

State of Minnesota



**Office of the State Auditor**

Julie Blaha  
State Auditor

---

**Redwood County  
Redwood Falls, Minnesota**

Year Ended December 31, 2021

## **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** – conducts financial and legal compliance audits of local governments;

**Government Information** – collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

**Tax Increment Financing** – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

Office of the State Auditor  
525 Park Street, Suite 500  
Saint Paul, Minnesota 55103  
(651) 296-2551  
state.auditor@osa.state.mn.us  
www.osa.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor’s web site: [www.osa.state.mn.us](http://www.osa.state.mn.us).

**Redwood County  
Redwood Falls, Minnesota**

Year Ended December 31, 2021



**Office of the State Auditor**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>Introductory Section</b>		
Organization		1
<b>Financial Section</b>		
Independent Auditor’s Report		2
Management’s Discussion and Analysis		5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	1	17
Statement of Activities	2	19
Fund Financial Statements		
Governmental Funds		
Balance Sheet	3	20
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position—Governmental Activities	4	24
Statement of Revenues, Expenditures, and Changes in Fund Balance	5	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities—Governmental Activities	6	29
Proprietary Fund		
Statement of Net Position	7	31
Statement of Revenues, Expenses, and Changes in Fund Net Position	8	32
Statement of Cash Flows	9	33
Fiduciary Funds		
Statement of Fiduciary Net Position	10	34
Statement of Changes in Fiduciary Net Position	11	35
Notes to the Financial Statements		36

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

TABLE OF CONTENTS

	Exhibit	Page
<b>Financial Section (Continued)</b>		
Required Supplementary Information		
Budgetary Comparison Schedules		
General Fund	A-1	97
Road and Bridge Special Revenue Fund	A-2	100
Human Services Special Revenue Fund	A-3	101
Solid Waste Special Revenue Fund	A-4	102
Ditch Special Revenue Fund	A-5	103
Schedule of Changes in Total OPEB Liability and Related Ratios –		
Other Postemployment Benefits	A-6	104
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-7	105
Schedule of Contributions	A-8	106
PERA Public Employees Police and Fire Plan		
Schedule of Proportionate Share of Net Pension Liability	A-9	107
Schedule of Contributions	A-10	108
PERA Public Employees Local Government Correctional Service		
Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-11	109
Schedule of Contributions	A-12	110
Notes to the Required Supplementary Information		
		111
Supplementary Information		
Governmental Fund		
Budgetary Comparison Schedule – Debt Service Fund	B-1	125
Fiduciary Funds		
Combining Statement of Fiduciary Net Position – All Custodial		126
Funds	C-1	127
Combining Statement of Changes in Fiduciary Net Position – All		
Custodial Funds	C-2	129
Other Schedules		
Schedule of Intergovernmental Revenue	D-1	131
Schedule of Expenditures of Federal Awards	D-2	133
Notes to the Schedule of Expenditures of Federal Awards		134

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

TABLE OF CONTENTS  
(Continued)

	<u>Exhibit</u>	<u>Page</u>
<b>Management and Compliance Section</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		136
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance		138
Schedule of Findings and Questioned Costs		142
Corrective Action Plan		146
Summary Schedule of Prior Audit Findings		148



**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

ORGANIZATION  
2021

Office	Name	Term Expires
<b>Commissioners</b>		
1st District	Rick Wakefield	January 2025
2nd District	Jim Salfer, Chair	January 2023
3rd District	Dennis Groebner, Vice Chair	January 2023
4th District	Robert Van Hee	January 2025
5th District	David Forkrud	January 2025
<b>County Officers</b>		
<b>Elected</b>		
Attorney	Jenna Peterson	January 2023
Auditor-Treasurer	Jean Price	January 2023
District Court Judge	Patrick R. Rohland	January 2027
Recorder	Joyce Anderson	January 2023
Sheriff	Randy Hanson	January 2023
<b>Appointed</b>		
Administrator	Vicki Knobloch-Kletscher	Indefinite
Assessor	John Thompson II	Indefinite
Director of Planning and Environmental Services	Scott Wold	Indefinite
Highway Engineer	Anthony Sellner	April 2024
License Center Supervisor	Amy Serbus	Indefinite
Maintenance Supervisor	Loren Gewerth	Indefinite
Medical Examiner	Dr. Kelly Mills	December 2023
Veterans Service Officer	Dustin Hunter	Indefinite





## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Redwood County  
Redwood Falls, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

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

Management is responsible for the preparation and fair presentation of these 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.

### ***Auditor's 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 auditor's 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Budgetary Comparison Schedules for the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Solid Waste Special Revenue Fund, and Ditch Special Revenue Fund; Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits; PERA Retirement Plan Schedules; and Notes to the Required Supplementary Information 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 Redwood County's basic financial statements. The Debt Service Fund Budgetary Comparison Schedule, Combining Statement of Fiduciary Net Position, Combining Statement of Changes in Fiduciary Net Position, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above 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 June 13, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

June 13, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

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

**FINANCIAL HIGHLIGHTS**

- Governmental activities' total net position is \$127,830,933, of which \$110,890,394 is the net investment in capital assets, and \$2,593,282 is restricted to specific purposes. The \$14,347,257 remaining may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$3,899,626 for the year ended December 31, 2021. A large part of the increase is attributable to the County's net investment in capital assets.
- The net cost of governmental activities for the current fiscal year was \$12,578,248. The net cost was funded by general revenues totaling \$16,477,874.
- Fund balances of the governmental funds increased by \$12,305,948. Most of the increase was due to the sale of the Series 2021A General Obligation Bonds.
- For the year ended December 31, 2021, the assigned and unassigned fund balance of the General Fund was \$14,117,954, or 78.0 percent of the total General Fund expenditures for the year, a decrease of 6.0 percentage points.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

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

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Solid Waste Special Revenue Fund, Ditch Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided as either required or other supplementary information for each of these funds to demonstrate compliance with this budget.

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

A proprietary fund is maintained by Redwood County. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses the Internal Service Fund to account for its self-insurance. The service benefits the governmental functions and has been allocated to the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements are Exhibits 7 through 9 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

All fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit 10, Statement of Changes in Fiduciary Net Position on Exhibit 11, and the Custodial Funds Combining Statements are shown on Exhibits C-1 and C-2.

### **Notes to the Financial Statements**

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 36 through 96 of this report.

### **Other Information**

Other information is provided as supplementary information regarding Redwood County's intergovernmental revenue and federal awards programs.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$127,830,933 at the close of 2021. The largest portion of the net position (86.7 percent) reflects the County's net investment in capital assets (for example: land, buildings, equipment, and infrastructure such as roads and bridges), less any related outstanding

debt used to acquire those assets. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt. Comparative data with 2020 is presented.

	<b>Net Position</b>	
	<b>(in Thousands)</b>	
	<b>Governmental Activities</b>	
	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and other assets	\$ 42,554	\$ 26,508
Capital assets	<u>120,942</u>	<u>110,507</u>
Total Assets	<u>\$ 163,496</u>	<u>\$ 137,015</u>
<b>Deferred Outflows of Resources</b>		
Deferred other postemployment benefits outflows	\$ 259	\$ 267
Deferred pension outflows	<u>3,693</u>	<u>1,124</u>
Total Deferred Outflows of Resources	<u>\$ 3,952</u>	<u>\$ 1,391</u>
<b>Liabilities</b>		
Long-term liabilities	\$ 28,275	\$ 11,001
Other liabilities	<u>5,762</u>	<u>2,164</u>
Total Liabilities	<u>\$ 34,037</u>	<u>\$ 13,165</u>
<b>Deferred Inflows of Resources</b>		
Prepaid property taxes	\$ 19	\$ 44
Deferred other postemployment benefits inflows	92	105
Deferred pension inflows	4,677	1,161
Advance from other governments	<u>792</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>\$ 5,580</u>	<u>\$ 1,310</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 110,891	\$ 106,832
Restricted	2,593	5,447
Unrestricted	<u>14,347</u>	<u>11,652</u>
Total Net Position	<u>\$ 127,831</u>	<u>\$ 123,931</u>

Unrestricted net position—the part of net position that may be used to meet the County’s ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements—is 11.2 percent of net position.

