribution	(181,838)	(181,006)	(158,109)	(141,043)	(129,428)	(122,853)	(114,921)	(115,046)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's Covered Payroll	\$ 2,078,149	\$ 2,068,640	\$ 1,806,960	\$ 1,611,920	\$ 1,479,177	\$ 1,404,034	\$ 1,313,383	\$ 1,314,811
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

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

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

**I. BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. An annual budget is not adopted for the Opioid Remediation Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-July of each year, all departments and agencies submit requests for appropriations to the Mower County Administrator so that a budget can be prepared. Before September 15, the proposed budget is presented to the Board of County Commissioners for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the Board of County Commissioners or County Administrator if under \$5,000. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made expense reductions to meet unbudgeted state-aid reductions.

Encumbrance accounting is employed in governmental funds. Encumbrances (such as, purchase orders or contracts) outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

**II. EXPENDITURES IN EXCESS OF BUDGET**

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

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 24,676,588	\$ 24,086,209	\$ 590,379

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

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

**A. General Employees Fund**

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

2020 (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.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (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 postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund**

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed from 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 \$9.0 million thereafter, until the plan reaches 100% funding or July 1, 2048, if earlier.
- Member contributions were changed 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, January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes 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.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.50% thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**C. Correctional Fund**

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**C. Correctional Fund (Continued)**

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017

Changes 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.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
DECEMBER 31, 2021**

**III. CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**C. Correctional Fund (Continued)**

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**IV. OTHER POSTEMPLOYMENT BENEFITS**

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

2021

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

2020

- The discount rate was changed from 3.80% to 2.90%.

2019

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

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## **SUPPLEMENTARY INFORMATION**

**MOWER COUNTY  
AUSTIN, MINNESOTA  
DESCRIPTION OF FUNDS  
DECEMBER 31, 2021**

**NONMAJOR SPECIAL REVENUE FUNDS**

The Ditch Special Revenue Fund is used to account for the financing of public improvements or services for the construction, reconstruction, and maintenance of both County and joint-County drainage systems. These services are financed by special assessments against the benefited properties.

The Sewer Improvements Fund accounts for sewer system improvement loans made through the County.

**NONMAJOR DEBT SERVICE FUND**

The Bond Fund accounts for the accumulation of resources for, and the payment, of debt principal, interest, and related costs of the County's debt.

**FIDUCIARY FUNDS**

**Private-Purpose Trust Funds**

The Social Welfare Fund is used to account for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist in accordance with Minn. Stat. § 256.8.

**Custodial Funds**

The Taxes and Penalties Fund accounts for the collection and distribution of property taxes and penalties to the various taxing districts.

The Family Collections Fund accounts for the operations of the Mower County Family Services Collaborative.

The State Revenue Fund is used for the collection of fees on behalf of the State.

The Civil Process Fund is used to account for the receipts and disbursements of funds related to civil process.

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

The Jail Inmate Fund is used to account for the receipts and disbursements of funds related to county inmates.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	Ditch	Sewer Improvements	Bond Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 512,758	\$ 607,916	\$ 732,909	\$ 1,853,583
Taxes Receivable - Delinquent	-	-	17,572	17,572
Special Assessments Receivable - Current	191,000	7,292	-	198,292
Special Assessments Receivable - Delinquent	393	6,297	-	6,690
Loans Receivable	-	933,052	-	933,052
Restricted Investments - Temporary	-	29,874	-	29,874
Total Assets	<u>\$ 704,151</u>	<u>\$ 1,584,431</u>	<u>\$ 750,481</u>	<u>\$ 3,039,063</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,234	\$ -	\$ -	\$ 2,234
Due to Other Governments	3,225	-	-	3,225
Total Liabilities	5,459	-	-	5,459
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Taxes	191,000	-	13,310	204,310
Unavailable Special Assessments	393	9,643	-	10,036
Total Deferred Inflows of Resources	191,393	9,643	13,310	214,346
<b>FUND BALANCES</b>				
Restricted For:				
Ditch Projects	507,299	-	-	507,299
Sewer Improvements	-	990,357	-	990,357
Debt Service	-	277,319	737,171	1,014,490
Assigned For:				
Sewer Improvements	-	307,112	-	307,112
Total Fund Balance	<u>507,299</u>	<u>1,574,788</u>	<u>737,171</u>	<u>2,819,258</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 704,151</u>	<u>\$ 1,584,431</u>	<u>\$ 750,481</u>	<u>\$ 3,039,063</u>

