

# **Le Sueur County**

Financial Statements and  
Supplementary Information

December 31, 2021

# Le Sueur County

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## **Independent Auditors' Report**

To the County Board of Commissioners of  
Le Sueur County

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Le Sueur 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing and Redevelopment Authority of the County, a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Housing and Redevelopment Authority of the County are based solely on the report of the other auditors.

#### ***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 (GAS). 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 County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Minneapolis, Minnesota  
September 30, 2022

# Le Sueur County

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## Management's Discussion and Analysis

December 31, 2021

(Unaudited)

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

### Financial Highlights

- The assets and deferred outflows of resources of Le Sueur County exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$155,466,859. Of this amount, \$8,633,983 (unrestricted net position) may be used to meet Le Sueur County's ongoing obligations to citizens and creditors.
- Le Sueur County's total net position increased by \$10,069,957 in 2021.
- At the close of 2021, Le Sueur County's governmental funds reported combined ending fund balances of \$35,832,763. Of this amount, \$4,360,283 is available for spending at the County's discretion and is noted as unassigned fund balance.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Le Sueur County's basic financial statements. Le Sueur County's basic financial statements are comprised of three components:

1) government-wide financial statements; 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

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

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

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

The government-wide financial statements list the functions of Le Sueur County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Le Sueur County include general government, public safety, highways and streets, sanitation, health and human services, culture, recreation and education, and conservation and development. The business-type activities at the County include the West Jefferson Subordinate Sewer District.

The government-wide financial statements include not only Le Sueur County itself (the primary government), but also the legally separate Housing and Redevelopment Authority of Le Sueur County (HRA). The HRA, although legally separate, functions for all practical purposes as an integral part of Le Sueur County, and therefore has been included in the government-wide financial statements. A copy of the HRA audit may be obtained from the Minnesota Valley Action Council, 706 North Victory Drive, Mankato, MN 56001.

A summary of the government-wide financial statements can be found on Exhibits 1 and 2.

# Le Sueur County

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Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

## Fund Financial Statements

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

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

## Governmental Funds

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

Le Sueur County reports five major funds and four nonmajor funds. The major funds are: General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, County Ditch Special Revenue Fund, and a Debt Service Fund. The nonmajor funds are: Gravel Tax Special Revenue Fund, Victim Witness Special Revenue Fund, Environmental Health Special Revenue Fund and a Capital Projects Fund.

## Proprietary Funds

Proprietary funds maintained by Le Sueur County consist of one major enterprise fund. The County uses enterprise funds to account for activities that provide supplies and services to the general public. Proprietary fund statements provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements being on page 9 of this report.

## Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs. The accounting used in fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 12-13 of this report.

## Notes to the Financial Statements

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

# Le Sueur County

Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

## Other Information

In addition to the basic financial statements and notes, Le Sueur County also provides supplementary information including Le Sueur County's combining fund financial statements and intergovernmental revenues. In addition, combining fiduciary fund statements are also presented here.

Le Sueur County adopts an annual appropriated budget for its general fund, select special revenue funds, the debt service fund and the capital projects fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

## Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the county's financial position. Le Sueur County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$155,466,859 at the close of 2021. The largest portion of Le Sueur County's net position (87%) reflects its investment in capital assets (e.g., land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending.

### (Exhibit 1) Le Sueur County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 50,577,693	\$ 44,745,283	\$ 690,178	\$ 112,070	\$ 51,267,871	\$ 44,857,353
Capital assets	168,230,271	158,956,653	5,205,310	5,186,395	173,435,581	164,143,048
Total assets	218,807,964	203,701,936	5,895,488	5,298,465	224,703,452	209,000,401
Long-term liabilities outstanding	58,769,441	57,100,274	656,239	1,089,107	59,425,680	58,189,381
Other liabilities	7,640,915	5,476,794	6,754	285,650	7,647,669	5,762,444
Total liabilities	66,410,356	62,577,068	662,993	1,374,757	67,073,349	63,951,825
Deferred outflows of resources	7,881,574	2,539,021	-	-	7,881,574	2,539,021
Deferred inflows of resources	10,044,818	2,190,695	-	-	10,044,818	2,190,695
Net position:						
Net investment in capital assets	130,580,048	119,485,449	4,549,071	3,814,877	135,129,119	123,300,326
Restricted	11,703,757	11,686,098	-	-	11,703,757	11,686,098
Unrestricted	7,950,559	10,301,647	683,424	108,831	8,633,983	10,410,478
Total net position	\$ 150,234,364	\$ 141,473,194	\$ 5,232,495	\$ 3,923,708	\$ 155,466,859	\$ 145,396,902

# Le Sueur County

## Management's Discussion and Analysis

December 31, 2021

(Unaudited)

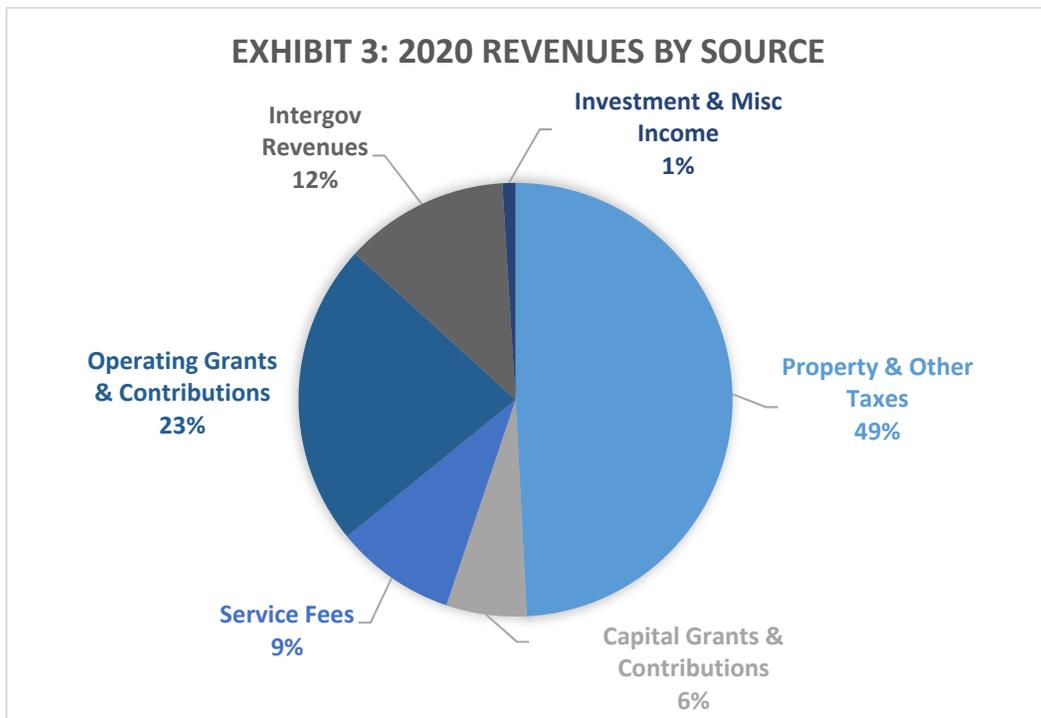
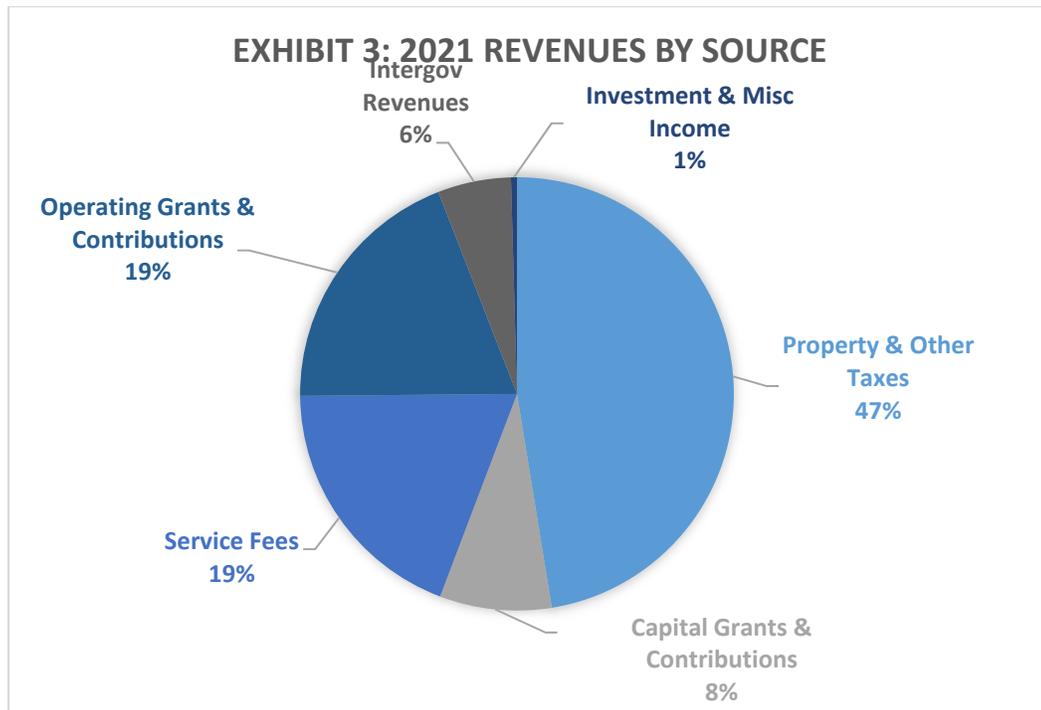
### (Exhibit 2) Changes in Le Sueur County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 10,247,717	\$ 4,289,719	\$ 87,172	\$ 24,125	\$ 10,334,889	\$ 4,313,844
Operating grants and contributions	10,331,558	10,813,655	-	-	10,331,558	10,813,655
Capital grants and contributions	4,485,107	2,869,200	1,552,174	3,331,332	6,037,281	6,200,532
General revenues:						
Property taxes	23,713,140	22,877,652	-	-	23,713,140	22,877,652
Other	4,945,729	6,970,604	3,253	-	4,948,982	6,970,604
Total revenues	53,723,251	47,820,830	1,642,599	3,355,457	55,365,850	51,176,287
Expenses:						
General government	8,904,397	10,687,567	-	-	8,904,397	10,687,567
Public safety	7,332,340	7,335,258	-	-	7,332,340	7,335,258
Highways and streets	9,301,716	8,926,612	-	-	9,301,716	8,926,612
Sanitation	488,654	698,200	-	-	488,654	698,200
Health and human services	11,826,055	11,310,211	-	-	11,826,055	11,310,211
Culture, recreation and education	747,145	607,424	-	-	747,145	607,424
Conservation and development	5,035,596	1,031,416	-	-	5,035,596	1,031,416
Interest and fiscal charges	1,326,178	1,201,200	-	-	1,326,178	1,201,200
West Jefferson SSD	-	-	333,812	210,123	333,812	210,123
Total expenses	44,962,081	41,797,888	333,812	210,123	45,295,893	42,008,011
Change in net position	8,761,170	6,022,942	1,308,787	3,145,334	10,069,957	9,168,276
Net position, January 1	141,473,194	135,450,252	3,923,708	778,374	145,396,902	136,228,626
Net position, December 31	\$ 150,234,364	\$ 141,473,194	\$ 5,232,495	\$ 3,923,708	\$ 155,466,859	\$ 145,396,902

# Le Sueur County

Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

## Governmental Activities

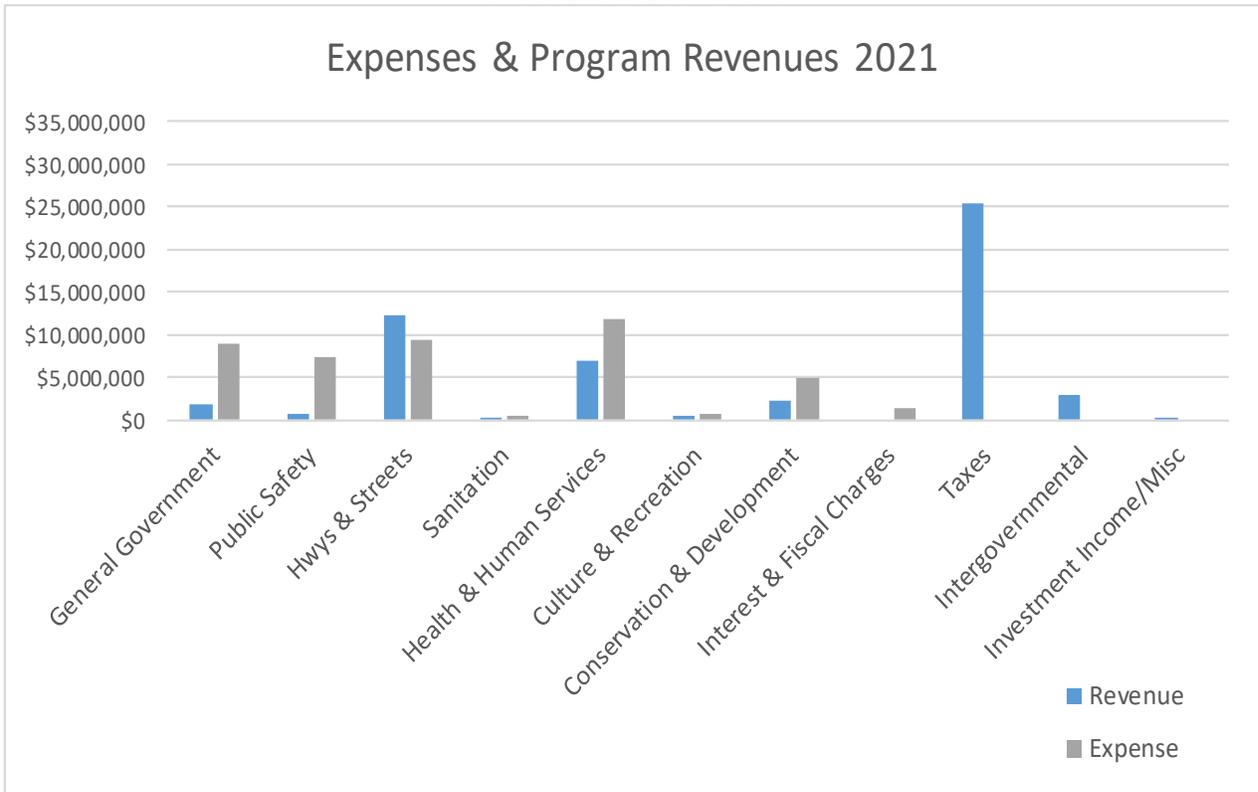


The most notable increase in 2021 is the service fees. The county received approximately \$3.3 million from another municipality related to CSAH 22.