## Governmental Activities

The County's activities increased net position by 3.1 percent (\$123,931,307 for 2020, compared to \$127,830,933 for 2021). Key elements in this increase in net position are as follows for 2021, with comparative data for 2020.

### Changes in Net Position (in Thousands)

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 3,666	\$ 3,389
Operating grants and contributions	10,994	13,331
Capital grants and contributions	1,152	3,294
General revenues		
Property taxes	13,166	12,581
Other	3,312	3,104
Total Revenues	\$ 32,290	\$ 35,699
Expenses		
General government	\$ 4,465	\$ 5,361
Public safety	4,434	4,551
Highways and streets	11,559	8,505
Sanitation	727	727
Human services	2,847	2,824
Health	229	343
Culture and recreation	417	458
Conservation of natural resources	3,127	3,950
Economic development	508	1,579
Interest	77	115
Total Expenses	\$ 28,390	\$ 28,413
Change in Net Position	\$ 3,900	\$ 7,286
Net Position – January 1	123,931	116,645
Net Position – December 31	\$ 127,831	\$ 123,931

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

### **Governmental Funds**

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

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$31,477,238, an increase of \$12,305,948 in comparison with the prior year. Of the combined ending fund balances, \$13,762,753 represents committed, assigned and unassigned fund balance which is available for spending at the County's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is nonspendable or committed.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an assigned and unassigned fund balance of \$14,117,954. As a measure of the General Fund's liquidity, it may be useful to compare assigned and unassigned fund balance to total expenditures. The General Fund's assigned and unassigned fund balance represents 78.0 percent of total General Fund expenditures. The ending fund balance increased by \$4,429,305 during 2021, primarily due to the sale of the Series 2021A General Obligation Bonds.

The Road and Bridge Special Revenue Fund had an assigned fund balance of \$124,115 at fiscal year-end, representing 0.8 percent of its annual expenditures. The ending fund balance increased \$5,151,184 during 2021, primarily due to the sale of the Series 2021A General Obligation Bonds.

The Solid Waste Special Revenue Fund had an assigned fund balance of \$45,341 at fiscal year-end.

The Ditch Special Revenue Fund had restricted fund balance of \$1,434,487 at fiscal year-end. The ending fund balance increased \$130,392 during 2021.

The Debt Service Fund had restricted fund balance of \$2,349,075 at fiscal year-end. The Debt Service Fund was created in 2008 due to the issuance of bonds for the renovation of the Government Center, remodeling of the Courthouse, and the purchase of equipment. In 2013, new bonds were sold for the construction and remodeling of the Law Enforcement Center. In 2016, the sale of a refunding bond occurred which was used to crossover refund the \$1,170,000 of the \$3,920,000 General Obligation Improvement Bond, Series 2008A, called on February 1, 2019. In 2021, General Obligation Bonds in the amount of \$9,185,000 were sold for the construction of the Justice Center and \$1,285,000 to refund the 2013A Law Enforcement Center bonds.

### Governmental Activities

The County’s total revenues were \$32,289,556. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2021.

**Table 1  
Total County Revenues**

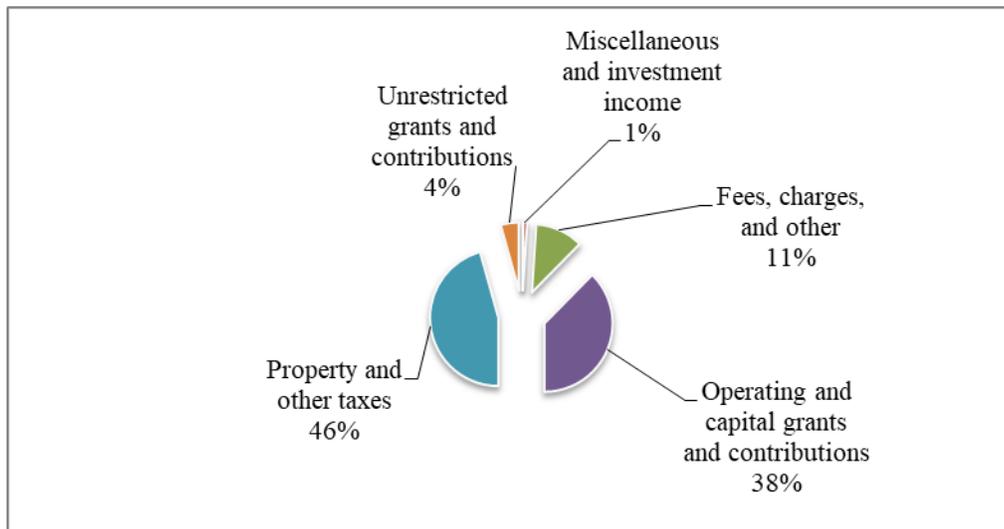
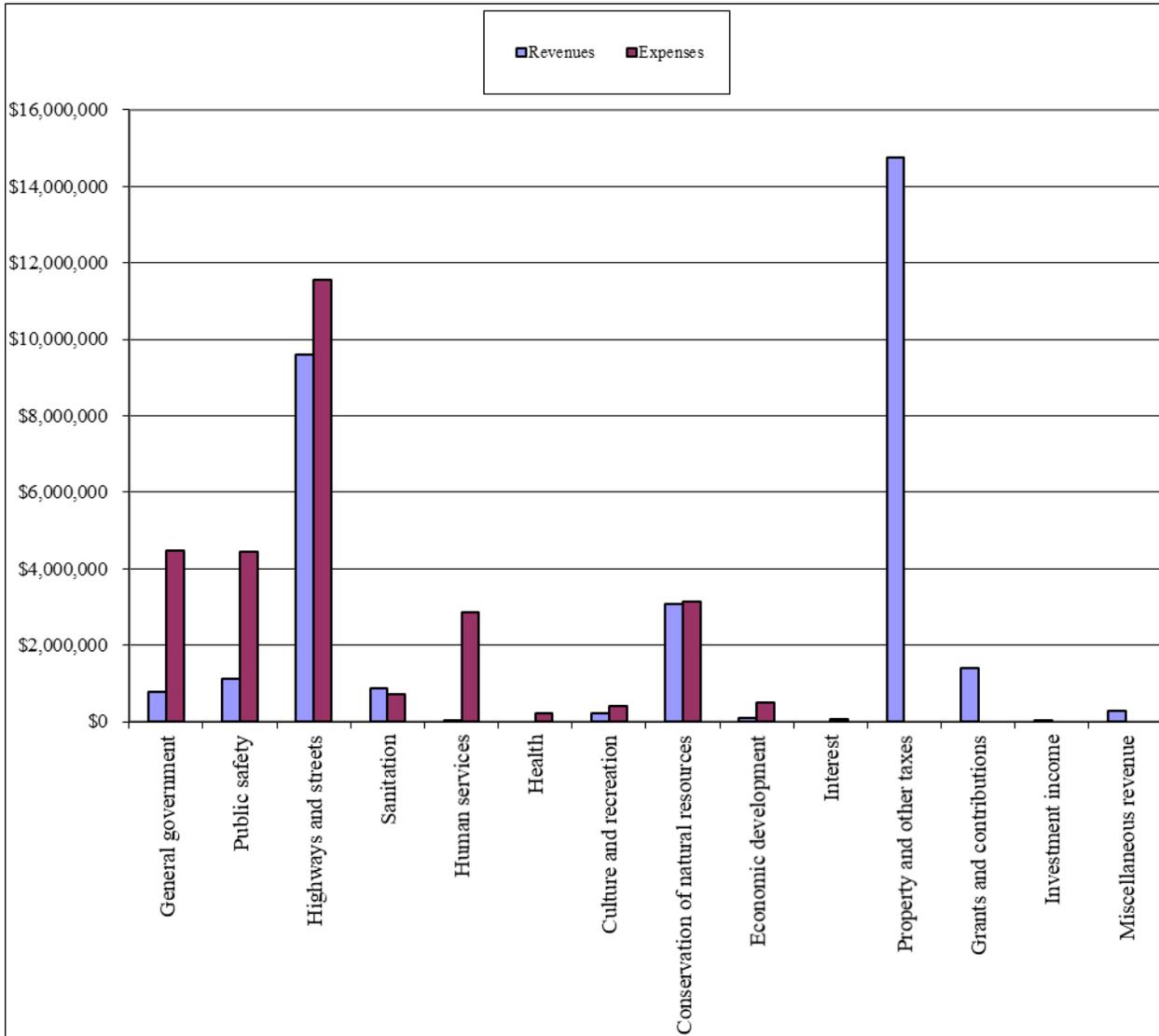


Table 2 presents the cost and revenue of each program, as well as the County’s general revenues.