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

	Ditch	Sewer Improvements	Bond Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 722,859	\$ 722,859
Special Assessments	179,642	277,647	-	457,289
Intergovernmental	-	40,000	9,432	49,432
Interest on Investments	-	58	-	58
Miscellaneous	16,258	-	-	16,258
Total Revenues	<u>195,900</u>	<u>317,705</u>	<u>732,291</u>	<u>1,245,896</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Conservation	115,838	245,972	-	361,810
<b>DEBT SERVICE</b>				
Principal	-	725,000	5,285,000	6,010,000
Interest	-	-	104,190	104,190
Total Debt Service	<u>-</u>	<u>725,000</u>	<u>5,389,190</u>	<u>6,114,190</u>
Total Expenditures	<u>115,838</u>	<u>970,972</u>	<u>5,389,190</u>	<u>6,476,000</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	80,062	(653,267)	(4,656,899)	(5,230,104)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	4,964,000	4,964,000
Proceeds from Loan	-	279,601	-	279,601
Total Other Financing Sources (Uses)	<u>-</u>	<u>279,601</u>	<u>4,964,000</u>	<u>5,243,601</u>
<b>NET CHANGE IN FUND BALANCES</b>	80,062	(373,666)	307,101	13,497
Fund Balance - Beginning of Year	<u>427,237</u>	<u>1,948,454</u>	<u>430,070</u>	<u>2,805,761</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 507,299</u>	<u>\$ 1,574,788</u>	<u>\$ 737,171</u>	<u>\$ 2,819,258</u>

**MOWER COUNTY  
AUSTIN, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
DITCH FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 181,000	\$ 181,000	\$ 179,642	\$ (1,358)
Miscellaneous	-	-	16,258	16,258
Total Revenues	<u>181,000</u>	<u>181,000</u>	<u>195,900</u>	<u>14,900</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Other	<u>226,128</u>	<u>226,128</u>	<u>115,838</u>	<u>110,290</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (45,128)</u></u>	<u><u>\$ (45,128)</u></u>	80,062	<u><u>\$ 125,190</u></u>
Fund Balance - Beginning of Year			<u>427,237</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 507,299</u></u>	

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**MOWER COUNTY  
AUSTIN, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
SEWER IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 250,000	\$ 250,000	\$ 277,647	\$ 27,647
Intergovernmental	-	-	40,000	40,000
Investments Earnings	-	-	58	58
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>317,705</u>	<u>67,705</u>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>CONSERVATION OF NATURAL RESOURCES</b>				
Other	178,000	178,000	245,972	(67,972)
<b>DEBT SERVICE</b>				
Principal	<u>250,000</u>	<u>250,000</u>	<u>725,000</u>	<u>(475,000)</u>
Total Expenditures	<u>428,000</u>	<u>428,000</u>	<u>970,972</u>	<u>(542,972)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(178,000)	(178,000)	(653,267)	(475,267)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Loan	<u>-</u>	<u>-</u>	<u>279,601</u>	<u>279,601</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (178,000)</u>	<u>\$ (178,000)</u>	(373,666)	<u>\$ (195,666)</u>
Fund Balance - Beginning of Year			<u>1,948,454</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,574,788</u>	

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

	Taxes and Penalties	Family Collections	State Revenue
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 502,444	\$ 373,210	\$ 215,804
Due from Other Governments	-	38,630	-
Taxes For Other Governments	1,056,444	-	-
Total Assets	1,558,888	411,840	215,804
<b>LIABILITIES</b>			
Due to Others	-	117	-
Due to Other Governments	502,444	2,455	215,804
Total Liabilities	502,444	2,572	215,804
<b>NET POSITION</b>			
Restricted for:			
Individuals, Organizations, and Other Governments	\$ 1,056,444	\$ 409,268	\$ -

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

	Civil Process	Estate Recoveries	Jail Inmate	Total Custodial Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,876	\$ 224,041	\$ 6,421	\$ 1,326,796
Due from Other Governments	-	-	-	38,630
Taxes For Other Governments	-	-	-	1,056,444
Total Assets	<u>4,876</u>	<u>224,041</u>	<u>6,421</u>	<u>2,421,870</u>
<b>LIABILITIES</b>				
Due to Others	-	-	3,817	3,934
Due to Other Governments	-	224,041	-	944,744
Total Liabilities	<u>-</u>	<u>224,041</u>	<u>3,817</u>	<u>948,678</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, Organizations, and Other Governments	<u>\$ 4,876</u>	<u>\$ -</u>	<u>\$ 2,604</u>	<u>\$ 1,473,192</u>