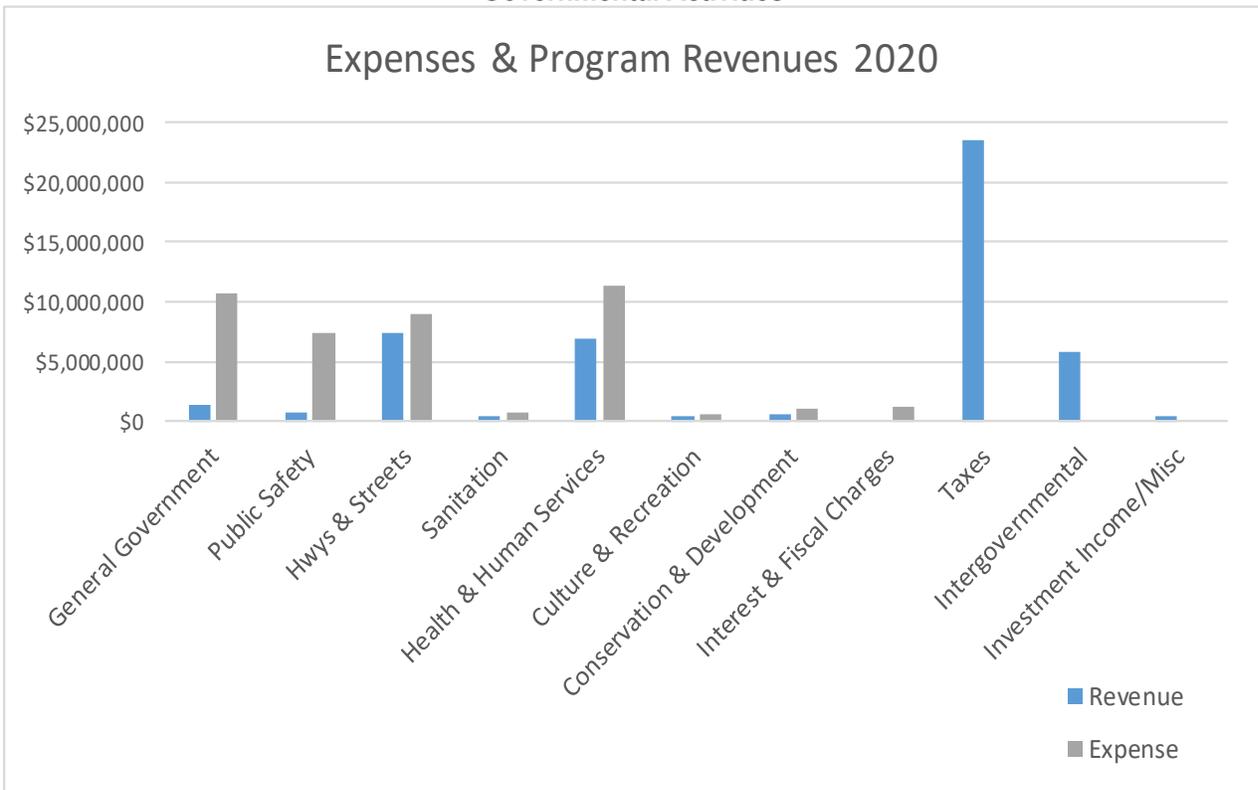
# Le Sueur County

Management's Discussion and Analysis  
 December 31, 2021  
 (Unaudited)

(Exhibit 5)  
 Governmental Activities



(Exhibit 6)  
 Governmental Activities



# Le Sueur County

Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

## Financial Analysis of the County's Funds

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

### Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$35,832,763. Of this amount, \$19,441,475 constitutes unrestricted, spendable fund balance, which is available for spending at the county's discretion. The remainder of fund balance is nonspendable or restricted to indicate this it is not available for new spending because it has already been restricted for various reasons.

The five major operating funds of Le Sueur County for 2021 are the General Fund, Road & Bridge Fund, Human Services Fund, County Ditch Fund and Debt Service Fund. At the end of the current fiscal year, these funds showed the following balances:

	<u>Assigned/ Unassigned Fund Balance</u>	<u>Total Fund Balance</u>
General	\$ 8,560,643	\$ 11,276,372
Road and bridge	6,777,396	11,077,782
Human services	5,504,212	5,504,212
County ditch	(1,160,146)	(1,160,146)
Debt service	-	5,439,799

As a measure of the liquidity of these funds, a comparison of unrestricted, spendable fund balance and total fund balance to total fund expenditures yields the following percentages:

	<u>Liquidity - Unrestricted, Spendable Funds</u>	<u>Liquidity - Total Fund Balance</u>
General	45 %	60 %
Road and bridge	34	55
Human services	59	59
County ditch	-	-
Debt service	-	126

### Proprietary Funds

The major enterprise fund, West Jefferson Subordinate Sewer District, had an ending net position of \$5,232,495. Of the total net position, \$683,424 was unrestricted. The District began operations in the 4<sup>th</sup> quarter of 2020.

# Le Sueur County

## Management's Discussion and Analysis

December 31, 2021

(Unaudited)

### Budgetary Highlights

The Le Sueur County Board may amend/revise the county budgets. These revisions fall into one of three categories: new information regarding original budget estimates, greater than anticipated revenues or costs, and final agreement reached on employee contracts.

In Le Sueur County's General Fund, the actual revenues and other financing sources were \$2,212,341 over budget. Actual expenditures and other financing uses were \$755,623 over budget. Revenues are over budget primarily due to an increase in intergovernmental revenues; the County received unbudgeted State and Local Fiscal Recovery Funds from the federal government.

The Road and Bridge Special Revenue Fund experienced a significant positive budget variance due primarily to lower than anticipated construction costs based on timing of certain projects.

### Capital Asset and Debt Administration

#### Capital Assets

The County's investment in capital assets as of December 31, 2021, amounts to \$173,435,581 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, equipment and infrastructure.

#### Le Sueur County's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,324,149	\$ 5,324,149	\$ -	\$ -	\$ 5,324,149	\$ 5,324,149
Construction in progress	6,260,039	26,293,577	-	-	6,260,039	26,293,577
Building and improvements	34,299,454	35,345,676	413,624	409,669	34,713,078	35,755,345
Land improvements	98,626	98,626	-	-	98,626	98,626
Machinery, furniture and equipment	3,624,609	4,210,309	-	-	3,624,609	4,210,309
Infrastructure	118,623,394	87,684,316	4,791,686	4,776,726	123,415,080	92,461,042
	<u>\$ 168,230,271</u>	<u>\$ 158,956,653</u>	<u>\$ 5,205,310</u>	<u>\$ 5,186,395</u>	<u>\$ 173,435,581</u>	<u>\$ 164,143,048</u>

The 2021 balance of construction in progress is comprised primarily of ongoing highway projects. Of the total construction in progress, \$878,462 is for non-infrastructure related projects such as the East Entry remodel and Public Health building remodel.

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

## Le Sueur County

Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

### Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$47,131,239 which is backed by the full faith and credit of the government.

#### Le Sueur County's Governmental Activities Outstanding Debt

	<u>2021</u>	<u>2020</u>
General obligation debt	\$ 46,475,000	\$ 41,475,000

Le Sueur County's governmental activities debt increased by \$5,000,000 during 2021; \$8,580,000 in general obligation bonds were issued during the year.

#### Le Sueur County's Business-Type Activities Outstanding Debt

	<u>2021</u>	<u>2020</u>
General obligation debt	\$ 656,239	\$ 1,089,107

Le Sueur County's business-type activities debt in total decreased by \$432,868 during 2021 due to an additional draw on the 2020 Clean Water State Revolving Fund Loan for the construction of the West Jefferson sewer system of \$100,784 offset by \$533,652 of principal payments.

Le Sueur County's bond rating is "AA" from Standard & Poor's.

Minnesota statutes limit the amount of debt that a county may levy to 3% of its total market value. As of the end of 2021, Le Sueur County was well below the 3% debt limit imposed by state statutes.

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

### Economic Factors and New Year's Budgets and Rates

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

Le Sueur County continues to see residential growth. The County's population has increased gradually since the 2010 census. The County's total taxable net tax capacity increased by 5.1% in 2022 and 6.3% in 2021. As a result of the population increase, we are experiencing an increased demand for services particularly in police protection, land use policy, road construction and road maintenance.

Property tax reforms at the state level significantly impacted government aid payments made to the County over the past several years. The County Program Aid of \$1,290,397 has decreased by \$532,337 since the original 2003 certified amount of \$1,822,734 for similar state aids before the state made major cuts. Also, added is the impact of numerous unfunded mandates.

## **Le Sueur County**

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Management's Discussion and Analysis

December 31, 2021

(Unaudited)

Le Sueur County's unemployment rate was 5.4% at the end of 2021. This is above the 3.4% statewide rate.

On December 21, 2021, the Le Sueur County Board of Commissioners approved the 2022 budget for \$60,281,592. This was an increase from 2021. The 2022 levy is \$24,611,528, which is a 4% increase over 2021. The County is also evaluating potential uses for the State and Local Fiscal Recovery Funds.

### **Audit / Request for Information**

Minnesota Statutes 6.48 requires an annual examination of books of accounts, financial records and transactions of all County functions by the Office of the State Auditor and/or a private accounting firm. When complete, the report will be available for inspection upon request at the County Finance Director's Office during normal working hours. You may also request additional information by U.S. Mail at the following address: Office of the Le Sueur County Finance Director, Le Sueur County Courthouse, 88 South Park Avenue, Le Center, MN 56057.