Total program and general revenues for the County were \$32,289,556, while total expenses were \$28,389,930, reflecting a \$3,899,626 increase in net position for the year ended December 31, 2021.

**Table 2  
Program Revenues, General Revenues, and Expenses**



The cost of all governmental activities this year was \$28,389,930. However, as shown on the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County taxes was only \$13,166,305, because some of the cost was paid by those who directly benefited from the programs (\$3,665,618) or by other governments and organizations that subsidized certain programs with grants and contributions (\$12,146,064). The County paid for the remaining “public benefit” portion of governmental activities with general revenues, primarily taxes (some of which could be used only for certain programs) and other revenues, such as grants and contributions not restricted to specific programs and investment income.

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

**Table 3  
Governmental Activities**

	Total Cost of Services 2021	Net Cost (Revenue) of Services 2021
	<u>2021</u>	<u>2021</u>
Highways and streets	\$ 11,559,042	\$ 1,960,116
General government	4,464,856	3,675,734
Public safety	4,433,852	3,324,775
Conservation of natural resources	3,127,512	62,540
Human services	2,847,310	2,801,935
Sanitation	726,982	(155,342)
Economic development	507,894	411,159
All others	722,482	497,331
	<u>28,389,930</u>	<u>12,578,248</u>
Totals	<u>\$ 28,389,930</u>	<u>\$ 12,578,248</u>

### General Fund Budgetary Highlights

The difference between the original adopted budget and the final amended budget in the General Fund reflects changes made during the year due to an increase in intergovernmental revenue and decrease in actual expenditures related to the Justice Center. Actual expenditures were less than budgeted expenditures by \$465,496. Two significant positive variances of \$117,107 occurred in County Administration and \$103,151 in Probation and Parole, where the actual expenditures were less than the amount budgeted.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The County’s capital assets for its governmental activities at December 31, 2021, totaled \$120,942,375 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, and infrastructure. The investment in capital assets increased \$10,435,257, or 9.4 percent, from the previous year. The major capital asset event was:

Addition of infrastructure	\$ 8,639,375
----------------------------	--------------

**Table 4**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in Thousands)**

	2021	2020
Land and right of way	\$ 2,531	\$ 2,502
Infrastructure	90,011	83,801
Buildings	15,469	13,505
Improvements other than buildings	637	663
Machinery and equipment	5,504	5,163
Construction in progress	6,790	4,873
Totals	\$ 120,942	\$ 110,507

Additional information about the County’s capital assets can be found in the Note 3.A.4 to the financial statements.

**Long-Term Liabilities**

The County has long-term liabilities at December 31, 2021, of \$23,058,106.

Debt includes, Series 2016A, General Obligation Capital Improvement Plan Refunding Bonds, used to crossover refund the \$1,170,000 of the \$3,920,000 General Obligation Improvement Bond, Series 2008A, called on February 1, 2019. Series 2016A, General Obligation Capital Improvement Plan Refunding Bonds will mature on February 1, 2024.

The County issued Series 2021A, General Obligation Law Enforcement Center Refunding Bonds in the amount of \$1,285,000 to refund \$1,500,000 of the \$3,375,000 Series 2013A, General Obligation Law Enforcement Center Bonds, to be called on February 1, 2022. Series 2021A, General Obligation Law Enforcement Center Refunding Bonds will mature on April 1, 2028.

The County issued Series 2021A, General Obligation Recycling Facility Refunding Bonds in the amount of \$770,000 to refund \$900,000 of the \$2,040,000 Series 2013A, General Obligation Recycling Facility Bonds, to be called on February 1, 2022. This bond is paid by Redwood/Renville Regional Solid Waste Authority. Series 2021A, General Obligation Recycling Facility Refunding Bonds will mature on April 1, 2028.

The County issued Series 2021A, General Obligation Justice Center Bonds in the amount of \$9,185,000 for the construction of the Justice Center. Series 2021A, General Obligation Justice Center Bonds will mature on April 1, 2042.

The County issued Series 2021A, General Obligation CSAH Bonds in the amount of \$6,095,000. Series 2021A, General Obligation CSAH Bonds will mature on April 1, 2037.

Other debt includes lease agreements for financing squad cars for the Sheriff's Department, copiers for various departments, and a postage machine.

**Table 5  
Outstanding Debt**

	<u>2021</u>	<u>2020</u>
General Obligation Law Enforcement Center Bonds, Series 2013A	\$ 1,730,000	\$ 1,974,525
General Obligation Recycling Facility Bonds, Series 2013A	1,030,000	1,171,660
General Obligation Crossover Refunding Bonds, Series 2016A	731,140	961,711
General Obligation Law Enforcement Center Refunding Bonds, Series 2021A	1,483,117	-
General Obligation Recycling Facility Refunding Bonds, Series 2021A	888,920	-
General Obligation Justice Center Bonds, Series 2021A	9,959,817	-
General Obligation Justice CSAH Bonds, Series 2021A	6,945,903	-
Leased squad cars	264,158	118,224
Leased copiers and postage machine	25,051	34,593
Totals	<u>\$ 23,058,106</u>	<u>\$ 4,260,713</u>

Minnesota statutes limit the amount of debt a county may levy to 3.0 percent of its total market value. At the end of 2021, the County's outstanding debt was 0.6 percent of its total estimated market value.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

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

- The average unemployment rate for Redwood County at the end of 2021 was 2.6 percent, a decrease of 1.4 percentage points from one year ago. The state unemployment rate was 2.6 percent. The 2020 County population was 15,425, a decrease of 634 from the 2010 census of 16,059.
- At the end of 2021, Redwood County set its 2022 revenue and expenditure budgets.
- The 2022 property tax levy for the County increased to \$14,277,930, compared to \$13,553,242 in 2021.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Redwood County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the County's Auditor-Treasurer, Jean Price, Redwood County Government Center, 403 South Mill Street, PO Box 130, Redwood Falls, Minnesota 56283.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT 1**

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

**Assets**

**Current assets**

Cash and pooled investments	\$ 20,919,273
Investments	15,892,328
Taxes receivable	
Delinquent	52,347
Special assessments receivable	
Noncurrent	891,965
Delinquent	37,185
Accounts receivable – net	118,237
Accrued interest receivable	14,951
Due from other governments	3,062,675
Loans receivable	57,239
Inventories	160,394
Prepaid items	40,608

**Noncurrent assets**

Loans receivable	1,217,358
Special assessments receivable	31,929
Net pension asset	57,679

**Capital assets**

Non-depreciable	9,321,486
Depreciable – net of accumulated depreciation	<u>111,620,889</u>

**Total Assets** **\$ 163,496,543**

**Deferred Outflows of Resources**

Deferred other postemployment benefits outflows	\$ 258,814
Deferred pension outflows	<u>3,693,083</u>

**Total Deferred Outflows of Resources** **\$ 3,951,897**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT 1  
(Continued)**

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

**Liabilities**

**Current liabilities**

Accounts payable	\$ 480,253
Salaries payable	477,003
Claims payable	95,897
Contracts payable	1,821,865
Due to other governments	235,884
Accrued interest payable	40,005
Unearned revenue	2,610,746
Compensated absences payable – current	133,987
General obligation bonds payable – current	2,760,000
General obligation crossover refunding bonds payable – current	230,000
Capital leases payable – current	138,133
Loans payable – current	9,541

**Noncurrent liabilities**

Compensated absences payable	687,013
Other postemployment benefits liability	905,085
Net pension liability	3,434,878
Capital leases payable	151,076
General obligation bonds payable – net	19,277,757
General obligation crossover refunding bonds payable – net	501,140
Loans payable	46,888

<b>Total Liabilities</b>	<b>\$ 34,037,151</b>
--------------------------	----------------------