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

	<u>Taxes and Penalties</u>	<u>Family Collections</u>	<u>State Revenue</u>
<b>ADDITIONS</b>			
Contributions:			
Individuals	\$ -	\$ 204,539	\$ -
Property Tax Collections for Other Governments	31,853,872	-	-
Recoveries	-	-	-
License and Fees Collected for State	-	-	1,744,085
Total Additions	<u>31,853,872</u>	<u>204,539</u>	<u>1,744,085</u>
<b>DEDUCTIONS</b>			
Beneficiary Payments to Individuals	-	184,529	-
Payments of Property Tax to Other Governments	32,007,646	-	-
Payments to Other Entities	-	-	1,744,085
Total Deductions	<u>32,007,646</u>	<u>184,529</u>	<u>1,744,085</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	(153,774)	20,010	-
Fiduciary Net Position - Beginning of Year	<u>1,210,218</u>	<u>389,258</u>	<u>-</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 1,056,444</u>	<u>\$ 409,268</u>	<u>\$ -</u>

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

	Civil Process	Estate Recoveries	Jail Inmate	Total Custodial Funds
<b>ADDITIONS</b>				
Contributions:				
Individuals	\$ 419,390	\$ -	\$ 247,837	\$ 871,766
Property Tax Collections for Other Governments	-	-	-	31,853,872
Recoveries	-	839,558	-	839,558
License and Fees Collected for State	-	-	-	1,744,085
Total Additions	<u>419,390</u>	<u>839,558</u>	<u>247,837</u>	<u>35,309,281</u>
<b>DEDUCTIONS</b>				
Beneficiary Payments to Individuals	416,443	-	248,180	849,152
Payments of Property Tax to Other Governments	-	-	-	32,007,646
Payments to Other Entities	-	839,558	-	2,583,643
Total Deductions	<u>416,443</u>	<u>839,558</u>	<u>248,180</u>	<u>35,440,441</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	2,947	-	(343)	(131,160)
Fiduciary Net Position - Beginning of Year	<u>1,929</u>	<u>-</u>	<u>2,947</u>	<u>1,604,352</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 4,876</u>	<u>\$ -</u>	<u>\$ 2,604</u>	<u>\$ 1,473,192</u>

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

	<u>Governmental Funds</u>
<b>SHARED REVENUE</b>	
<b>STATE</b>	
Highway Users Tax	\$ 8,257,962
County Program Aid	2,546,801
PERA Rate Reimbursement	31,408
Disparity Reduction Aid	161,855
Police Aid	216,791
Enhanced 911	176,047
Market Value Credit	293,988
Riparian Protection Aid	133,612
Aquatic Invasive Species	<u>12,153</u>
Total Shared Revenue	11,830,617
<b>REIMBURSEMENT FOR SERVICES</b>	
<b>STATE</b>	
Minnesota Department of Human Services	2,702,065
<b>PAYMENTS</b>	
<b>LOCAL</b>	
Payments in Lieu of Taxes	84,149
Next Generation	<u>2,108</u>
Total Payments	86,257
<b>GRANTS</b>	
<b>STATE</b>	
Minnesota Department/Board of:	
Peace Officers Board	7,750
Corrections	323,146
Health	450,810
Human Services	1,790,268
Soil and Water Resources	58,600
Veteran's Affairs	10,000
Local	9,195
Pollution Control Agency	<u>143,364</u>
Total State	2,793,133
<b>FEDERAL</b>	
Department of:	
Agriculture	712,482
Transportation	11,163
Homeland Security	51,516
Health and Human Services	<u>4,009,367</u>
Total Federal	<u>4,784,528</u>
Total State and Federal Grants	<u>7,577,661</u>
Total Intergovernmental Revenue	<u><u>\$ 22,196,600</u></u>

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



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

Board of County Commissioners  
Mower County  
Austin, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mower County (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 13, 2022.

The County's financial statements include the operations of the Mower County Housing and Redevelopment Authority (HRA) for the year ended September 30, 2021. Our reporting, described below, did not include the operations of the HRA because the HRA (component unit) engaged for its own separate audit in accordance with *Government Auditing Standards*.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-003 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

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

***Mower County's Response to Findings***

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

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 13, 2022

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

Board of County Commissioners  
Mower County  
Austin, Minnesota

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

The County's financial statements include the operations of the Mower County Housing and Redevelopment Authority (HRA), a component unit, which expended \$445,390 in federal awards during the year ended September 30, 2021. The federal awards for the HRA are not included in the accompanying schedule of expenditures of federal awards for Mower County. Our audit, described below, did not include these activities because the HRA engaged for its own separate audit.