**Le Sueur County**

## Statement of Net Position

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority
<b>Assets</b>				
Cash and investments	\$ 34,896,545	\$ -	\$ 34,896,545	\$ 73,030
Taxes receivable	274,832	-	274,832	-
Special assessments receivable	4,098,819	775,064	4,873,883	-
Accounts receivable (net)	784,785	39,681	824,466	2,811
Notes receivable	544,605	-	544,605	-
Interest receivable	159,574	-	159,574	-
Due from other governments	3,443,155	4,879	3,448,034	-
Internal balances	129,446	(129,446)	-	-
Materials and supplies	633,880	-	633,880	-
Restricted cash and investments	5,520,384	-	5,520,384	-
Net pension asset	91,668	-	91,668	-
Capital assets:				
Construction in progress	6,260,039	-	6,260,039	-
Land	5,324,149	-	5,324,149	-
Other capital assets, net of depreciation	156,646,083	5,205,310	161,851,393	-
Total assets	<u>218,807,964</u>	<u>5,895,488</u>	<u>224,703,452</u>	<u>75,841</u>
<b>Deferred Outflows of Resources</b>				
Pension related amounts	<u>7,881,574</u>	<u>-</u>	<u>7,881,574</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	3,243,480	4,676	3,248,156	1,041
Accrued liabilities	1,261,894	2,078	1,263,972	-
Due to other governments	431,261	-	431,261	-
Unearned revenues	2,704,280	-	2,704,280	-
Noncurrent liabilities:				
Due within one year	4,143,019	64,872	4,207,891	-
Due in more than one year	<u>54,626,422</u>	<u>591,367</u>	<u>55,217,789</u>	<u>-</u>
Total liabilities	<u>66,410,356</u>	<u>662,993</u>	<u>67,073,349</u>	<u>1,041</u>
<b>Deferred Inflows of Resources</b>				
Unearned revenues	95,608	-	95,608	-
Pension related amounts	<u>9,949,210</u>	<u>-</u>	<u>9,949,210</u>	<u>-</u>
Total deferred inflows of resources	<u>10,044,818</u>	<u>-</u>	<u>10,044,818</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	130,580,048	4,549,071	135,129,119	-
Restricted for:				
Recorder equipment	224,255	-	224,255	-
Public safety	681,069	-	681,069	-
Landfill abatement and risk mitigation	1,670,354	-	1,670,354	-
Highways and streets	1,964,074	-	1,964,074	-
Future septic loans	529,167	-	529,167	-
Culture and recreation	140,051	-	140,051	-
Reclamation/conservation	310,836	-	310,836	-
Ditch projects	1,198,190	-	1,198,190	-
Debt service	4,894,093	-	4,894,093	-
Housing assistance payments	-	-	-	29,658
Economic development	-	-	-	45,142
Net pension asset	91,668	-	91,668	-
Unrestricted	<u>7,950,559</u>	<u>683,424</u>	<u>8,633,983</u>	<u>-</u>
Total net position	<u>\$ 150,234,364</u>	<u>\$ 5,232,495</u>	<u>\$ 155,466,859</u>	<u>\$ 74,800</u>

See notes to financial statements

**Le Sueur County**

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit HRA
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 8,904,397	\$ 1,595,760	\$ 213,941	\$ -	\$ (7,094,696)	\$ -	\$ (7,094,696)	\$ -
Public safety	7,332,340	407,521	334,168	-	(6,590,651)	-	(6,590,651)	-
Highways and streets	9,301,716	5,326,722	2,518,576	4,485,107	3,028,689	-	3,028,689	-
Sanitation	488,654	111,589	234,120	-	(142,945)	-	(142,945)	-
Health and human services	11,826,055	1,709,744	5,340,505	-	(4,775,806)	-	(4,775,806)	-
Culture, recreation, and education	747,145	516,195	1,675	-	(229,275)	-	(229,275)	-
Conservation and development	5,035,596	580,186	1,688,573	-	(2,766,837)	-	(2,766,837)	-
Interest and fiscal charges	1,326,178	-	-	-	(1,326,178)	-	(1,326,178)	-
Total governmental activities	44,962,081	10,247,717	10,331,558	4,485,107	(19,897,699)	-	(19,897,699)	-
Business-type activities:								
West Jefferson Subordinate Service District	333,812	87,172	-	1,552,174	-	1,305,534	1,305,534	-
Total primary government	\$ 45,295,893	\$ 10,334,889	\$ 10,331,558	\$ 6,037,281	(19,897,699)	1,305,534	(18,592,165)	-
<b>Component Unit</b>								
Housing and Redevelopment Authority (HRA)	\$ 581,016	\$ -	\$ 581,443	\$ -	-	-	-	427
<b>General Revenues</b>								
Taxes:								
Property taxes, levied for general purposes					19,234,541	-	19,234,541	-
Property taxes, levied for debt service					4,478,599	-	4,478,599	-
Other taxes					1,589,833	-	1,589,833	-
Payments in lieu of taxes					177,694	-	177,694	-
Intergovernmental revenues not restricted								
to specific programs					2,941,497	-	2,941,497	-
Investment income					29,874	-	29,874	22
Miscellaneous					206,831	3,253	210,084	-
Total general revenues					28,658,869	3,253	28,662,122	22
Change in net position					8,761,170	1,308,787	10,069,957	449
<b>Net Position, Beginning</b>					141,473,194	3,923,708	145,396,902	74,351
<b>Net Position, Ending</b>					\$ 150,234,364	\$ 5,232,495	\$ 155,466,859	\$ 74,800

See notes to financial statements

# Le Sueur County

Balance Sheet  
Governmental Funds  
December 31, 2021

	General Fund	Special Revenue		
		Road and Bridge	Human Services	County Ditch
<b>Assets</b>				
Cash and investments	\$ 13,282,195	\$ 8,550,667	\$ 5,707,647	\$ -
Receivables:				
Taxes	141,092	28,069	43,802	-
Special assessments	1,790,809	-	-	2,302,650
Accounts, net	263,714	18,006	502,791	25
Notes	-	-	-	-
Interest	159,574	-	-	-
Due from other governments	474,349	2,147,458	479,771	55,687
Due from other funds	129,446	-	-	-
Materials and supplies	-	633,880	-	-
Advances to other funds	907,582	-	-	-
Restricted cash and investments:				
Construction account	-	3,666,506	-	-
Total assets	<u>\$ 17,148,761</u>	<u>\$ 15,044,586</u>	<u>\$ 6,734,011</u>	<u>\$ 2,358,362</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 422,238	\$ 1,737,963	\$ 623,281	\$ 241,345
Accrued liabilities	418,537	75,356	193,488	-
Due to other governments	201,094	171,597	-	11,245
Unearned revenues	2,704,280	-	-	-
Advances from other funds	-	-	-	907,582
Total liabilities	<u>3,746,149</u>	<u>1,984,916</u>	<u>816,769</u>	<u>1,160,172</u>
<b>Deferred inflows of resources:</b>				
Unearned revenues	-	-	-	-
Unavailable revenues	2,126,240	1,981,888	413,030	2,358,336
Total deferred inflows of resources	<u>2,126,240</u>	<u>1,981,888</u>	<u>413,030</u>	<u>2,358,336</u>
<b>Fund balances:</b>				
Nonspendable	-	633,880	-	-
Restricted	2,715,729	3,666,506	-	-
Assigned	1,893,013	6,777,396	5,504,212	-
Unassigned (deficit)	6,667,630	-	-	(1,160,146)
Total fund balances (deficit)	<u>11,276,372</u>	<u>11,077,782</u>	<u>5,504,212</u>	<u>(1,160,146)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,148,761</u>	<u>\$ 15,044,586</u>	<u>\$ 6,734,011</u>	<u>\$ 2,358,362</u>

See notes to financial statements

<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,418,971	\$ 1,937,065	\$ 34,896,545
50,385	11,484	274,832
-	5,360	4,098,819
249	-	784,785
-	544,605	544,605
-	-	159,574
-	285,890	3,443,155
-	-	129,446
-	-	633,880
-	-	907,582
-	<u>1,853,878</u>	<u>5,520,384</u>
<u>\$ 5,469,605</u>	<u>\$ 4,638,282</u>	<u>\$ 51,393,607</u>
\$ -	\$ 218,653	\$ 3,243,480
-	28,803	716,184
-	47,325	431,261
-	-	2,704,280
-	-	907,582
-	<u>294,781</u>	<u>8,002,787</u>
-	95,608	95,608
29,806	<u>553,149</u>	<u>7,462,449</u>
29,806	<u>648,757</u>	<u>7,558,057</u>
-	-	633,880
5,439,799	3,935,374	15,757,408
-	906,571	15,081,192
-	<u>(1,147,201)</u>	<u>4,360,283</u>
<u>5,439,799</u>	<u>3,694,744</u>	<u>35,832,763</u>
<u>\$ 5,469,605</u>	<u>\$ 4,638,282</u>	<u>\$ 51,393,607</u>

See notes to financial statements

## Le Sueur County

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2021

<b>Total Fund Balance, Governmental Funds</b>			<b>\$ 35,832,763</b>
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. See Note 3.			168,230,271
Revenues that are not available to pay current liabilities are reported as unavailable revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements. See Note 3.			7,462,449
The net pension asset does not relate to current financial resources and is not reported in the fund statements.			91,668
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statements.			7,881,574
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the fund statements.			(9,949,210)
Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements. Long-term liabilities at year end consist of:			
General obligation debt	(46,475,000)		
Debt premium	(2,162,101)		
Net pension liability	(7,903,105)		
Accrued interest on general obligation debt	(545,710)		
Compensated absences	(2,229,235)		
			<u>(59,315,151)</u>
<b>Total Net Position, Governmental Activities</b>			<b>\$ <u>150,234,364</u></b>

See notes to financial statements

**Le Sueur County**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended December 31, 2021

	General Fund	Special Revenue		
		Road and Bridge	Human Services	County Ditch
<b>Revenues</b>				
Taxes	\$ 12,524,053	\$ 3,664,976	\$ 3,561,046	\$ -
Special assessments	206,219	-	-	1,703,195
Intergovernmental	3,236,838	7,624,034	4,535,853	358,733
Licenses and permits	210,443	-	-	-
Charges for services	2,627,132	91,163	69,898	4,687
Investment income	42,176	19	-	-
Miscellaneous	406,825	3,495,182	537,179	8,078
Total revenues	<u>19,253,686</u>	<u>14,875,374</u>	<u>8,703,976</u>	<u>2,074,693</u>
<b>Expenditures</b>				
Current:				
General government	8,416,842	-	-	-
Public safety	6,439,438	-	-	-
Highways and streets	-	18,895,905	-	-
Sanitation	-	-	-	-
Health and human services	2,757,250	-	9,344,599	-
Culture, recreation, and education	736,675	-	-	-
Conservation and development	235,087	-	-	3,788,431
Capital outlay	233,943	497,723	-	-
Debt service:				
Principal	-	485,000	-	-
Interest and fiscal charges	16,628	120,995	-	79,970
Total expenditures	<u>18,835,863</u>	<u>19,999,623</u>	<u>9,344,599</u>	<u>3,868,401</u>
Excess (deficiency) of revenues over expenditures	<u>417,823</u>	<u>(5,124,249)</u>	<u>(640,623)</u>	<u>(1,793,708)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	760,000	3,425,000	-	3,430,000
Premium on debt issued	46,628	241,506	-	174,953
Transfers in	201,205	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,007,833</u>	<u>3,666,506</u>	<u>-</u>	<u>3,604,953</u>
Net change in fund balances	1,425,656	(1,457,743)	(640,623)	1,811,245
<b>Fund Balances (Deficit), Beginning</b>	9,850,716	12,557,421	6,144,835	(2,971,391)
Change in reserve for materials and supplies	-	(21,896)	-	-
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 11,276,372</u>	<u>\$ 11,077,782</u>	<u>\$ 5,504,212</u>	<u>\$ (1,160,146)</u>

See notes to financial statements

<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,488,028	\$ 589,126	\$ 24,827,229
-	352,908	2,262,322
68,464	461,297	16,285,219
-	204,473	414,916
-	34,440	2,827,320
1,994	-	44,189
-	393,379	4,840,643
<u>4,558,486</u>	<u>2,035,623</u>	<u>51,501,838</u>
-	428,044	8,844,886
-	117,924	6,557,362
-	-	18,895,905
-	491,230	491,230
-	34,195	12,136,044
-	-	736,675
-	373,561	4,397,079
-	728,138	1,459,804
3,095,000	-	3,580,000
1,211,559	23,590	1,452,742
<u>4,306,559</u>	<u>2,196,682</u>	<u>58,551,727</u>
<u>251,927</u>	<u>(161,059)</u>	<u>(7,049,889)</u>
-	965,000	8,580,000
-	59,382	522,469
-	-	201,205
-	(201,205)	(201,205)
<u>-</u>	<u>823,177</u>	<u>9,102,469</u>
251,927	662,118	2,052,580
5,187,872	3,032,626	33,802,079
<u>-</u>	<u>-</u>	<u>(21,896)</u>
<u>\$ 5,439,799</u>	<u>\$ 3,694,744</u>	<u>\$ 35,832,763</u>

See notes to financial statements

## Le Sueur County

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2021

**Net Change in Fund Balances, Total Governmental Funds** \$ 2,052,580

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities,  
the cost of these assets is allocated over their estimated useful lives and reported as depreciation  
expense. The following differ in their presentation in the two statements:

Capital outlay is capitalized in the government-wide statements	1,459,804
Some capital outlay is not capitalized in the government-wide statements	(35,467)
Highway construction capitalized in the government-wide statements	13,141,139
Some other functional expenses are capitalized in the government-wide statements	127,260
Depreciation is reported in the government-wide statements	(5,419,118)

Taxes and other receivables that are not available to pay current liabilities are reported as unavailable  
revenues in the fund financial statements but are recognized as revenue when earned in the  
government-wide financial statements. \$5,902,405 recognized as revenue on the fund statements  
was recognized in the government-wide statement in prior years. \$7,462,449 is reported as  
unavailable revenue in the fund statements but recognized as revenue in the government-wide  
statements in the current year.

1,560,044

Issuing debt provides current financial resources in the governmental funds, but the repayment of  
debt consumes current financial resources in the governmental funds.

Debt issued	(8,580,000)
Principal payments	3,580,000

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

The following did not require the use of current financial resources:

Change in compensated absences	56,721
Change in accrued interest expense	2,275
Amortization of debt discounts and premiums (including amounts for new issuances)	(398,181)
Net pension liability (and pension related deferred outflows/inflows of resources)	1,236,009

The change in materials and supplies is reported as a change in fund balance in the fund financial  
statements, but is a change in expense in the government-wide statements.