**Deferred Inflows of Resources**

Prepaid property taxes	\$ 18,427
Deferred other postemployment benefits inflows	92,296
Deferred pension inflows	4,677,250
Advance from other governments	792,383

<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,580,356</b>
--	---------------------

**Net Position**

Net investment in capital assets	\$ 110,890,394
Restricted for	
General government	356,703
Public safety	460,733
Conservation of natural resources	1,052,849
Highways and streets	722,997
Unrestricted	14,347,257

<b>Total Net Position</b>	<b>\$ 127,830,933</b>
---------------------------	-----------------------

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT 2**

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

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b><u>Functions/Programs</u></b>					
<b>Governmental activities</b>					
General government	\$ 4,464,856	\$ 774,416	\$ 4,706	\$ 10,000	\$ (3,675,734)
Public safety	4,433,852	484,887	624,190	-	(3,324,775)
Highways and streets	11,559,042	327,052	8,155,182	1,116,692	(1,960,116)
Sanitation	726,982	648,794	233,530	-	155,342
Human services	2,847,310	-	45,375	-	(2,801,935)
Health	228,841	-	-	-	(228,841)
Culture and recreation	417,009	104,796	94,559	25,796	(191,858)
Conservation of natural resources	3,127,512	1,248,938	1,816,034	-	(62,540)
Economic development	507,894	76,735	20,000	-	(411,159)
Interest	76,632	-	-	-	(76,632)
<b>Total Governmental Activities</b>	<b>\$ 28,389,930</b>	<b>\$ 3,665,618</b>	<b>\$ 10,993,576</b>	<b>\$ 1,152,488</b>	<b>\$ (12,578,248)</b>
<b>General Revenues</b>					
Property taxes				\$ 13,166,305	
Wheelage tax				200,455	
County local option sales tax				1,067,745	
Other taxes				18,144	
Payments in lieu of tax				302,122	
Grants and contributions not restricted to specific programs				1,395,102	
Unrestricted investment income				34,724	
Miscellaneous				293,277	
<b>Total general revenues</b>				<b>\$ 16,477,874</b>	
<b>Change in net position</b>				<b>\$ 3,899,626</b>	
<b>Net Position – Beginning</b>				<b>123,931,307</b>	
<b>Net Position – Ending</b>				<b>\$ 127,830,933</b>	

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 9,773,828	\$ 6,964,961
Petty cash and change funds	1,700	-
Investments	12,643,655	1,500,000
Taxes receivable		
Delinquent	31,510	7,374
Special assessments receivable		
Delinquent	701	-
Noncurrent	42,808	-
Accounts receivable – net	52,693	62,017
Accrued interest receivable	13,888	-
Due from other funds	14,399	5,525
Due from other governments	83,258	2,699,055
Loans receivable	1,274,597	-
Inventories	-	160,394
Prepaid items	38,031	2,577
	<b>\$ 23,971,068</b>	<b>\$ 11,401,903</b>
<b>Total Assets</b>	<b>\$ 23,971,068</b>	<b>\$ 11,401,903</b>

**EXHIBIT 3**

<u>Human Services</u>	<u>Solid Waste</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Total</u>
\$ 43,146	\$ 998,098	\$ 955,519	\$ 1,850,199	\$ 20,585,751
-	-	-	-	1,700
-	-	748,793	499,880	15,392,328
10,866	-	-	2,597	52,347
-	36,004	480	-	37,185
-	-	881,086	-	923,894
-	601	2,926	-	118,237
-	-	585	219	14,692
-	-	-	-	19,924
-	-	280,362	-	3,062,675
-	-	-	-	1,274,597
-	-	-	-	160,394
-	-	-	-	40,608
<u>\$ 54,012</u>	<u>\$ 1,034,703</u>	<u>\$ 2,869,751</u>	<u>\$ 2,352,895</u>	<u>\$ 41,684,332</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 96,596	\$ 67,578
Salaries payable	343,222	122,884
Contracts payable	794,538	900,827
Due to other funds	5,525	-
Due to other governments	171,140	18,207
Unearned revenue	1,298,913	-
	<b>\$ 2,709,934</b>	<b>\$ 1,109,496</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 1,426,072	\$ 1,296,536
Prepaid property taxes	11,005	2,626
Advance from other governments	-	792,383
	<b>\$ 1,437,077</b>	<b>\$ 2,091,545</b>
<b>Fund Balances</b>		
Nonspendable	\$ 38,481	\$ 162,971
Restricted	5,137,789	7,646,682
Committed	529,833	267,094
Assigned	7,263,788	124,115
Unassigned	6,854,166	-
	<b>\$ 19,824,057</b>	<b>\$ 8,200,862</b>
	<b>\$ 23,971,068</b>	<b>\$ 11,401,903</b>

**EXHIBIT 3**  
**(Continued)**

<u>Human Services</u>	<u>Solid Waste</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 1,191	\$ 314,868	\$ -	\$ 480,233
-	50	10,847	-	477,003
-	-	126,500	-	1,821,865
-	-	14,399	-	19,924
39,420	7,117	-	-	235,884
-	-	1,311,833	-	2,610,746
<u>\$ 39,420</u>	<u>\$ 8,358</u>	<u>\$ 1,778,447</u>	<u>\$ -</u>	<u>\$ 5,645,655</u>
\$ 10,866	\$ 36,004	\$ 978,401	\$ 2,750	\$ 3,750,629
3,726	-	-	1,070	18,427
-	-	-	-	792,383
<u>\$ 14,592</u>	<u>\$ 36,004</u>	<u>\$ 978,401</u>	<u>\$ 3,820</u>	<u>\$ 4,561,439</u>
\$ -	\$ -	\$ -	\$ -	\$ 201,452
-	945,000	1,434,487	2,349,075	17,513,033
-	-	-	-	796,927
-	45,341	1,538	-	7,434,782
-	-	(1,323,122)	-	5,531,044
<u>\$ -</u>	<u>\$ 990,341</u>	<u>\$ 112,903</u>	<u>\$ 2,349,075</u>	<u>\$ 31,477,238</u>
<u>\$ 54,012</u>	<u>\$ 1,034,703</u>	<u>\$ 2,869,751</u>	<u>\$ 2,352,895</u>	<u>\$ 41,684,332</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT 4**

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

<b>Fund balance – total governmental funds (Exhibit 3)</b>		<b>\$ 31,477,238</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		120,942,375
Net pension assets are not financial resources and, therefore, are not reported in the governmental funds.		57,679
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental funds.		258,814
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		3,693,083
An internal service fund is used by Redwood County to charge the cost of the self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		736,164
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources—unavailable revenue in the governmental funds.		3,750,629
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	\$ (20,815,000)	
Unamortized premium on bonds	(1,953,897)	
Leases payable	(289,209)	
Loans payable	(56,429)	
Compensated absences	(821,000)	
Other postemployment benefits liability	(905,085)	
Net pension liability	(3,434,878)	
Accrued interest payable	<u>(40,005)</u>	(28,315,503)
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(92,296)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(4,677,250)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>		<b><u>\$ 127,830,933</u></b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Property taxes	\$ 7,957,444	\$ 1,836,708
Other taxes	18,144	1,263,541
Special assessments	103,141	-
Licenses and permits	70,389	19,300
Intergovernmental	3,066,734	10,278,769
Charges for services	775,680	14,146
Gifts and contributions	1,840	1,000
Investment earnings	33,938	-
Miscellaneous	479,257	248,031
	<b>\$ 12,506,567</b>	<b>\$ 13,661,495</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 10,614,625	\$ -
Public safety	4,892,720	-
Highways and streets	-	15,161,841
Sanitation	-	-
Culture and recreation	298,342	-
Conservation of natural resources	1,265,265	-
Economic development	511,147	-
<b>Intergovernmental</b>		
General government	109,323	-
Highways and streets	-	595,608
Sanitation	-	-
Human services	-	-
Health	228,841	-
<b>Debt service</b>		
Principal	163,659	-
Interest	10,738	-
Administrative (fiscal) charges	-	48,757
	<b>\$ 18,094,660</b>	<b>\$ 15,806,206</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (5,588,093)</b>	<b>\$ (2,144,711)</b>
<b>Other Financing Sources (Uses)</b>		
Capital leases	\$ 290,698	\$ -
Transfers in	-	218,278
Transfers out	(218,278)	-
Proceeds from sale of bonds	9,185,000	6,095,000
Premium on bonds issued	738,238	904,084
Proceeds from sale of capital assets	21,740	45,625
	<b>\$ 10,017,398</b>	<b>\$ 7,262,987</b>