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain a deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-004, to be a significant deficiency.

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

### **Mower County's Response to Findings**

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

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



**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 13, 2022

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2021**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes        no
- Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?        yes   X   no
- Significant deficiency(ies) identified?   X   yes        none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes        no

**Identification of Major Federal Programs**

**Assistance Listing Numbers**

93.778  
93.563

**Name of Federal Program or Cluster**

Medicaid Cluster  
Child Support Enforcement

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

\$ 750,000

Auditee qualified as low-risk auditee?

       yes   X   no

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2021**

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**Section II – Financial Statement Findings**

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2021-001 SEGREGATION OF DUTIES – VARIOUS DEPARTMENTS

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

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

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for County departments.

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

**Effect:** The design of the internal controls over financial reporting could affect the ability of the County to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the County's inability to prevent/detect misappropriation of County assets.

**Repeat Finding:** Yes – Finding 2020-001.

**Recommendation:** We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

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

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2021**

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**Section II – Financial Statement Findings (Continued)**

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2021-002 AUDIT ADJUSTMENTS

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Criteria or Specific Requirement:** County management is responsible for establishing and maintaining internal controls for the proper recording of all the County's accounting transactions, including account coding, depreciation, and reporting of accruals and net position.

**Condition:** As part of the audit, we proposed material audit adjustments to receivables, deferred inflows and revenues, reclassifications of revenues to the proper accounts, setting up a new special revenue fund, adjustments to custodial activity and a restatement in the human services fund to correct beginning fund balance.

**Cause:** The County has a limited number of personnel.

**Effect:** The design of the internal controls over recording transactions and year-end accruals limits the ability of the County to provide accurate modified accrual basis financial information for external financial reporting purposes.

**Repeat Finding:** Yes – Finding 2020-002.

**Recommendation:** We recommend County management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

**View of Responsible Officials and Planned Correction Action:** There is no disagreement with the audit finding. The County will review the controls over recording transactions and year-end accruals.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2021**

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**Section II – Financial Statement Findings (Continued)**

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2021-003 FINANCIAL REPORTING PROCESS

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

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

**Condition:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

**Cause:** The County has a limited number of personnel.

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

**Repeat Finding:** Not applicable.

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

**View of Responsible Officials and Planned Correction Action:** There is no disagreement with the audit finding. The County will review the controls over financial reporting and undertake them if deemed cost-beneficial.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2021**

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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2021-004 CASEFILE REVIEW

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

**Federal Program Title:** Temporary Assistance for Needy Families

**Assistance Listing Number:** 93.558

**Federal Award Identification Number and Pass-Through Agency:** Minnesota Department of Health and Minnesota Department of Human Services

**Pass-Through Numbers:** 2101TANF

**Compliance Requirement Affected:** Eligibility

**Award Period:** Year Ended December 31, 2021

**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Criteria or Specific Requirement:** Standard internal control procedures recommend internal reviews over case file eligibility determinations to ascertain case workers are complying with state and federal requirements.

**Condition and Context:** During our testing of TANF through inquiry and our statistically valid sample, it was noted there were no documented reviews being performed.

**Questioned Costs:** Unable to be determined.

**Cause:** Lack of personnel.

**Effect:** Errors made in determining eligibility may not be discovered and benefits may be issued to clients who are not eligible.

**Repeat Finding:** Yes – Finding 2020-005.

**Recommendation:** We recommend the County review case files on a periodic basis throughout the year.

**Views of responsible officials:** There is no disagreement with the audit finding.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2021**

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**Section IV – Other Items for Consideration – Minnesota Legal Compliance**

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None noted for 2021.

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**Section V – Summary of Prior Audit Findings**

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**FINANCIAL STATEMENT FINDINGS**

2020 – 001 SEGREGATION OF DUTIES

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for County departments.

**Status:** See current year finding 2021-001.

**Reason for Finding's Recurrence:** The County has a limited number of personnel within several County departments.

**Corrective Action:** We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

2020 – 002 AUDIT ADJUSTMENTS

**Condition:** As part of the audit, we proposed material audit adjustments for recording of accruals, reclassifications of revenues to the proper accounts, adjustment of deferred inflow of resources, net pension liability related accounts, and corrections of modified accrual adjustments.