(21,896)

**Change in Net Position of Governmental Activities**

**\$ 8,761,170**

# Le Sueur County

Statement of Net Position

Proprietary Fund

December 31, 2021

	<b>West Jefferson Subordinate Sewer District</b>
<b>Assets</b>	
Current assets:	
Accounts receivable	\$ 39,681
Special assessments receivable	80,898
Due from other governments	4,879
	<hr/>
Total current assets	125,458
	<hr/>
Noncurrent assets:	
Special assessments receivable	694,166
Capital assets:	
Property and equipment	5,448,471
Less Accumulated depreciation	(243,161)
	<hr/>
Total noncurrent assets	5,899,476
	<hr/>
Total assets	6,024,934
	<hr/>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	4,676
Due to other governments	2,078
Due to other funds	129,446
Current portion of general obligation debt	64,872
	<hr/>
Total current liabilities	201,072
	<hr/>
Noncurrent liabilities:	
Long-term debt:	
General obligation debt	591,367
	<hr/>
Total noncurrent liabilities	591,367
	<hr/>
Total liabilities	792,439
	<hr/>
<b>Net Position</b>	
Net investment in capital assets	4,549,071
Unrestricted	683,424
	<hr/>
Total net position	\$ 5,232,495
	<hr/> <hr/>

See notes to financial statements

## Le Sueur County

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

Year Ended December 31, 2021

	<b>West Jefferson Subordinate Sewer District</b>
<b>Operating Revenues</b>	
Charges for services	\$ 87,172
Total operating revenues	87,172
<b>Operating Expenses</b>	
Operation and maintenance	111,907
Depreciation	208,423
Total operating expenses	320,330
Operating income (loss)	(233,158)
<b>Nonoperating Expenses</b>	
Interest expense	(13,482)
Miscellaneous revenue	3,253
Total nonoperating revenues (expenses)	(10,229)
Loss before contributions	(243,387)
<b>Contributions</b>	
Capital contributions	1,552,174
Change in net position	1,308,787
<b>Net Position, Beginning</b>	3,923,708
<b>Net Position, Ending</b>	\$ 5,232,495

See notes to financial statements

## Le Sueur County

Statement of Cash Flows -

Proprietary Fund

Year Ended December 31, 2021

	<b>West Jefferson Subordinate Sewer District</b>
<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 74,869
Cash paid to suppliers for goods and services	<u>(111,698)</u>
Net cash flows from operating activities	<u>(36,829)</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Negative cash implicitly financed	<u>72,569</u>
Net cash flows from noncapital financing activities	<u>72,569</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Proceeds from issuance of long-term debt	100,784
Debt retired	(533,652)
Interest and fiscal charges paid	(13,482)
Acquisition and construction of capital assets	(506,442)
Capital contributions received	<u>917,052</u>
Net cash flows from capital and related financing activities	<u>(35,740)</u>
Net change in cash and cash equivalents	-
<b>Cash and Cash Equivalents, Beginning</b>	<u>-</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ -</u></u>
<b>Reconciliation of Income (Loss) to Net Cash Flows from Operating Activities</b>	
Operating loss	\$ (233,158)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Nonoperating income	3,253
Noncash items included in operating income:	
Depreciation	208,423
Change in assets and liabilities:	
Receivables	(15,556)
Accounts payable	(1,508)
Due to other governments	<u>1,717</u>
Net cash flows from operating activities	<u><u>\$ (36,829)</u></u>
<b>Noncash Capital, Investing and Financing Activities</b>	
Capital assets acquired via accounts payable	<u><u>\$ 3,308</u></u>

See notes to financial statements

## Le Sueur County

### Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	<u>Private-Purpose Trust</u>	<u>Custodial Funds</u>
	<u>Social Welfare</u>	
<b>Assets</b>		
Cash and investments	\$ 7,448	\$ 1,436,259
Taxes receivable for other governments	-	609,974
	<u>7,448</u>	<u>2,046,233</u>
<b>Liabilities</b>		
Accounts payable	-	12,504
Due to other governments	-	919,200
	<u>-</u>	<u>931,704</u>
<b>Net Position</b>		
Restricted for individuals, organizations, and other governments	<u>\$ 7,448</u>	<u>\$ 1,114,529</u>

See notes to financial statements

## Le Sueur County

Statement of Changes in Fiduciary Net Position -  
Fiduciary Funds  
Year Ended December 31, 2021

	<b>Private-Purpose Trust Social Welfare</b>	<b>Custodial Funds</b>
<b>Additions</b>		
Contributions by others	\$ 27,213	\$ -
Property tax collections for other governments	-	31,677,273
Other taxes collected for other governments	-	2,241,623
Licenses and fees collected for State	-	1,898,765
Grant collections for other governments and organizations	-	40,857
Inmate collections	-	74,432
Interest	-	14
Miscellaneous	-	23,317
	<hr/>	<hr/>
Total additions	27,213	35,956,281
<b>Deductions</b>		
Payments on behalf of clients	25,602	-
Payment of property tax for other governments	-	31,861,701
Payments of other taxes to other governments	-	2,135,287
Payments to State	-	1,911,189
Payment of grants to other governments and organizations	-	40,857
Payment of inmate collections	-	74,353
Payments to other entities	-	13
	<hr/>	<hr/>
Total deductions	25,602	36,023,400
Change in net position	1,611	(67,119)
<b>Net Position, Beginning</b>	<hr/>	<hr/>
	5,837	1,181,648
<b>Net Position, Ending</b>	<hr/>	<hr/>
	\$ 7,448	\$ 1,114,529

See notes to financial statements

# Le Sueur County

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December 31, 2021

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# Le Sueur County

Notes to Financial Statements  
December 31, 2021

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## 1. Summary of Significant Accounting Policies

The accounting policies of Le Sueur County, Minnesota (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

Le Sueur County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Statute ch. 373. 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 report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financials statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organization should also be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Component units are reported using one or two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

**Discretely Presented Component Unit****Housing and Redevelopment Authority**

The government-wide statements include the Housing and Redevelopment Authority of Le Sueur County (HRA) as a component unit. The HRA is a legally separate organization. The Board of County Commissioners appoints the board of the HRA. In addition, the Board of County Commissioners can hire, reassign, or dismiss persons responsible for the day-to-day operations of the HRA. As a component unit, the HRA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended September 30, 2021. Separately issued financial statements of the HRA may be obtained from the Minnesota Valley Action Council at 706 North Victory Drive, Mankato, Minnesota, 56001. See Note 3.

**Government-Wide and Fund Financial Statements****Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Le Sueur County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

Financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

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Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Le Sueur County reports the following major governmental and enterprise funds:

## **Governmental Funds**

General Fund accounts for Le Sueur County's primary operating activities. It is used to account for all financial resources except those accounted for and reported in another fund.

Road and Bridge Special Revenue Fund is used to account for and report grants and local revenues legally restricted or committed to the construction and maintenance of County roads, highways, and bridges.

Human Services Special Revenue Fund is used to account for and report grants and local revenues legally restricted, committed or assigned to economic assistance and community social services programs.

County Ditch Special Revenue Fund is used to account for and report the grants and local revenues legally restricted or committed to supporting expenditures for the maintenance of the County ditch system.

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payments of general long term debt principal, interest, and related costs, other than enterprise debt.

## **Enterprise Funds**

West Jefferson Subordinate Sewer District (SSD) is used to account for operations of the sewer system serving the district.

# Le Sueur County

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Notes to Financial Statements  
December 31, 2021

Le Sueur County reports the following nonmajor governmental funds:

## **Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted, committed or assigned to expenditures for specified purposes (other than debt service or capital projects).

- Victim Witness
- Gravel Tax
- Environmental Health

## **Capital Projects Fund**

Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than enterprise projects.

In addition, Le Sueur County reports the following fund types:

## **Private-Purpose Trust Funds**

Private-Purpose Trust Funds are used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

- Social Welfare

## **Custodial Funds**

Custodial Funds are used to account for and report assets held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Cemetery Perpetual Care
- U.S. Fish and Wildlife
- Agency
- Taxes and Penalties
- Inmate

**Measurement Focus, Basis of Accounting and Financial Statement Presentation****Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded as receivables in the year levied. They are recognized as revenues when collected in the current year and in the first 60 days of the succeeding year.

Intergovernmental aids and grants are recognized as revenues in the period Le Sueur County is entitled to the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## All Financial Statements

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

## Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

### Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Minnesota statutes authorize the County board to designate a depository for public funds and to invest in certificates of deposit. Minnesota statutes require that all deposits be covered by insurance, surety bond or collateral.

Investments are limited to:

- Bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by Congress, except mortgage-backed securities defined as "high risk" by Minnesota statutes;
- Mutual fund through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- State and local securities that meet specified bond ratings by a national rating service;
- Banker's acceptances of United States banks;
- Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- Repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts, with certain restrictions.

Le Sueur County has adopted an investment policy. That policy limits allowable investments to securities issued by the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Association, the Federal Home Loan Bank, brokered jumbo CD's covered by FDIC, repurchase agreements, and the MAGIC fund. The policy also requires that County deposits in bank CD's will have a maturity of not more than five years.

## Le Sueur County

Notes to Financial Statements  
December 31, 2021

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Custodial credit risk is not specifically addressed in the County's investment policy. The County follows state statutes related to this risk.

Credit risk is addressed through the investment restrictions detailed above. The policy also states that the County may request a rating from bidders; high bidders may be denied the investment based on that rating.

The policy addresses concentration of credit risk by stating that the Treasurer shall make investments with the consideration of diversification to limit risk.

The policy addresses interest rate risk by stating that the Treasurer shall schedule the maturity of investment securities to coincide with the payment of property tax settlements and other bill paying dates.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments funds is allocated to the general fund per Minn. Stat § 385.07. Other funds received investment earnings based on other state statutes, grant agreements, contracts and bond covenants. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Le Sueur 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 MN Statutes § 471.59. The County's MAGIC investment is reported at amortized cost. Financial information for the MAGIC Fund can be obtained online at <https://www.magicfund.org/forms-and-documents/>.

See Note 3 for further information.

### Receivables

The County levies and collects property taxes and special assessments for all governmental units within the County. Property tax collections and payments to other governmental units are accounted for in a custodial fund.

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

The County is required to distribute the collections to the various governmental units three times each year on a schedule prescribed in MN Statutes 276.

Accounts receivable have been shown net of an allowance for uncollectible accounts. No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property. The Human Services fund has recorded an allowance of \$841,592.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

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During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

It is the County's policy to record unavailable revenue for the net amount of the notes receivable balance. As notes are repaid, revenue is recognized. When new notes are made, expenditures are recorded. Interest received from note repayments is recognized as revenue when received in cash.

## Materials and Supplies

Governmental fund materials and supplies, if material, are valued at cost based on the FIFO method using the consumption method of accounting for all items except signs and posts, gravel stockpiles, recycled blacktop, and pea rock, which are valued using the average cost method.

## Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

## Capital Assets

### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and the following initial cost:

Machinery, equipment and vehicles	\$	5,000
Land improvements		25,000
Building and building improvements		25,000
Roads and bridges (infrastructure)		50,000
Intangibles		500,000

All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Machinery, equipment and vehicles	5 - 20
Land improvements	20 - 30
Buildings and building improvements	15 - 40
Infrastructure	50 - 75

## **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

## **Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

## **Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021 are determined on the basis of current salary rates and include salary related payments.

## **Other Postemployment Benefits**

The County does not offer any significant other postemployment benefits.

## **Long-Term Obligations**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences and the net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

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For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method, which approximates the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

## Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## Equity Classifications

### Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding any unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

### Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the County Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the County Board that originally created the commitment.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The County Board has adopted a financial policy authorizing the County Manager and Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note 3 for further information.

Fiduciary fund net position is classified as restricted for individuals, organizations and other governments on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the County believes it is in compliance with all significant restrictions.

## Pension

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.

## 2. Stewardship, Compliance and Accountability

### Excess Expenditures Over Appropriations

The following individual funds had 2021 expenditures and other financing uses in excess of appropriations:

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Over Budget
General Fund	\$ 18,080,240	\$ 18,835,863	\$ 755,623
Human Services	7,947,784	9,344,599	1,396,815
Victim Witness	117,728	117,924	196
Debt Service	4,306,439	4,306,559	120

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

The County controls expenditures at the fund level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the County's year-end budget to actual report. A budget has not been adopted for the County Ditch or Gravel Tax funds.

## Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
County Ditch	\$ 1,160,146	Expenditures in excess of revenues

Fund deficits are anticipated to be funded with future contributions, general tax revenues, special assessments or long-term debt.