**EXHIBIT 5**

<u>Human Services</u>	<u>Solid Waste</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Total</u>
\$ 2,710,585	\$ -	\$ -	\$ 671,770	\$ 13,176,507
-	-	-	-	1,281,685
-	640,435	1,197,507	-	1,941,083
-	2,600	-	-	92,289
136,725	233,530	829,653	27,354	14,572,765
-	-	-	-	789,826
-	-	-	-	2,840
-	-	1,411	338	35,687
-	16,688	28,546	-	772,522
<b>\$ 2,847,310</b>	<b>\$ 893,253</b>	<b>\$ 2,057,117</b>	<b>\$ 699,462</b>	<b>\$ 32,665,204</b>
\$ -	\$ -	\$ -	\$ -	\$ 10,614,625
-	-	-	-	4,892,720
-	-	-	-	15,161,841
-	4,100	-	-	4,100
-	-	-	-	298,342
-	-	1,926,725	-	3,191,990
-	-	-	-	511,147
-	-	-	-	109,323
-	-	-	-	595,608
-	709,888	-	-	709,888
2,847,310	-	-	-	2,847,310
-	-	-	-	228,841
-	130,000	-	450,000	743,659
-	31,953	-	70,304	112,995
-	6,420	-	85,787	140,964
<b>\$ 2,847,310</b>	<b>\$ 882,361</b>	<b>\$ 1,926,725</b>	<b>\$ 606,091</b>	<b>\$ 40,163,353</b>
<b>\$ -</b>	<b>\$ 10,892</b>	<b>\$ 130,392</b>	<b>\$ 93,371</b>	<b>\$ (7,498,149)</b>
\$ -	\$ -	\$ -	\$ -	\$ 290,698
-	-	-	-	218,278
-	-	-	-	(218,278)
-	770,000	-	1,285,000	17,335,000
-	135,909	-	299,895	2,078,126
-	-	-	-	67,365
<b>\$ -</b>	<b>\$ 905,909</b>	<b>\$ -</b>	<b>\$ 1,584,895</b>	<b>\$ 19,771,189</b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

	<b>General</b>	<b>Road and Bridge</b>
<b>Net Change in Fund Balance</b>	\$ 4,429,305	\$ 5,118,276
<b>Fund Balance – January 1</b>	15,394,752	3,049,678
<b>Increase (decrease) in inventories</b>	-	32,908
<b>Fund Balance – December 31</b>	\$ 19,824,057	\$ 8,200,862

**EXHIBIT 5**  
**(Continued)**

<u>Human Services</u>	<u>Solid Waste</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ 916,801	\$ 130,392	\$ 1,678,266	\$ 12,273,040
-	73,540	(17,489)	670,809	19,171,290
-	-	-	-	32,908
<u>\$ -</u>	<u>\$ 990,341</u>	<u>\$ 112,903</u>	<u>\$ 2,349,075</u>	<u>\$ 31,477,238</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT 6**

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

**Net change in fund balance – total governmental funds (Exhibit 5) \$ 12,273,040**

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

Unavailable revenue – December 31	\$ 3,750,629	
Unavailable revenue – January 1	<u>(4,529,874)</u>	(779,245)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. The difference is the net book value of the assets disposed of.

Expenditures for general capital assets and infrastructure	\$ 14,195,589	
Net book value of assets disposed of	(68,177)	
Current year depreciation	<u>(3,692,155)</u>	10,435,257

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.

Principal repayments		
General obligation bonds	\$ 580,000	
Loans payable	9,353	
Amortization of discounts and premiums	<u>172,125</u>	761,478
 New debt issued (See Note 3.C.3 for more information)		 (19,413,126)

Some capital asset additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Principal payments on capital leases	\$ 154,306	
Capital leases (see Notes 3.C.5 and 3.C.6 for more information)	<u>(290,698)</u>	(136,392)

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT 6  
(Continued)**

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

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

Change in accrued interest payable	\$ 5,203	
Change in deferred other postemployment benefits outflows	(8,266)	
Change in deferred pension outflows	2,569,408	
Change in compensated absences	33,242	
Change in other postemployment benefits liability	(85,004)	
Change in net pension asset	57,679	
Change in net pension liability	1,565,413	
Change in deferred other postemployment benefits inflows	13,099	
Change in deferred pension inflows	(3,516,502)	
Change in inventories	32,908	667,180

An internal service fund is used by Redwood County to charge the cost of the self-funded insurance programs to functions. The increase or decrease in net position of the internal service fund is reported in the government-wide statement of activities.

91,434

**Change in Net Position of Governmental Activities (Exhibit 2)**

**\$ 3,899,626**

**PROPRIETARY FUND**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT 7*

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

	<u>Governmental Activities Internal Service Fund</u>
<b><u>Assets</u></b>	
Current assets	
Cash and pooled investments	\$ 331,822
Investments	500,000
Accrued interest receivable	<u>259</u>
<b>Total Assets</b>	<b>\$ <u>832,081</u></b>
<b><u>Liabilities</u></b>	
Current liabilities	
Accounts payable	\$ 20
Claims payable	<u>95,897</u>
<b>Total Liabilities</b>	<b>\$ <u>95,917</u></b>
<b><u>Net Position</u></b>	
Unrestricted	<b>\$ <u><u>736,164</u></u></b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT 8*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues</b>	
Charges for services	\$ 1,402,502
<b>Operating Expenses</b>	
Cost of service	<u>1,313,037</u>
<b>Operating Income (Loss)</b>	<b>\$ 89,465</b>
<b>Nonoperating Revenues (Expenses)</b>	
Investment earnings	<u>1,969</u>
<b>Change in net position</b>	<b>\$ 91,434</b>
<b>Net Position – January 1</b>	<u><b>644,730</b></u>
<b>Net Position – December 31</b>	<u><u><b>\$ 736,164</b></u></u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT 9*

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from internal services provided	\$ 1,402,503
Payments to suppliers	(1,399,879)
	<b>\$ 2,624</b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	\$ 2,215
Purchase of investments	(500,000)
Sale of investments	746,923
	<b>\$ 249,138</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 251,762</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>80,060</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 331,822</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
<b>Operating income (loss)</b>	<b>\$ 89,465</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
(Increase) decrease in accounts receivable	\$ 1,100
(Increase) decrease in prepaid items	436
Increase (decrease) in accounts payable	20
Increase (decrease) in claims payable	(88,397)
	<b>\$ (86,841)</b>
<b>Total adjustments</b>	<b>\$ (86,841)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 2,624</b>

**FIDUCIARY FUNDS**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT 10*

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

	<u>Custodial Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 351,559
Investments	500,000
Taxes receivable for other governments	<u>246,845</u>
<b>Total Assets</b>	<b>\$ <u>1,098,404</u></b>
<b><u>Liabilities</u></b>	
Due to other governments	<u>\$ 152,200</u>
<b><u>Net Position</u></b>	
Restricted for individuals, organizations, and other governments	<u><u>\$ 946,204</u></u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT 11*

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

	<b>Custodial Funds</b>
<b><u>Additions</u></b>	
Appropriations from counties	\$ 129,859
Contributions from individuals	185,644
Interest earnings	2,007
Property tax collections for other governments	13,434,598
Fees collected for state	1,938,231
Fees collected for other governments	120
Refunds collected for court-ordered tax abatement	27,645
Property tax overpayments from individuals/entities	36,202
Payment from state	397,137
Miscellaneous	25,413
<b>Total Additions</b>	<b>\$ 16,176,856</b>
<b><u>Deductions</u></b>	
Payments of property taxes to other governments	\$ 13,535,160
Payments of fees to other governments	28,537
Payments to state	2,032,238
Payments to other individuals/entities	414,755
Payments to other governments	501,113
<b>Total Deductions</b>	<b>\$ 16,511,803</b>
<b>Change in Net Position</b>	<b>\$ (334,947)</b>
<b>Net Position – January 1</b>	<b>1,281,151</b>
<b>Net Position – December 31</b>	<b>\$ 946,204</b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Redwood County was established February 6, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. § 373.01. As required by accounting principles generally accepted in the United States of America, these financial statements present Redwood County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the Board of Commissioners but has no vote.