**Status:** See current year audit finding 2021-002.

**Reason for Finding's Recurrence:** The County has a limited number of personnel.

**Corrective Action:** We recommend County management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

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**MOWER COUNTY  
AUSTIN, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
DECEMBER 31, 2021**

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**Section V – Summary of Prior Audit Findings (Continued)**

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**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

2020 – 003 BANK RECONCILIATIONS

**Condition:** The reconciliations for the year were not completed as of year-end in a timely manner.

**Status:** Resolved in 2021.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

2020 – 004 ELIGIBILITY

**Condition:** The County did not have procedures in place to ensure the TANF applications were filled out completely.

**Status:** Resolved in 2021.

2020 – 005 CASEFILE REVIEW

**Condition:** The County did not have formal case file review performed for TANF.

**Status:** See current year audit finding 2021-004.

**Reason for Finding's Recurrence:** The County has a limited number of personnel.

**Corrective Action:** The County will review case files on a periodic basis throughout the year.

2020 – 006 PUBLISHING OF COUNTY BOARD MINUTES

**Condition:** The County did not have procedures in place to ensure the County board minutes were published within 30 days of the meeting in a qualified newspaper.

**Status:** Resolved in 2021.

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

Federal Grantor Pass-Through Agency Grant Program Title (Program or Cluster Title)	Federal Assistance Listing Number	Federal Award Identification Number/Pass- Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	212MN101S2514	\$ 393,344	\$ -
Passed Through Minnesota Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	319,138	-
Total Department of Agriculture			712,482	-
<b>U.S. Department of Transportation</b>				
Passed Through City of Austin State and Community Highway Safety (Part of Highway Safety Cluster Total \$5,186)	20.600	P079221402	751	-
National Priority Safety Programs (Part of Highway Safety Cluster Total \$5,186)	20.616	P079221405	4,435	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	P079221AL164	5,977	-
Total Department of Transportation			11,163	-
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	NU90TP922026	48,070	-
Early Hearing Detection and Intervention	93.251	H61MC00035	600	-
Immunization Cooperative Agreements	93.268	NH23IP922628	83,500	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	62,072	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$616,781)	93.558	2101MNTANF	49,173	-
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	X10MC32199	124,403	-
Maternal and Child Health Services Block Grant to the States	93.994	BO33847	49,661	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor Pass-Through Agency Grant Program Title (Program or Cluster Title)	Federal Assistance Listing Number	Federal Award Identification Number/Pass- Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Minnesota Department of Human Services MaryLee Allen Promoting Safe and Stable Families Program	93.556	2101MNFSS	\$ 11,885	\$ -
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$616,781)	93.558	2101MNTANF	567,608	-
Child Support Enforcement	93.563	2101MNCES, 2101MNCSES	1,048,025	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2101MNRCA	1,806	-
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	3,581	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	2101MNCDF	17,938	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	13,802	-
Stephanie Tubbs Jones Child Welfare Services (Total 93.645 \$7,419)	93.645	2001MNCWSS	5,043	-
COVID-19 Stephanie Tubbs Jones Child Welfare Services (Total 93.645 \$7,419)	93.645	2001MNCWSS	2,376	-
Foster Care Title IV-E	93.658	2101MNFST	350,061	-
Social Services Block Grant	93.667	2101MNSOSR	262,414	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	2,003	-
Children's Health Insurance Program	93.767	2105MN5021	1,858	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2105MNSADM, 2105MNSMAP	1,351,490	-
Total Department of Health and Human Services			4,057,369	-
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2020- MOWERCO-3518	51,516	-
Total Federal Expenditures			\$ 4,832,530	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MOWER COUNTY  
AUSTIN, MINNESOTA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2021**

**NOTE 1 REPORTING ENTITY**

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

**NOTE 2 BASIS OF PRESENTATION**

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

**NOTE 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 principal contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE**

Federal Grant Revenue Per Schedule of Intergovernmental Revenue	\$	4,784,528
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures (Prior Year Deferred Inflows of Resources)		(198,790)
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues (Current Year Deferred Inflows of Resources)		246,792
Expenditures per Schedule of Expenditures of Federal Awards	\$	4,832,530



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Mower County  
Austin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mower County (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 13, 2022.

The County's financial statements include the operations of the Mower County Housing and Redevelopment Authority (HRA), for the year ended September 30, 2021. Our audit, described below, did not include the operations of the HRA because the HRA (component unit) engaged for its own separate audit that included provisions of the *Minnesota Legal Compliance Audit Guide for Counties*.

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Austin, Minnesota  
September 13, 2022



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