## 3. Detailed Notes on All Funds

### Deposits and Investments

The County maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

The County's cash and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand and time deposits	\$ 24,385,903	\$ 24,815,716	Custodial credit
U.S. agencies, implicitly guaranteed	1,933,654	1,933,654	Custodial credit, credit, concentration of credit, interest rate
U.S. Treasuries	2,199,963	2,199,963	Custodial credit, interest rate
Negotiable CDs	7,435,965	7,435,965	Custodial credit, credit, concentration of credit, interest rate
State & local bonds	5,445,534	5,445,534	Custodial credit, credit, concentration of credit, interest rate
Commercial paper	449,428	449,428	Custodial credit, credit, concentration of credit, interest rate
MAGIC	6,787	6,787	Credit, interest rate
Petty cash	3,402	-	N/A
Total cash and investments	<u>\$ 41,860,636</u>	<u>\$ 42,287,047</u>	
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investments	\$ 34,896,545		
Restricted cash and investments	5,520,384		
Per statement of fiduciary net position:			
Fiduciary funds:			
Private purpose trust	7,448		
Custodial funds	<u>1,436,259</u>		
Total cash and investments	<u>\$ 41,860,636</u>		

## Le Sueur County

Notes to Financial Statements

December 31, 2021

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$250,000 may be in cash. Additionally, through London Underwriters, accounts have additional securities coverage of up to a firm aggregate of \$1 billion, including up to \$1.9 million for cash per client.

The County maintains collateral agreements with its banks. At December 31, 2021, the banks had pledged various government securities in the amount of \$19,723,978 to secure the County's deposits.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Quoted market prices
- Matrix pricing models

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. agencies, implicitly guaranteed	\$ -	\$ 1,933,654	\$ -	\$ 1,933,654
U.S. Treasuries	-	2,199,963	-	2,199,963
State & local bonds	-	5,445,534	-	5,445,534
Commercial paper	-	449,428	-	449,428
Negotiable CDs	-	7,435,965	-	7,435,965
Total	\$ -	\$ 17,464,544	\$ -	\$ 17,464,544

### Custodial Credit Risk

#### 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 the County.

As of December 31, 2021, the County had no deposits exposed to custodial credit risk.

#### Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2021, the County had no investments exposed to custodial credit risk.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2021, the County's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>	<u>Moody's Investor Service</u>
U.S. agencies, Federal Home Loan Bank	AA+	AAA

The County also had the following unrated investments:

Minnesota Association of Governments Investing for Counties (MAGIC)  
Negotiable certificates of deposit  
State & local bonds  
Commercial paper

## 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.

At December 31, 2021, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	US agencies, implicitly guaranteed	11.1 %
Ionic Cap	Negotiable CDs	8.6

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2021, the County's investments were as follows:

<u>Investment Type</u>	<u>Maturity (in Years)</u>			
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>More Than 5</u>
U.S. agencies, implicitly guaranteed	\$ 1,933,654	\$ -	\$ 1,933,654	\$ -
U.S. Treasuries	2,199,963	2,199,963	-	-
Negotiable CDs	7,435,965	3,711,437	3,724,528	-
State & local bonds	5,445,534	4,940,176	-	505,358
Commercial paper	449,428	449,428	-	-
MAGIC	6,787	6,787	-	-
Total	<u>\$ 17,471,331</u>	<u>\$ 11,307,791</u>	<u>\$ 5,658,182</u>	<u>\$ 505,358</u>

See Note 1 for further information on deposit and investment policies.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Receivables

All receivables are expected to be collected within one year except for \$1,699,980 of special assessments and \$36,976 of interest in the general fund, \$456,757 of notes receivable in the environmental health fund, \$1,328,085 of special assessments and \$55,687 due from other governments in the County ditch fund.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<b>Unearned</b>	<b>Unavailable</b>
Property taxes receivable	\$ -	\$ 159,997
Special assessments not yet due	-	4,098,819
Grants not received within 60 days of end of year	-	2,128,391
Accounts receivable not received within 60 days of end of year	-	371,063
Notes receivable	-	544,605
Interest receivable	-	159,574
Grants received in advance	2,799,888	-
	<hr/>	<hr/>
Total unavailable/unearned revenue for governmental funds	<u>\$ 2,799,888</u>	<u>\$ 7,462,449</u>

## Restricted Assets

The following represents the balance of the restricted assets:

Construction - used to report proceeds of bond issuances that are restricted for use in construction.

Restricted assets have also been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

## Capital Assets

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 26,293,577	\$ 14,019,601	\$ 34,053,139	\$ 6,260,039
Land	5,324,149	-	-	5,324,149
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets not being depreciated	<u>\$ 31,617,726</u>	<u>\$ 14,019,601</u>	<u>\$ 34,053,139</u>	<u>\$ 11,584,188</u>

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Other capital assets being depreciated:				
Buildings and improvements	\$ 41,942,517	\$ -	\$ -	\$ 41,942,517
Land improvements	150,404	-	-	150,404
Machinery, furniture and equipment	16,527,248	673,135	-	17,200,383
Infrastructure	123,916,602	34,053,139	-	157,969,741
Total other capital assets being depreciated	<u>182,536,771</u>	<u>34,726,274</u>	<u>-</u>	<u>217,263,045</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,596,841)	(1,046,222)	-	(7,643,063)
Land improvements	(51,778)	-	-	(51,778)
Machinery, furniture and equipment	(12,316,939)	(1,258,835)	-	(13,575,774)
Infrastructure	(36,232,286)	(3,114,061)	-	(39,346,347)
Total accumulated depreciation	<u>(55,197,844)</u>	<u>(5,419,118)</u>	<u>-</u>	<u>(60,616,962)</u>
Total other capital assets, net of depreciation	<u>\$ 127,338,927</u>	<u>\$ 29,307,156</u>	<u>\$ -</u>	<u>\$ 156,646,083</u>

Depreciation expense was charged to functions as follows:

## Governmental Activities

General government	\$ 268,650
Public safety	1,516,575
Highway and streets, which includes the depreciation of infrastructure	3,612,271
Human services	4,865
Conservation and development	1,284
Culture, recreation and education	15,473
Total governmental activities depreciation expense	<u>\$ 5,419,118</u>

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
<u>West Jefferson SSD</u>				
Capital assets being depreciated:				
Buildings and improvements	\$ 411,383	\$ 14,240	\$ -	\$ 425,623
Infrastructure	4,809,749	213,099	-	5,022,848
Total other capital assets being depreciated	<u>5,221,132</u>	<u>227,339</u>	<u>-</u>	<u>5,448,471</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,714)	(10,285)	-	(11,999)
Infrastructure	<u>(33,023)</u>	<u>(198,139)</u>	<u>-</u>	<u>(231,162)</u>
Total accumulated depreciation	<u>(34,737)</u>	<u>(208,423)</u>	<u>-</u>	<u>(243,161)</u>
Total other capital assets, net of depreciation	<u>\$ 5,186,395</u>	<u>\$ 18,916</u>	<u>\$ -</u>	<u>\$ 5,205,310</u>

## Interfund Receivables/Payables, Advances and Transfers

### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	West Jefferson SSD	\$ 129,446
Subtotal, fund financial statements		<u>129,446</u>
Less fund eliminations		<u>-</u>
Total, government-wide statement of net position		<u>\$ 129,446</u>

All amounts are expected to be repaid within one year.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Advances

The general fund is advancing funds to the County ditch fund. The amount advanced is the net overdraft in pooled cash and investment accounts. No repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	County Ditch	\$ 907,582
Total, fund financial statements		<u>\$ 907,582</u>

No amounts are due within one year.

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Environmental Health	\$ 201,205	Septic loan repayments
	Total, fund financial statements	<u>\$ 201,205</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt:	\$ 41,475,000	\$ 8,580,000	\$ 3,580,000	\$ 46,475,000	\$ 3,700,000
Premiums/(discounts)	1,763,921	522,468	124,288	2,162,101	-
Subtotal	<u>43,238,921</u>	<u>9,102,468</u>	<u>3,704,288</u>	<u>48,637,101</u>	<u>3,700,000</u>
Other liabilities:					
Compensated absences	2,285,956	45,770	102,491	2,229,235	443,019
Net pension liability	<u>11,575,397</u>	<u>6,383,803</u>	<u>10,056,095</u>	<u>7,903,105</u>	<u>-</u>
Total other liabilities	<u>13,861,353</u>	<u>6,429,573</u>	<u>10,158,586</u>	<u>10,132,340</u>	<u>443,019</u>
Total governmental activities long-term liabilities	<u>\$ 57,100,274</u>	<u>\$ 15,532,041</u>	<u>\$ 13,862,874</u>	<u>\$ 58,769,441</u>	<u>\$ 4,143,019</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt from direct borrowings and direct placements	<u>\$ 1,089,107</u>	<u>\$ 100,784</u>	<u>\$ 533,651</u>	<u>\$ 656,239</u>	<u>\$ 64,872</u>
Total business-type activities long-term liabilities	<u>\$ 1,089,107</u>	<u>\$ 100,784</u>	<u>\$ 533,651</u>	<u>\$ 656,239</u>	<u>\$ 64,872</u>

In accordance with Minnesota Statutes, net indebtedness of the County may not exceed 3% of the market value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2021 was \$132,611,082. General obligation debt outstanding at year-end was \$47,131,239.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the County. General obligation bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund and the road and bridge special revenue fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>
<b>Governmental Activities</b>					
General obligation debt:					
Capital Improvement Bonds	2011	2022	0.50-2.75%	\$ 3,000,000	\$ 335,000
General Obligation Bonds	2015	2026	2.00	9,625,000	5,050,000
General Obligation Bonds	2016	2026	2.00-2.10	2,505,000	970,000
Capital Improvement Bonds	2017	2028	3.00	2,390,000	1,755,000
General Obligation Jail Bonds	2017	2038	2.8-3.75	7,220,000	6,480,000
Capital Improvement and Refunding Bonds	2018	2039	3.00	8,910,000	6,490,000
General Obligation Jail Bonds	2018	2039	3.00-3.50	4,925,000	4,555,000
Capital Improvement Bonds	2019	2040	3.00-5.00	12,635,000	12,240,000
General Obligation Bonds	2021	2038	2.00	5,155,000	5,155,000
General Obligation Bonds	2021	2037	2.00-3.00	3,425,000	3,425,000
Total governmental activities, general obligation debt					<u>\$ 46,475,000</u>
	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/21</u>

## Business-Type Activities

General obligation debt:

Clean Water State Revolving Fund Loan*	2019	2031	1.00%	\$ 1,191,027	\$ 656,239
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During 2019, the County was authorized to issue \$1,218,136 of Clean Water State Revolving Fund Loan general obligation improvement notes. The original amount reported above has been issued as of December 31, 2021. The repayment schedule is for the amount issued.

\* The debt noted is directly placed with a third party

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

Debt service requirements to maturity are as follows:

	<b>Governmental Activities General Obligation Debt</b>	
	<b>Principal</b>	<b>Interest</b>
Years ending December 31:		
2022	\$ 3,700,000	\$ 1,318,382
2023	3,590,000	1,238,408
2024	3,735,000	1,135,858
2025	3,265,000	1,035,914
2026	3,365,000	939,981
2027 - 2031	10,985,000	3,541,444
2032 - 2036	10,985,000	1,901,485
2037 - 2040	6,850,000	386,965
Total	<u>\$ 46,475,000</u>	<u>\$ 11,498,437</u>

	<b>Business-Type Activities General Obligation Debt From Direct Borrowings and Direct Placements</b>	
	<b>Principal</b>	<b>Interest</b>
Years ending December 31:		
2022	\$ 64,872	\$ 6,027
2023	64,531	6,027
2024	64,531	5,382
2025	65,509	4,738
2026	66,487	4,083
2027 - 2031	330,309	10,315
Total	<u>\$ 656,239</u>	<u>\$ 36,572</u>

## Other Debt Information

Estimated payments of compensated absences and the net pension liability are not included in the debt service requirement schedules. The compensated absences liability and net pension liability attributable to governmental activities will be liquidated primarily by the general fund, human services fund and road and bridge fund for their proportionate shares.