Blended Component Unit

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Redwood County has one blended component unit reported as part of the General Fund.

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
Redwood County Economic Development Authority (RCEDA) provides services pursuant to Minn. Stat. §§ 469.090-.1082.	The County appoints all of the RCEDA Board members and is financially responsible for funding its projects.	Separate financial statements are not prepared.

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures described in Note 4.C. The County also participates in jointly-governed organizations described in Note 4.D.

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

B. Basic Financial Statements (Continued)

2. Fund Financial Statements

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

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Human Services Special Revenue Fund accounts for assigned property tax and other revenues used for economic assistance and community social services programs.
- The Solid Waste Special Revenue Fund accounts for restricted special assessment revenues, miscellaneous revenues, and revenue resources from the state for the costs relating to disposal of the County's solid waste.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.
- The Debt Service Fund is used to account for the accumulation of restricted resources used for, and the payment of, principal, interest, and related costs.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

- The Internal Service Fund accounts for health insurance premiums and payments.
- Custodial funds account for monies held in a fiduciary capacity for property taxes collected for other governments, special districts that use the County as a depository, and individual inmate accounts from the County jail.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Redwood County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

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

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

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2021. A market approach is used to value all investments other than external investment pools, which are measured at net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2021 were \$2,601.

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the General Fund to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Special assessments receivable consist of delinquent special assessments payable in the years 2016 through 2021 and noncurrent special assessments payable in 2022 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

Accounts receivable are shown net of an allowance for uncollectible accounts.

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

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds and at the government-wide level are recorded as expenses when consumed.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

4. Inventories and Prepaid Items (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County and its blended component unit as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	25 - 40
Building improvements	20 - 35
Improvements other than buildings	20 - 35
Public domain infrastructure	15 - 70
Furniture, equipment, and vehicles	3 - 20
Intangible assets	3 - 7

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a trend analysis of current usage of vacation and vested sick leave. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave. For the governmental activities, compensated absences are liquidated by the General Fund, Road and Bridge Special Revenue Fund, and Ditch Special Revenue Fund.

7. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under capital leases are reported as an other financing source at the present value of the future minimum lease payments as of the inception date.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

8. Pension Plan

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

9. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. This unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Prepaid property taxes represent the County's share of tax collections collected prior to year-end that are not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

9. Deferred Outflows/Inflows of Resources (Continued)

recognized in the period for which the amounts were levied. The County reports advanced allotments for state aid received by the County not yet appropriated by the State of Minnesota. These amounts arise under both the modified and the full accrual basis of accounting and are reported in both the governmental funds balance sheet and the statement of net position. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, interest receivable, and grant monies receivable. The County also reports deferred inflows of resources associated with defined benefit pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

10. Unearned Revenue

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

11. Classification of Net Position

Net position in the government-wide and proprietary fund financial statements is classified in the following categories:

- Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

11. Classification of Net Position (Continued)

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

12. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Redwood County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable – amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted – amounts in which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Administrator, who has been delegated that authority by Board resolution.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

1. Summary of Significant Accounting Policies

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

12. Classification of Fund Balances (Continued)

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

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

13. Minimum Fund Balance

Redwood County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than three months of operating expenditures. The fund balance policy was adopted by the County Board on December 27, 2011. At December 31, 2021, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

14. Use of Estimates

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

Each of the other governmental funds' budgets are discussed in the notes to the required supplementary information, however for the Debt Service Fund, current year expenditures exceeded the final budget:

Expenditures	Final Budget	Excess
\$ 606,091	\$ 582,910	\$ 23,181

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Reconciliation of the County's total cash and investments to the basic financial statements follows:

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 20,919,273
Investments	15,892,328
Statement of fiduciary net position	
Cash and pooled investments	351,559
Investments	500,000
Total Cash and Investments	\$ 37,663,160

a. Deposits

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

a. Deposits (Continued)

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

Custodial Credit Risk

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

b. Investments

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

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's policy is to minimize interest rate risk by: (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and (3) limiting the average maturity in accordance with the County's cash requirements.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's policy is to minimize investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage is available. As of December 31, 2021, the County's investments held by brokers were not subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

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

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal Home Loan Bank Bonds	AAA	Moody's		06/30/2026	\$ 246,445
Federal Home Loan Bank Bonds	AAA	Moody's		06/30/2026	482,964
Federal Home Loan Bank Bonds	AAA	Moody's		10/28/2026	997,200
Federal Home Loan Bank Bonds	AAA	Moody's		10/28/2026	988,440
Federal Home Loan Bank Bonds	AAA	Moody's		11/23/2026	748,792
Federal Home Loan Bank Bonds	AAA	Moody's		11/24/2026	999,200
Federal Home Loan Bank Bonds	AAA	Moody's		12/15/2026	499,880
Total Federal Home Loan Bank Bonds			>5%		\$ 4,962,921
Investment pools/mutual funds					
MAGIC Fund	N/R	N/A	>5%	N/A	20,929,757
Negotiable certificates of deposit	N/A	N/A	>5%	Varies	1,429,407
Total investments					\$ 27,322,085
Checking					277,730
Savings					61,645
Petty cash and change funds					1,700
Non-negotiable certificates of deposit					10,000,000
Total Cash and Investments					\$ 37,663,160

N/A – Not Applicable

N/R – Not Rated

<5% – Concentration is less than 5% of investments

>5% – Concentration is more than 5% of investments

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

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

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

	Fair Value Measurements Using			
	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. agencies	\$ 4,962,921	\$ -	\$ 4,962,921	\$ -
Negotiable certificates of deposit	1,429,407	-	1,429,407	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 6,392,328</u>	<u>\$ -</u>	<u>\$ 6,392,328</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	<u>\$ 20,929,757</u>			

Debt securities classified in Level 2 are valued using the following approach:

- U.S. agencies, municipal bonds, negotiable certificates of deposit: matrix pricing based on the securities' relationship to benchmark quoted prices;

MAGIC is a local government investment pool which is quoted at the NAV. The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

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

2. Receivables

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

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables
Accounts receivable	\$ 757,746	\$ (639,509)	\$ 118,237
Interest	14,951	-	14,951
Due from other governments	3,062,675	-	3,062,675
Total Governmental Activities	\$ 3,835,372	\$ (639,509)	\$ 3,195,863

Net receivables are expected to be collected in the subsequent year.

3. Loans Receivable

On June 4, 2013, the County Board approved a \$1,000,000 loan to the Redwood/Renville Regional Solid Waste Authority (RRRSWA) to finance a Joint Regional Material Recovery Facility. The County is anticipating repayments to begin after the bonds are paid in full in 2028.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

3. Loans Receivable (Continued)

In 2009, the Redwood County Economic Development Authority (RCEDA) received a Rural Business Enterprise Grant through the United States Department of Agriculture with a match from the County to provide revolving loans to serve as a gap financing tool for new or existing businesses within the County. The County Board approves loans as recommended by the RCEDA. The County has three outstanding RCEDA loans as of December 31, 2021.

In 2020, the Board approved the COVID-19 Emergency Business Loan Program. The County has ten outstanding COVID-19 loans as of December 31, 2021.

On April 4, 2017, the County Board approved to loan up to \$125,000 to the Redwood County Historical Society for installation of a broadband wireless network at the Gilfillan Farm Site at a zero percent interest rate. As of December 31, 2021, the outstanding balance was \$32,500.

On May 16, 2017, the County Board approved to loan up to \$200,000 to initially fund the Redwood County Low Interest Septic Loan Program. The County has 16 outstanding septic loans totaling \$122,502 as of December 31, 2021.