The County's outstanding debt from direct borrowings and direct placements related to business-type activities of \$656,239 contain default provisions that could result in interest penalties, withholding of disbursements, an immediate demand for payment of the loan in full or other remedies available by law.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Net Position/Fund Balances

### Governmental Activities

Net position reported on the government wide statement of net position includes the following:

Net investment in capital assets:

Construction in progress	\$ 6,260,039
Land	5,324,149
Other capital assets, net of accumulated depreciation	156,646,083
Less related debt outstanding (excluding unspent capital related debt proceeds)	<u>(37,650,223)</u>
Total net investment in capital assets	<u>\$ 130,580,048</u>

### Governmental Funds

Governmental fund balances as of December 31, 2021, include the following items:

	General Fund	Road and Bridge	Human Services	County Ditch	Debt Service	Nonmajor Funds	Total
<b>Fund Balances</b>							
Nonspendable:							
Materials and supplies	\$ -	\$ 633,880	\$ -	\$ -	\$ -	\$ -	\$ 633,880
Restricted for:							
Recorder's equipment	224,255	-	-	-	-	-	224,255
Sheriff's forfeiture	47,313	-	-	-	-	-	47,313
Sheriff's drug and alcohol contingency	2,000	-	-	-	-	-	2,000
E-911	631,756	-	-	-	-	-	631,756
Landfill abatement and risk mitigation	1,670,354	-	-	-	-	-	1,670,354
Parks	140,051	-	-	-	-	-	140,051
Debt service	-	-	-	-	5,439,799	-	5,439,799
Capital projects	-	3,666,506	-	-	-	3,095,371	6,761,877
Future septic loans	-	-	-	-	-	529,167	529,167
Reclamation/conservation	-	-	-	-	-	310,836	310,836
Assigned to:							
2022 budget	1,893,013	-	-	-	-	-	1,893,013
Human services	-	-	5,504,212	-	-	-	5,504,212
Environmental health	-	-	-	-	-	864,716	864,716
Victim witness	-	-	-	-	-	41,855	41,855
Road and bridge	-	6,777,396	-	-	-	-	6,777,396
Unassigned (deficit)	<u>6,667,630</u>	<u>-</u>	<u>-</u>	<u>(1,160,146)</u>	<u>-</u>	<u>(1,147,201)</u>	<u>4,360,283</u>
Total fund balances (deficit)	<u>\$ 11,276,372</u>	<u>\$ 11,077,782</u>	<u>\$ 5,504,212</u>	<u>\$ (1,160,146)</u>	<u>\$ 5,439,799</u>	<u>\$ 3,694,744</u>	<u>\$ 35,832,763</u>

## Le Sueur County

Notes to Financial Statements  
December 31, 2021

### Business-Type Activities

Net investment in capital assets:	
Construction in progress	\$ 5,205,310
Less related debt outstanding	<u>(656,239)</u>
Total net investment in capital assets	<u>\$ 4,549,071</u>

### Component Unit

This report contains the Housing and Redevelopment Authority of Le Sueur County (HRA), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements, which apply, the following additional disclosures are considered necessary for a fair presentation.

### Management Agreement

The HRA has entered into an agreement with the Minnesota Valley Action Council, Inc. (MVAC) to have MVAC manage all of the HRA's programs and act as its fiscal agent. Payment to MVAC for these services consists solely of the administrative fees allowed under the grant programs operated by the HRA. The HRA advances funds to MVAC as needed for disbursement under the programs.

### Basis of Accounting and Measurement Focus

The HRA follows the full accrual basis of accounting and the economic resources measurement focus.

### Deposits and Investments

The HRA's cash and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand and time deposits	\$ 73,030	\$ 73,030	Custodial credit risk

### Custodial Credit Risk

#### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the authority's deposits may not be returned to the authority.

The HRA does not have any deposits exposed to custodial credit risk.

**4. Other Information**

**Employees' Retirement System**

**Public Employees Retirement Association (PERA)**

**Plan Description**

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

**General Employees Retirement Plan**

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

**Public Employees Police and Fire Plan**

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

**Local Government Correctional Plan**

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

**Benefits Provided**

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

**General Employees Plan Benefits**

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

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

**Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 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.

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.

**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.

**Contributions**

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

**General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2021 were \$842,491. The County's contributions were equal to the required contributions as set by state statute.

**Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and 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 \$336,448. The County's contributions were equal to the required contributions as set by state statute.

**Correctional Fund Contributions**

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2021. The County's contributions to the Correctional Fund for the year ended December 31, 2021 were \$107,961. The County's contributions were equal to the required contributions as set by state statute.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Pension Costs

### General Employees Fund Pension Costs

At December 31, 2021, the County reported a liability of \$6,661,899 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 to the fund in 2021. 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 \$203,486. 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 0.1560% at the end of the measurement period and 0.1548% for the beginning of the period.

County's proportionate share of the net pension liability	\$	6,661,899
State of Minnesota's proportionate share of the net pension liability associated with the County		<u>203,486</u>
Total	\$	<u>6,865,385</u>

For the year ended December 31, 2021, the County recognized pension expense of \$202,900 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized \$16,418 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 38,961	\$ 203,691
Changes in actuarial assumptions	4,067,617	144,339
Net collective difference between projected and actual investment earnings	-	5,758,902
Changes in proportion	329,359	-
Contributions paid to PERA subsequent to the measurement date	<u>436,006</u>	<u>-</u>
Total	<u>\$ 4,871,943</u>	<u>\$ 6,106,932</u>

# Le Sueur County

## Notes to Financial Statements

December 31, 2021

The \$436,006 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:

	<b>Pension Expense Amount</b>
Years ending December 31	
2022	\$ (64,806)
2023	3,093
2024	(35,642)
2025	(1,573,640)

### Police and Fire Fund Pension Costs

At December 31, 2021, the County reported a liability of \$1,241,206 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 0.1608% at the end of the measurement period and 0.1631% 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 December 31, 2021, the County recognized pension expense of \$(58,873) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$10,167 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.

## Le Sueur County

Notes to Financial Statements  
December 31, 2021

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 \$14,472 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

County's proportionate share of the net pension liability	\$ 1,241,206
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>55,825</u>
<b>Total</b>	<b><u>\$ 1,297,031</u></b>

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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual economic experience	\$ 237,532	\$ -
Changes in actuarial assumptions	1,824,247	646,992
Net collective difference between projected and actual investment earnings	-	2,361,673
Changes in proportion	127,652	43,265
Contributions paid to PERA subsequent to the measurement date	<u>175,803</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,365,234</u></b>	<b><u>\$ 3,051,930</u></b>

The \$175,803 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:

	<b><u>Pension Expense Amount</u></b>
Years ending December 31	
2022	\$ (734,649)
2023	(140,343)
2024	(131,862)
2025	(249,959)
2026	394,314

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Correctional Plan Pension Costs

At December 31, 2021, the County reported an asset of \$91,668 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 0.5329% at the end of the measurement period and 0.4101% for the beginning of the period.

For the year ended December 31, 2021, the County recognized pension expense of \$(71,575) for its proportionate share of the Correctional Plan's pension expense.

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 50,078
Changes in actuarial assumptions	573,819	7,530
Net collective difference between projected and actual investment earnings	-	732,740
Changes in proportion	16,244	-
Contributions paid to PERA subsequent to the measurement date	54,334	-
	<u>54,334</u>	<u>-</u>
Total	<u>\$ 644,397</u>	<u>\$ 790,348</u>

The \$54,334 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:

	<u>Pension Expense Amount</u>
Years ending December 31	
2022	\$ (13,676)
2023	(247)
2024	13,683
2025	(200,045)

# Le Sueur County

Notes to Financial Statements

December 31, 2021

## Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2021 was \$72,452.

## Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

## Actuarial Methods and Assumptions

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

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

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

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

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

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

## **General Employees Fund**

Changes in actuarial assumptions:

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

Changes in plan provisions:

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

## **Police and Fire Fund**

Changes in actuarial assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to 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.

## Le Sueur County

Notes to Financial Statements  
December 31, 2021

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

Changes in plan provisions:

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

## Le Sueur County

Notes to Financial Statements  
December 31, 2021

### 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.

### 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 (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<b>Sensitivity Analysis (In Thousands)</b>						
<b><i>Net Pension Liability (Asset) at Different Discount Rates</i></b>						
	<b>General Employees Fund</b>		<b>Police and Fire Fund</b>		<b>Correctional Fund</b>	
1% Lower	5.50%	\$ 13,586,873	5.50%	\$ 3,940,618	5.50%	\$ 954,018
Current Discount Rate	6.50	6,661,899	6.50	1,241,206	6.50	(91,668)
1% Higher	7.50	979,535	7.50	(971,644)	7.50	(921,531)

### Pension Plan Fiduciary Net Position

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

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

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## Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to protect against liabilities from property and casualty and workers' compensation. The County purchases commercial insurance to cover all other risks. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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

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 claim liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per employee and \$1,500,000 per accident in 2021. Should workers' compensation liabilities of the MCIT workers' compensation division exceed its assets, MCIT may assess the County in a method and amount to be determined by MCIT.

## Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the County is party to various other pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The County has active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The County had open construction contracts in the amount of approximately \$1.4 million at December 31, 2021.

# Le Sueur County

Notes to Financial Statements  
December 31, 2021

## Joint Ventures

### Tri-County Solid Waste

Le Sueur, Nicollet, and Sibley counties have entered into a joint powers agreement to create and operate Tri-County Solid Waste. The primary purpose of the venture is to coordinate solid waste management programs within the tri-county area. Planning, recycling, hazardous waste, problem materials and education are areas of focus.

The board of Tri-County Solid Waste is made up of two representatives from each of the participating members' Board of Commissioners. One-half of the financing for the venture is provided by an equal appropriation from the three counties and one-half is provided by appropriations from the counties based on population. Le Sueur County made payments totaling \$111,812 to Tri-County Solid Waste in 2021. The County believes that services will continue to be provided as similar rates in the future. Current financial statements are not available.

## Jointly Governed Organizations

Jointly governed organizations are a regional government or multi-government arrangement governed by representatives of each creating government. Participants do not retain an ongoing financial interest or responsibility. Le Sueur County, in conjunction with other local governments, has formed joint powers boards to provide a variety of services. The County appoints at least one member to the following organizations:

	<b>2021</b>
	<b>Payments</b>
Family Services Collaborative	\$ -
South Central Workforce Council	-
Minnesota County Computer Cooperative	127,443
Waseca-LeSueur Regional Library	666,919
South Central Minnesota Regional Radio	-
Minnesota Rivers Board	-
U.S. Highway 169 Corridor Coalition	-
South Central Community Based Initiative	-
Criminal Justice Agency	-
South Central Workforce Service Area	-
South Central Regional Immtrack	6,762
Region I SE MN Emergency Managers Board	1,000
Cannon River Drug & Violent Offender Task Force	8,850
South Central Transit	-

## Tax Abatement

The County has established a tax abatement program on three parcels of land for the purpose of promoting transportation infrastructure improvements within the US Highway 169 Le Sueur Hilltop Corridor. The abatement is authorized through a County Board resolution pursuant to MN Statutes 469.1812 through 469.1815. The County will collect and subsequently transfer the abated taxes to the City of Le Sueur; the amount will be calculated as 100% of the County's share of the ad valorem property taxes generated by the parcels. The abatement program shall not exceed 20 years and applies to the taxes payable from 2007 through 2026. Upon completion of the infrastructure improvements the County will terminate the abatement. The total abated for the year ended December 31, 2021 was \$67,418. The remaining commitment under this agreement is estimated at \$232,399.

### Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
- Statement No. 99, *Omnibus*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## Le Sueur County

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Actual and Budget - General Fund  
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 12,771,193	\$ 12,524,053	\$ (247,140)
Special assessments	75,000	206,219	131,219
Intergovernmental	2,024,605	3,236,838	1,212,233
Licenses and permits	216,939	210,443	(6,496)
Charges for services	2,609,641	2,627,132	17,491
Investment income	200,500	42,176	(158,324)
Miscellaneous	155,300	406,825	251,525
	<u>18,053,178</u>	<u>19,253,686</u>	<u>1,200,508</u>
<b>Expenditures</b>			
Current:			
General government	7,496,284	8,416,842	(920,558)
Public safety	6,653,268	6,439,438	213,830
Health and human services	2,777,335	2,757,250	20,085
Culture, recreation and education	607,266	736,675	(129,409)
Conservation and development	255,657	235,087	20,570
Capital outlay	286,430	233,943	52,487
Debt service:			
Interest and fiscal charges	-	16,628	(16,628)
	<u>18,076,240</u>	<u>18,835,863</u>	<u>(759,623)</u>
Excess (deficiency) of revenues over expenditures	<u>(23,062)</u>	<u>417,823</u>	<u>440,885</u>
<b>Other Financing Sources (Uses)</b>			
Long-term debt issued	-	760,000	760,000
Premium on debt issued	-	46,628	46,628
Transfers in	-	201,205	201,205
Transfers out	(4,000)	-	4,000
	<u>(4,000)</u>	<u>1,007,833</u>	<u>1,011,833</u>
Net change in fund balance	(27,062)	1,425,656	1,452,718
<b>Fund Balance, Beginning</b>	<u>9,850,716</u>	<u>9,850,716</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 9,823,654</u>	<u>\$ 11,276,372</u>	<u>\$ 1,452,718</u>

See notes to required supplementary information

**Le Sueur County**

## Schedule of Revenues, Expenditures and Changes in Fund Balance -

Actual and Budget - Road and Bridge

Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,725,257	\$ 3,548,583	\$ 3,664,976	\$ 116,393
Intergovernmental	8,276,187	8,060,855	7,624,034	(436,821)
Charges for services	105,000	105,000	91,163	(13,837)
Investment income	56,350	56,350	19	(56,331)
Miscellaneous	12,512,244	3,435,000	3,495,182	60,182
Total revenues	<u>23,675,038</u>	<u>15,205,788</u>	<u>14,875,374</u>	<u>(330,414)</u>
<b>Expenditures</b>				
Current:				
Highways and streets:				
Administration	715,140	746,140	756,947	(10,807)
Maintenance	2,836,666	3,151,084	3,080,367	70,717
Construction	18,130,138	18,130,138	14,073,498	4,056,640
Equipment maintenance and shop	995,536	996,036	985,093	10,943
Capital outlay	451,708	524,223	497,723	26,500
Debt service:				
Principal	485,000	485,000	485,000	-
Interest and fiscal charges	59,350	59,350	120,995	(61,645)
Total expenditures	<u>23,673,538</u>	<u>24,091,971</u>	<u>19,999,623</u>	<u>4,092,348</u>
<b>Other Financing Sources</b>				
Long-term debt issued	-	-	3,425,000	3,425,000
Premium on debt issued	-	-	241,506	241,506
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,666,506</u>	<u>3,666,506</u>
Net change in fund balance	1,500	(8,886,183)	(1,457,743)	7,428,440
<b>Fund Balance, Beginning</b>	12,557,421	12,557,421	12,557,421	-
Change in reserve for inventory	<u>-</u>	<u>-</u>	<u>(21,896)</u>	<u>(21,896)</u>
<b>Fund Balance, Ending</b>	<u>\$ 12,558,921</u>	<u>\$ 3,671,238</u>	<u>\$ 11,077,782</u>	<u>\$ 7,406,544</u>

See notes to required supplementary information

## Le Sueur County

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Actual and Budget - Human Services  
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 3,609,173	\$ 3,561,046	\$ (48,127)
Intergovernmental	3,998,740	4,535,853	537,113
Charges for services	80,371	69,898	(10,473)
Miscellaneous	259,500	537,179	277,679
Total revenues	<u>7,947,784</u>	<u>8,703,976</u>	<u>756,192</u>
<b>Expenditures</b>			
Current:			
Human services:			
Income maintenance	2,263,273	2,552,863	(289,590)
Social services	5,085,381	6,220,246	(1,134,865)
Child support	599,130	571,490	27,640
Total expenditures	<u>7,947,784</u>	<u>9,344,599</u>	<u>(1,396,815)</u>
Net change in fund balance	-	(640,623)	(640,623)
<b>Fund Balance, Beginning</b>	<u>6,144,835</u>	<u>6,144,835</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 6,144,835</u>	<u>\$ 5,504,212</u>	<u>\$ (640,623)</u>

See notes to required supplementary information

## Le Sueur County

Schedule of County's Proportionate Share of the Net Pension Liability -  
PERA General Employees Retirement Fund  
Year Ended December 31, 2021

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with County (b)	County's and State's Proportionate Share of the Net Pension Liability Associated With County (a+b)	County's Covered Payroll (c)	County's Proportionate Share of the Net Pension Liability as a Percentage Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	06/30/21	0.1560 %	\$ 6,661,899	\$ 203,486	\$ 6,865,385	\$ 11,386,888	60.29 %	87.00 %
12/31/20	06/30/20	0.1548 %	9,280,967	286,240	9,567,207	11,345,828	84.32 %	79.10 %
12/31/19	06/30/19	0.1485 %	8,210,232	255,156	8,465,388	10,646,731	79.51 %	80.20 %
12/31/18	06/30/18	0.1412 %	7,833,197	256,887	8,090,084	9,619,190	84.10 %	79.50 %
12/31/17	06/30/17	0.1470 %	9,384,383	117,963	9,502,346	9,416,618	100.91 %	75.90 %
12/31/16	06/30/16	0.1353 %	10,985,689	143,512	11,129,201	8,337,243	133.49 %	68.90 %
12/31/15	06/30/15	0.1337 %	6,929,028	n/a	6,929,028	7,853,841	88.22 %	78.20 %

Schedule of Employer Contributions -  
PERA General Employees Retirement Fund  
Year Ended December 31, 2021

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/21	\$ 862,409	\$ 862,409	\$ -	\$ 11,498,787	7.50 %
12/31/20	862,198	862,198	-	11,495,977	7.50 %
12/31/19	835,155	835,155	-	11,135,394	7.50 %
12/31/18	747,380	747,380	-	9,965,056	7.50 %
12/31/17	705,587	705,587	-	9,407,835	7.50 %
12/31/16	652,735	652,735	-	8,703,123	7.50 %
12/31/15	629,683	629,683	-	8,510,822	7.40 %

See notes to required supplementary information

## Le Sueur County

Schedule of County's Proportionate Share of the Net Pension Liability -  
PERA Police and Fire Fund  
Year Ended December 31, 2021

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability (a)	Proportionate Share of the Net Pension Liability Associated with County (b)	County's Proportionate Share of the Net Pension Liability Associated With County (a+b)	County's Covered Payroll (c)	County's Share of the Net Pension Liability as a Percentage Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	06/30/21	0.1608 %	\$ 1,241,206	\$ 55,825	\$ 1,297,031	\$ 1,900,838	68.23 %	93.70 %
12/31/20	06/30/20	0.1631 %	2,149,833	50,633	2,200,466	1,880,758	117.00 %	87.20 %
12/31/19	06/30/19	0.1629 %	1,734,235	n/a	1,734,235	1,719,305	100.87 %	89.30 %
12/31/18	06/30/18	0.1480 %	1,577,528	n/a	1,577,528	1,560,023	101.12 %	88.80 %
12/31/17	06/30/17	0.1520 %	2,052,181	n/a	2,052,181	1,561,593	131.42 %	85.40 %
12/31/16	06/30/16	0.1450 %	5,819,102	n/a	5,819,102	1,398,103	416.21 %	63.90 %
12/31/15	06/30/15	0.1470 %	1,670,264	n/a	1,670,264	1,345,458	124.14 %	86.60 %

Schedule of Employer Contributions -  
PERA Police and Fire Fund  
Year Ended December 31, 2021

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/21	\$ 339,129	\$ 339,129	\$ -	\$ 1,915,986	17.70 %
12/31/20	335,547	335,547	-	1,895,748	17.70 %
12/31/19	297,873	297,873	-	1,757,366	16.95 %
12/31/18	264,520	264,520	-	1,632,838	16.20 %
12/31/17	253,611	253,611	-	1,565,500	16.20 %
12/31/16	235,699	235,699	-	1,454,929	16.20 %
12/31/15	227,205	227,205	-	1,402,501	16.20 %

See notes to required supplementary information

## Le Sueur County

Schedule of County's Proportionate Share of the Net Pension Liability -  
PERA Correctional Fund  
Year Ended December 31, 2021

County Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	County's Proportion of the Net Pension Liability (Asset)	County's Proportionate Share of the Net Pension Liability (Asset) (a)	County's Covered Payroll (b)	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	06/30/21	0.5580 %	\$ (91,668)	\$ 1,233,835	7.43 %	101.60 %
12/31/20	06/30/20	0.5329 %	144,597	1,159,585	12.47 %	96.70 %
12/31/19	06/30/19	0.4101 %	56,778	874,816	6.49 %	98.20 %
12/31/18	06/30/18	0.3460 %	56,907	706,702	8.05 %	97.60 %
12/31/17	06/30/17	0.3100 %	883,503	622,404	141.95 %	67.90 %
12/31/16	06/30/16	0.3200 %	1,169,005	603,700	193.64 %	58.20 %
12/31/15	06/30/15	0.3500 %	54,110	666,974	8.11 %	96.90 %

Schedule of Employer Contributions -  
PERA Correctional Fund  
Year Ended December 31, 2021

County Fiscal Year End Date	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
12/31/21	\$ 106,923	\$ 106,923	\$ -	\$ 1,221,988	8.75 %
12/31/20	105,981	105,981	-	1,211,213	8.75 %
12/31/19	91,198	91,198	-	1,042,263	8.75 %
12/31/18	67,554	67,554	-	772,050	8.75 %
12/31/17	57,160	57,160	-	653,252	8.75 %
12/31/16	50,145	50,145	-	573,080	8.75 %
12/31/15	57,988	57,988	-	662,716	8.75 %

See notes to required supplementary information

# Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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## Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for governmental funds as described in Note 1.

With the exception of the County ditch and gravel tax funds, a budget has been adopted for all major governmental funds and nonmajor special revenue funds.

The budgeted amounts presented include any amendments made. The appropriated budget is prepared by fund, function and department. Transfers of appropriations within a department and between departments require approval of the County Board.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

The general fund and one major special revenue fund (human services) experienced an overall excess of expenditures over appropriations during 2021. See Note 2 for information on all funds with excess expenditures over appropriations.

## Public Employees Retirement Association (PERA)

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The County is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented. For purposes of these schedules, covered payroll is defined as "pensionable wages."

## Changes in Assumptions and Plan Provisions

### General Employees Fund

#### 2021 Changes

Changes in actuarial assumptions

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

Changes in plan provisions

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

#### 2020 Changes

Changes in actuarial assumptions

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

## Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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

### Changes in plan provisions

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

## 2019 Changes

### Changes in actuarial assumptions

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

### Changes in plan provisions

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

## 2018 Changes

### Changes in actuarial assumptions:

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

## Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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### 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 4.0% to 3.0%, 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.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017 Changes

#### Changes in actuarial assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.00% for vested deferred member liability and 3.00% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

#### Changes in plan provisions:

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

## Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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### 2016 Changes

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 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

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 increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

### Police and Fire Fund

#### 2021 Changes

Changes in actuarial assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

## Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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- 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

#### Changes in actuarial assumptions

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

#### Changes in plan provisions

- There have been no changes since the prior valuation.

### 2019 Changes

#### Changes in actuarial assumptions

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

#### Changes in plan provisions

- There have been no changes since the prior valuation.

### 2018 Changes

#### Changes in actuarial assumptions:

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

#### Changes in plan provisions:

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

## Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017 Changes

Changes in actuarial assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

## Le Sueur County

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Notes to Required Supplementary Information  
Year Ended December 31, 2021

### Changes in plan provisions

- There have been no changes since the prior valuation.

### 2016 Changes

#### 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 increases, payroll growth and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

#### Changes in plan provisions

- There have been no changes since the prior valuation.

### 2015 Changes

#### Changes in actuarial assumptions:

- The assumed 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 2037 and 2.50% per year thereafter.

#### Changes in plan provisions:

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.50%, to a fixed rate of 2.50%.

## Correctional Fund

### 2021 Changes

#### Changes in actuarial assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

## Le Sueur County

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Notes to Required Supplementary Information  
Year Ended December 31, 2021

- 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

#### Changes in actuarial assumptions

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

#### Changes in plan provisions

- There have been no changes since the prior valuation.

### 2019 Changes

#### Changes in actuarial assumptions

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

#### Changes in plan provisions

- There have been no changes since the prior valuation.

## Le Sueur County

Notes to Required Supplementary Information  
Year Ended December 31, 2021

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### 2018 Changes

Changes in actuarial assumptions:

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

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 4.0% to 3.0%, 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.
- Post-retirement benefit increases were changed from 2.5% per year with a provision to reduce to 1.0% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017 Changes

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 non-vested, deferred members. The CSA has been changed to 35% for vested members and 1% for non-vested 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.

## **Le Sueur County**

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Notes to Required Supplementary Information  
Year Ended December 31, 2021

### **2016 Changes**

Changes in actuarial assumptions:

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

Changes in plan provisions

- There have been no changes since the prior valuation.

### **2015 Changes**

Changes in actuarial assumptions:

- There have been no changes since the prior valuation.

Changes in plan provisions

- There have been no changes since the prior valuation.

**SUPPLEMENTARY INFORMATION**

## Le Sueur County

### Schedule of Revenues, Expenditures and Changes in Fund Balance

#### Actual and Budget - Debt Service

Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 4,552,162	\$ 4,488,028	\$ (64,134)
Intergovernmental	-	68,464	68,464
Investment income	3,000	1,994	(1,006)
	<u>4,555,162</u>	<u>4,558,486</u>	<u>3,324</u>
<b>Expenditures</b>			
Debt service:			
Principal	3,095,000	3,095,000	-
Interest and fiscal charges	1,211,439	1,211,559	(120)
	<u>4,306,439</u>	<u>4,306,559</u>	<u>(120)</u>
Net change in fund balance	248,723	251,927	3,204
<b>Fund Balance, Beginning</b>	<u>5,187,872</u>	<u>5,187,872</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 5,436,595</u>	<u>\$ 5,439,799</u>	<u>\$ 3,204</u>

## **Le Sueur County**

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Nonmajor Governmental Funds  
Year Ended December 31, 2021

### **Special Revenue Funds**

Victim Witness Fund - Used to account for and report grants and local revenues legally restricted, committed or assigned to supporting expenditures for assistance provided to victims of crimes and to witnesses to crimes

Gravel Tax Fund - Used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for gravel pit restoration or other conservation projects.