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

	Beginning Balance	Increase	Decrease	Ending Balance
RRRSWA loan	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
RCEDA loans				
Scenic City Realty, LLC	23,520	-	4,590	18,930
South Forty Meat Market	-	26,000	335	25,665
Red Rock Chiropractic	-	50,000	-	50,000
COVID-19 Emergency Loans	50,000	-	25,000	25,000
Redwood County Historical Society	45,000	-	12,500	32,500
County septic loans	107,312	58,545	43,355	122,502
Total	<u>\$ 1,225,832</u>	<u>\$ 134,545</u>	<u>\$ 85,780</u>	<u>\$ 1,274,597</u>

Of the loans receivable, \$1,217,358 are not expected to be received within one year.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

4. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 816,360	\$ -	\$ -	\$ 816,360
Right-of-way	1,685,851	29,206	-	1,715,057
Construction in progress	4,873,132	5,933,070	4,016,133	6,790,069
Total capital assets not depreciated	\$ 7,375,343	\$ 5,962,276	\$ 4,016,133	\$ 9,321,486
Capital assets depreciated				
Buildings	\$ 19,143,517	\$ 2,417,601	\$ 13,252	\$ 21,547,866
Improvements other than buildings	1,050,413	25,765	-	1,076,178
Machinery and equipment	12,020,077	1,166,705	661,100	12,525,682
Infrastructure	119,636,143	8,639,375	-	128,275,518
Total capital assets depreciated	\$ 151,850,150	\$ 12,249,446	\$ 674,352	\$ 163,425,244
Less: accumulated depreciation for				
Buildings	\$ 5,638,608	\$ 451,795	\$ 11,116	\$ 6,079,287
Improvements other than buildings	387,923	51,262	-	439,185
Machinery and equipment	6,857,064	759,489	595,059	7,021,494
Infrastructure	35,834,780	2,429,609	-	38,264,389
Total accumulated depreciation	\$ 48,718,375	\$ 3,692,155	\$ 606,175	\$ 51,804,355
Total capital assets depreciated, net	\$ 103,131,775	\$ 8,557,291	\$ 68,177	\$ 111,620,889
Capital Assets, Net	\$ 110,507,118	\$ 14,519,567	\$ 4,084,310	\$ 120,942,375

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

4. Capital Assets (Continued)

Construction in progress consists of amounts completed on open road projects, Justice Center building remodel, AV project in the Government Center, and Attorney remote software.

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

General government	\$ 452,645
Public safety	258,141
Highways and streets, including depreciation of infrastructure assets	2,892,947
Sanitation	13,000
Culture and recreation	23,837
Conservation of natural resources	<u>51,585</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 3,692,155</u>

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds

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

Receivable Fund	Payable Fund	Amount
Road and Bridge Special Revenue Fund	General Fund	\$ 5,525
General Fund	Ditch Special Revenue Fund	<u>14,399</u>
Total Due To/From Other Funds		<u>\$ 19,924</u>

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

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

2. Interfund transfers

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

Transfer from General Fund to the Road and Bridge Special Revenue Fund	\$	218,278	Transfer of investment earnings and funding for equipment purchases and salt shed
---	----	---------	---

C. Liabilities and Deferred Inflows of Resources

1. Construction and Other Commitments

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

	Spent-to-Date	Remaining Commitment
Justice Center Building	\$ 5,388,820	\$ 3,174,346
Government Services Building	-	2,841
GeoComm E-911 Software	15,858	5,502
Online GIS Services	13,548	27,096
Compensation Study	-	26,800
Network Support	-	14,400

The remaining commitment for highway projects are state-funded and, therefore, are not obligations of the County at December 31, 2021.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

2. Deferred Inflows of Resources – Unavailable Revenue/Prepaid Property Taxes/Advanced Allotments

Unavailable revenue consists of special assessments, taxes, state and federal grants, interest, and miscellaneous revenue not collected soon enough after year-end to pay liabilities of the current period. Prepaid property taxes consist of the County's share of 2022 property taxes collected in advance. Deferred inflows of resources at December 31, 2021, are summarized below by fund:

	<u>Special Assessments</u>	<u>Taxes</u>	<u>Grants</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
Governmental funds						
General Fund	\$ 43,509	\$ 42,515	\$ 20,029	\$ 11,359	\$ 1,319,665	\$ 1,437,077
Special Revenue Funds						
Road and Bridge	-	10,000	1,844,471	-	237,074	2,091,545
Human Services	-	14,592	-	-	-	14,592
Solid Waste	36,004	-	-	-	-	36,004
Ditch	700,365	-	-	-	278,036	978,401
Debt Service Fund	-	3,667	-	153	-	3,820
Total	<u>\$ 779,878</u>	<u>\$ 70,774</u>	<u>\$ 1,864,500</u>	<u>\$ 11,512</u>	<u>\$ 1,834,775</u>	<u>\$ 4,561,439</u>
Deferred inflows of resources						
Unavailable revenue	\$ 779,878	\$ 52,347	\$ 1,072,117	\$ 11,512	\$ 1,834,775	\$ 3,750,629
Prepaid property taxes	-	18,427	-	-	-	18,427
Advanced allotment	-	-	792,383	-	-	792,383
Total	<u>\$ 779,878</u>	<u>\$ 70,774</u>	<u>\$ 1,864,500</u>	<u>\$ 11,512</u>	<u>\$ 1,834,775</u>	<u>\$ 4,561,439</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt

Loans Payable

Beginning in 2003, the County entered into loan agreements with the Minnesota Pollution Control Agency for financing groundwater improvement projects. The loans are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. Loan payments are reported in the General Fund.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amount</u>	<u>Interest Rate (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2021</u>
Middle Minnesota Continuation Redwood-Cottonwood River Septic Loan Program 2013	2024	\$ 746	2.00	\$ 13,469	\$ 4,326
Middle Minnesota Watershed SSTS Loan Project	2027	4,708	2.00	84,950	33,157
	2029	3,662	2.00	66,090	<u>18,946</u>
Total					<u>\$ 56,429</u>

General Obligation Bonds

In 2008, Redwood County issued Capital Improvement Plan Bonds, Series 2008A, for \$3,920,000 to finance the renovation of the Government Center and remodeling of the Courthouse. In 2013, Redwood County issued Law Enforcement Center (LEC) Bonds, Series 2013A, for \$3,375,000 to finance the renovation and remodel of the LEC. Also in 2013, Redwood County issued Recycling Facility Bonds for \$2,040,000, Series 2013A, for both Redwood and Renville Counties, with Renville County paying Redwood County for half of the bonds. In 2016, Redwood County issued Capital Improvement Plan Refunding Bonds, Series 2016A, for \$1,170,000 to refund the 2008A issuance. In 2021, Redwood County issued LEC Refunding Bonds, Series 2021A, for \$1,285,000 to refund the 2013A issuance; Recycling Refunding Bonds, Series 2021A, for \$770,000 to refund the 2013A issuance; Justice

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt

General Obligation Bonds (Continued)

Center Bonds, Series 2021A, for \$9,185,000 for the construction of the Justice Center, and CSAH Bonds, Series 2021A, for \$6,095,000. Payments on bonds, other than the Recycling Facility Bonds, are made from the Debt Service Fund. Solid waste assessments pay for Redwood County's portion of the Recycling Facility Bonds, for which payments are made from the Solid Waste Special Revenue Fund.

In 2016, the County issued \$1,170,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2016A. Proceeds from the sale of the bonds were used to crossover refund \$1,170,000 of the \$3,920,000 General Obligation Capital Improvement Plan Bonds, Series 2008A. Maturities 2020 through 2024, inclusive, were called for redemption on February 1, 2019, at a price of par plus accrued interest. The County refunded the Series 2008A bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$77,764.