Environmental Health Fund - Used to account for and report grants and local revenues legally restricted, committed or assigned to health, clean water partnership, recycling, and solid waste activities.

### **Capital Projects Fund**

Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than enterprise projects.

## Le Sueur County

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2021

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	Environmental Health		
<b>Assets</b>					
Cash and investments	\$ 27,075	\$ 314,925	\$ 1,595,065	\$ -	\$ 1,937,065
Receivables:					
Taxes	398	5,910	5,176	-	11,484
Special assessments	-	-	5,360	-	5,360
Notes	-	-	544,605	-	544,605
Due from other governments	18,990	-	3,905	262,995	285,890
Restricted cash and investments:					
Construction account	-	-	-	1,853,878	1,853,878
<b>Total assets</b>	<b>\$ 46,463</b>	<b>\$ 320,835</b>	<b>\$ 2,154,111</b>	<b>\$ 2,116,873</b>	<b>\$ 4,638,282</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 9,999	\$ 39,951	\$ 168,703	\$ 218,653
Accrued liabilities	4,373	-	24,430	-	28,803
Due to other governments	-	-	47,325	-	47,325
<b>Total liabilities</b>	<b>4,373</b>	<b>9,999</b>	<b>111,706</b>	<b>168,703</b>	<b>294,781</b>
<b>Deferred inflows of resources:</b>					
Unearned revenues	-	-	95,608	-	95,608
Unavailable revenues	235	-	552,914	-	553,149
<b>Total deferred inflows of resources</b>	<b>235</b>	<b>-</b>	<b>648,522</b>	<b>-</b>	<b>648,757</b>
<b>Fund balances:</b>					
Restricted	-	310,836	529,167	3,095,371	3,935,374
Assigned	41,855	-	864,716	-	906,571
Unassigned (deficit)	-	-	-	(1,147,201)	(1,147,201)
<b>Total fund balances</b>	<b>41,855</b>	<b>310,836</b>	<b>1,393,883</b>	<b>1,948,170</b>	<b>3,694,744</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 46,463</b>	<b>\$ 320,835</b>	<b>\$ 2,154,111</b>	<b>\$ 2,116,873</b>	<b>\$ 4,638,282</b>

**Le Sueur County**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2021

	Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
	Victim Witness	Gravel Tax	Environmental Health		
<b>Revenues</b>					
Taxes	\$ 36,921	\$ 31,273	\$ 520,860	\$ 72	\$ 589,126
Special assessments	-	-	352,908	-	352,908
Intergovernmental	71,897	-	389,400	-	461,297
Licenses and permits	-	-	204,473	-	204,473
Charges for services	-	-	34,440	-	34,440
Miscellaneous	4,267	3,191	122,926	262,995	393,379
Total revenues	113,085	34,464	1,625,007	263,067	2,035,623
<b>Expenditures</b>					
Current:					
General government	-	-	428,044	-	428,044
Public safety	117,924	-	-	-	117,924
Sanitation	-	-	491,230	-	491,230
Health and human services	-	-	34,195	-	34,195
Conservation and development	-	45,000	328,561	-	373,561
Capital outlay	-	-	-	728,138	728,138
Debt service:					
Interest and fiscal charges	-	-	-	23,590	23,590
Total expenditures	117,924	45,000	1,282,030	751,728	2,196,682
Excess (deficiency) of revenues over expenditures	(4,839)	(10,536)	342,977	(488,661)	(161,059)
<b>Other Financing Sources (Uses)</b>					
General obligation debt issued	-	-	-	965,000	965,000
Transfers out	-	-	(201,205)	-	(201,205)
Premium on debt issued	-	-	-	59,382	59,382
Total other financing sources (uses)	-	-	(201,205)	1,024,382	823,177
Net change in fund balances	(4,839)	(10,536)	141,772	535,721	662,118
<b>Fund Balances, Beginning</b>	46,694	321,372	1,252,111	1,412,449	3,032,626
<b>Fund Balances, Ending</b>	\$ 41,855	\$ 310,836	\$ 1,393,883	\$ 1,948,170	\$ 3,694,744

## Le Sueur County

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Actual and Budget - Victim Witness

Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
Taxes	\$ 37,528	\$ 36,921	\$ (607)
Intergovernmental	75,200	71,897	(3,303)
Miscellaneous	5,000	4,267	(733)
Total revenues	<u>117,728</u>	<u>113,085</u>	<u>(4,643)</u>
<b>Expenditures</b>			
Current:			
Public safety	<u>117,728</u>	<u>117,924</u>	<u>(196)</u>
Net change in fund balance	-	(4,839)	(4,839)
<b>Fund Balance, Beginning</b>	<u>46,694</u>	<u>46,694</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 46,694</u>	<u>\$ 41,855</u>	<u>\$ (4,839)</u>

## Le Sueur County

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Actual and Budget - Environmental Health

Year Ended December 31, 2021

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ 529,169	\$ 520,860	\$ (8,309)
Special assessments	230,000	352,908	122,908
Intergovernmental	369,091	389,400	20,309
Licenses and permits	103,000	204,473	101,473
Charges for services	12,000	34,440	22,440
Miscellaneous	22,700	122,926	100,226
	<u>1,265,960</u>	<u>1,625,007</u>	<u>359,047</u>
Total revenues	<u>1,265,960</u>	<u>1,625,007</u>	<u>359,047</u>
<b>Expenditures</b>			
Current:			
General government	527,091	428,044	99,047
Sanitation	452,631	491,230	(38,599)
Health and human services	66,200	34,195	32,005
Conservation and development	312,146	328,561	(16,415)
	<u>1,358,068</u>	<u>1,282,030</u>	<u>76,038</u>
Total expenditures	<u>1,358,068</u>	<u>1,282,030</u>	<u>76,038</u>
Excess (deficiency) of revenues over expenditures	<u>(92,108)</u>	<u>342,977</u>	<u>435,085</u>
<b>Other Financing Sources (Uses)</b>			
Transfer in	156,832	-	(156,832)
Transfer out	(189,071)	(201,205)	(12,134)
	<u>(32,239)</u>	<u>(201,205)</u>	<u>(168,966)</u>
Total other financing sources (uses)	<u>(32,239)</u>	<u>(201,205)</u>	<u>(168,966)</u>
Net change in fund balance	(124,347)	141,772	266,119
<b>Fund Balance, Beginning</b>	<u>1,252,111</u>	<u>1,252,111</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 1,127,764</u>	<u>\$ 1,393,883</u>	<u>\$ 266,119</u>

## Le Sueur County

### Schedule of Revenues, Expenditures and Changes in Fund Balance

Actual and Budget - Capital Projects

Year Ended December 31, 2021

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>
<b>Revenues</b>			
Taxes	\$ -	\$ 72	\$ 72
Miscellaneous	-	262,995	262,995
Total revenues	-	263,067	263,067
<b>Expenditures</b>			
Capital outlay	-	728,138	(728,138)
Debt service:			
Interest and fiscal charges	-	23,590	(23,590)
Total expenditures	-	751,728	(751,728)
Excess (deficiency) of revenues over expenditures	-	(488,661)	(488,661)
<b>Other Financing Sources</b>			
Long-term debt issued	-	965,000	965,000
Premium on debt issued	-	59,382	59,382
Total other financing sources	-	1,024,382	1,024,382
Net change in fund balance	-	535,721	535,721
<b>Fund Balance, Beginning</b>	<u>1,412,449</u>	<u>1,412,449</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 1,412,449</u>	<u>\$ 1,948,170</u>	<u>\$ 535,721</u>

## **Le Sueur County**

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Fiduciary Funds

Year Ended December 31, 2021

### **Private Purpose Trust Fund**

Social Welfare - Used to account for and report funds held by the County for clients in a representative payee capacity.

### **Custodial Funds**

Cemetery Perpetual Care - Used to account for and report funds held for cemetery associations.

U.S. Fish and Wildlife - Used to account for and report funds from the U.S. Fish and Wildlife Service that will, through interest earning, offset the shortfall between the annual Fish and Wildlife Service shared revenue payment and the actual taxes on property purchased by the U.S. Fish and Wildlife Service.

Agency - Used to account for and report all County collections and disbursements, other than taxes and penalties, on behalf of individuals, private organizations, or other governmental units.

Taxes and Penalties - To account for and report property taxes and penalties collected and distributed to other governmental units.

Inmate - Used to account for and report cash held by the Sheriff for inmates of the County jail.

## Le Sueur County

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2021

	<u>Cemetery Perpetual Care</u>	<u>U.S. Fish and Wildlife</u>
<b>Assets</b>		
Cash and investments	\$ 29,098	\$ 47,345
Taxes receivable for other governments	<u>-</u>	<u>-</u>
Total assets	<u>29,098</u>	<u>47,345</u>
<b>Liabilities</b>		
Accounts payable	-	-
Due to other governments	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
<b>Net Position</b>		
Restricted for individuals, organizations and other governments	<u>\$ 29,098</u>	<u>\$ 47,345</u>

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<u>Agency</u>	<u>Taxes and Penalties</u>	<u>Inmate</u>	<u>Total</u>
\$ 220,804	\$ 1,135,686	\$ 3,326	\$ 1,436,259
12,504	597,470	-	609,974
<u>233,308</u>	<u>1,733,156</u>	<u>3,326</u>	<u>2,046,233</u>
12,504	-	-	12,504
<u>167,417</u>	<u>751,783</u>	<u>-</u>	<u>919,200</u>
<u>179,921</u>	<u>751,783</u>	<u>-</u>	<u>931,704</u>
<u>\$ 53,387</u>	<u>\$ 981,373</u>	<u>\$ 3,326</u>	<u>\$ 1,114,529</u>

## Le Sueur County

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

Year Ended December 31, 2021

	<u>Cemetery Perpetual Care</u>	<u>U.S. Fish and Wildlife</u>
<b>Additions</b>		
Property tax collections for other governments	\$ -	\$ -
Other taxes collected for other governments	-	-
Licenses and fees collected for State	-	-
Grant collections for other governments and organizations	-	-
Inmate collections	-	-
Interest	14	-
Miscellaneous	-	-
	<u>14</u>	<u>-</u>
<b>Deductions</b>		
Payment of property tax for other governments	-	-
Payments of other taxes to other governments	-	-
Payments to State	-	-
Payment of grants to other governments and organizations	-	-
Payment of inmate collections	-	-
Payments to other entities	13	-
	<u>13</u>	<u>-</u>
Total deductions	13	-
Change in net position	1	-
<b>Net Position, Beginning</b>	<u>29,097</u>	<u>47,345</u>
<b>Net Position, Ending</b>	<u>\$ 29,098</u>	<u>\$ 47,345</u>

<u>Agency</u>	<u>Taxes and Penalties</u>	<u>Inmate</u>	<u>Total</u>
\$ -	\$ 31,677,273	\$ -	\$ 31,677,273
1,895,708	345,915	-	2,241,623
1,898,765	-	-	1,898,765
40,857	-	-	40,857
-	-	74,432	74,432
-	-	-	14
22,302	1,015	-	23,317
<u>3,857,632</u>	<u>32,024,203</u>	<u>74,432</u>	<u>35,956,281</u>
-	31,861,701	-	31,861,701
1,895,705	239,582	-	2,135,287
1,911,189	-	-	1,911,189
40,857	-	-	40,857
-	-	74,353	74,353
-	-	-	13
<u>3,847,751</u>	<u>32,101,283</u>	<u>74,353</u>	<u>36,023,400</u>
9,881	(77,080)	79	(67,119)
<u>43,506</u>	<u>1,058,453</u>	<u>3,247</u>	<u>1,181,648</u>
<u>\$ 53,387</u>	<u>\$ 981,373</u>	<u>\$ 3,326</u>	<u>\$ 1,114,529</u>

# Le Sueur County

## Schedule of Intergovernmental Revenues Year Ended December 31, 2021

### Shared Revenue

#### State:

Highway users tax	\$ 6,552,589
Market value credit	273,658
County program aid	1,290,397
PERA rate reimbursement	24,639
Disparity reduction aid	79,550
Police aid	193,044
Enhanced 911	155,465

Total shared revenue 8,569,342

### Reimbursement for Services

Local governments	42,500
Minnesota Department of Corrections	79,016
Minnesota Department of Human Services	2,317,530

Total reimbursements for services 2,439,046

### Grants

#### Minnesota Department/Board of:

Revenue	793,359
Water and Soil Resources	58,216
Health	227,229
Pollution Control	18,189
Public Safety	295,306
Natural Resources	20,241
Historical Society	9,000
Other	13,333
Secretary of State	82,067

Total state grants 1,516,940

#### United States Department of:

Agriculture	521,197
Elections	-
Interior	3,711
Justice	59,069
Transportation	241,926
Treasury	101,052
Health and Human Services	2,328,360
Homeland Security	326,882

Total federal grants 3,582,197

Total grants 5,099,137

### Payments in Lieu of Taxes

177,694

Total intergovernmental revenue \$ 16,285,219