In 2021, the County issued \$17,335,000 General Obligation Bonds, Series 2021A; \$2,055,000 of the proceeds from the sale of the bonds were used to refund LEC Bonds, Series 2013A, and the Recycling Facility Board for both Redwood and Renville County, Series 2013A. Maturities 2023 through 2028 were called for redemption on February 1, 2022, at a price of par plus accrued interest. The County refunded the Series 2013A bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$185,200.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt

General Obligation Bonds (Continued)

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2021
2021 General Obligation Justice Center Bonds, Series 2021A	2042	\$180,000 - \$695,000	2.00 - 5.00	\$ 9,185,000	\$ 9,185,000
Add: Unamortized premium					774,817
Total Justice Center Bonds					\$ 9,959,817
2021 General Obligation CSAH Bonds, Series 2021A	2037	\$205,000 - \$520,000	2.00 - 5.00	6,095,000	\$ 6,095,000
Add: Unamortized premium					850,903
Total CSAH Bonds					\$ 6,945,903
2013 General Obligation Law Enforcement Center Bonds, Series 2013A	2022	\$170,000 - \$265,000	2.00 - 3.20	3,375,000	\$ 1,730,000
2021 General Obligation Law Enforcement Center Refunding Bonds, Series 2021A	2028	\$170,000 - \$245,000	5.00	1,285,000	1,285,000
Add: Unamortized premium					198,117
Total Law Enforcement Center Bonds					\$ 3,213,117
2013 General Obligation Recycling Facility Bonds, Series 2013A	2022	\$70,000 - \$80,000	2.00 - 3.20	2,040,000	\$ 1,030,000
2021 General Obligation Recycling Facility Refunding Bonds, Series 2021A	2028	\$100,000 - \$150,000	5.00	770,000	770,000
Add: Unamortized premium					118,920
Total Recycling Facility Bonds					\$ 1,918,920
2016 General Obligation Capital Improvement Plan Refunding Bonds, Series 2016A	2024	\$225,000 - \$250,000	2.00	1,170,000	\$ 720,000
Add: Unamortized premium					11,140
Total Improvement Plan Refunding Bonds					\$ 731,140
Total General Obligation Bonds, Net					\$ 22,768,897

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

4. Debt Service Requirements

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

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2022	\$ 2,990,000	\$ 603,532	\$ 9,541	\$ 1,081
2023	715,000	601,719	9,733	889
2024	880,000	569,194	9,928	694
2025	845,000	529,819	8,628	502
2026	880,000	486,694	8,801	328
2027 - 2031	4,655,000	1,741,594	9,798	232
2032 - 2036	5,360,000	769,469	-	-
2037 - 2041	3,795,000	258,541	-	-
2042	695,000	7,818	-	-
Total	<u>\$ 20,815,000</u>	<u>\$ 5,568,380</u>	<u>\$ 56,429</u>	<u>\$ 3,726</u>

5. Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of squad cars for the Sheriff's Department, copier leases for various departments, and a postage machine. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. All capital lease payments are paid from the General Fund.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Capital Leases (Continued)

Capital leases consist of the following at December 31, 2021:

Lease	Final Maturity	Installments	Payment Amount	Original Issue Amount	Outstanding Balance December 31, 2021
2019 Ford Interceptor	2023	Monthly	\$ 619	\$ 33,927	\$ 8,659
2019 Ford Interceptor	2023	Monthly	621	35,346	9,937
2020 Chevrolet Tahoe	2023	Monthly	897	36,730	16,743
2020 Chevrolet Tahoe	2023	Monthly	889	31,708	14,230
2020 Chevrolet Tahoe	2023	Monthly	889	31,708	14,230
2021 Ford Interceptor SUV	2024	Monthly	833	40,990	23,004
2021 Ford Interceptor SUV	2024	Monthly	833	38,650	22,192
2021 Ford Interceptor SUV	2024	Monthly	833	39,693	22,193
2021 Ford Interceptor SUV	2024	Monthly	833	32,830	23,810
2021 Ford Interceptor SUV	2024	Monthly	843	33,089	27,290
2021 Ford Interceptor SUV	2024	Monthly	843	33,089	27,290
2021 Ford Interceptor SUV	2024	Monthly	843	33,089	27,290
2021 Ford Interceptor SUV	2024	Monthly	843	33,089	27,290
Assessor copier	2022	Monthly	270	7,350	1,229
Attorney copier	2022	Monthly	129	3,651	365
License Center copier	2022	Monthly	116	4,352	961
A/T copier	2022	Monthly	275	9,225	1,290
VSO copier	2022	Monthly	131	4,600	1,380
Administration copier	2023	Monthly	360	13,000	6,412
Sheriff Sharp copier	2023	Monthly	161	7,000	3,111
Extension copier	2023	Monthly	155	6,500	2,946
Agriculture and Zoning copier	2026	Monthly	130	6,179	5,341
A/T Neopost postage machine	2023	Monthly	104	6,236	2,016
Total Capital Leases					<u>\$ 289,209</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

Year Ending December 31	Governmental Activities
2022	\$ 144,118
2023	107,629
2024	44,412
2025	1,557
2026	260
Total minimum lease payments	\$ 297,976
Less: amount representing interest	(8,767)
Present Value of Minimum Lease Payments	\$ 289,209

6. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds					
Series 2013A Law Enforcement Center	\$ 1,955,000	\$ -	\$ 225,000	\$ 1,730,000	\$ 1,730,000
Series 2013A Recycling Facility	1,160,000	-	130,000	1,030,000	1,030,000
Series 2016A Crossover Refunding	945,000	-	225,000	720,000	230,000
Series 2021A LEC Refunding	-	1,285,000	-	1,285,000	-
Series 2021A Recycling Refunding	-	770,000	-	770,000	-
Series 2021A Justice Center	-	9,185,000	-	9,185,000	-
Series 2021A CSAH	-	6,095,000	-	6,095,000	-
Add: Unamortized premiums	47,896	2,078,126	172,125	1,953,897	-
Total bonds payable	\$ 4,107,896	\$ 19,413,126	\$ 752,125	\$ 22,768,897	\$ 2,990,000
Clean water loans payable	65,782	-	9,353	56,429	9,541
Compensated absences	854,242	624,699	657,941	821,000	133,987
Capital leases	152,817	290,698	154,306	289,209	138,133
Total Long-Term Liabilities	\$ 5,180,737	\$ 20,328,523	\$ 1,573,725	\$ 23,935,535	\$ 3,271,661

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

D. Fund Balances

The summary of fund balance classifications is as follows:

	Special Revenue						Total
	General	Road and Bridge	Human Services	Solid Waste	Ditch	Debt Service	
<b>Nonspendable</b>							
Inventories	\$ -	\$ 160,394	\$ -	\$ -	\$ -	\$ -	\$ 160,394
Missing heirs	450	-	-	-	-	-	450
Prepaid items	38,031	2,577	-	-	-	-	40,608
<b>Total nonspendable</b>	<b>\$ 38,481</b>	<b>\$ 162,971</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 201,452</b>
<b>Restricted</b>							
Attorney's forfeited property	\$ 38,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,390
Broadband grant study	1,421	-	-	-	-	-	1,421
Combating Sexual Exploitation of Youth	1,200	-	-	-	-	-	1,200
County road projects (local sales tax and wheelage tax)	-	316,867	-	-	-	-	316,867
County state aid highway construction	-	6,950,328	-	-	-	-	6,950,328
Debt service	-	-	-	900,000	-	2,349,075	3,249,075
Ditch maintenance, repair, and other	-	-	-	-	1,434,487	-	1,434,487
Enhanced 911	293,533	-	-	-	-	-	293,533
Gun permit fees	87,514	-	-	-	-	-	87,514
Highway allotments	-	379,487	-	-	-	-	379,487
Invasive species	64,424	-	-	-	-	-	64,424
Justice Center building	3,896,988	-	-	-	-	-	3,896,988
Law library	100,171	-	-	-	-	-	100,171
Recorder's compliance	96,667	-	-	-	-	-	96,667
Recorder's technology fund	105,094	-	-	-	-	-	105,094
Buffer administration	328,774	-	-	-	-	-	328,774
Septic system grant	62,611	-	-	-	-	-	62,611
Septic/sewer loans	13,006	-	-	-	-	-	13,006
Sheriff's contingency	8,018	-	-	-	-	-	8,018
Sheriff's contributions	2,662	-	-	-	-	-	2,662
Sheriff's DWI	2,870	-	-	-	-	-	2,870
Sheriff's forfeited property	13,223	-	-	-	-	-	13,223
Veterans service office	7,900	-	-	-	-	-	7,900
Victim assistance	13,323	-	-	-	-	-	13,323
Waste to energy	-	-	-	45,000	-	-	45,000
<b>Total restricted</b>	<b>\$ 5,137,789</b>	<b>\$ 7,646,682</b>	<b>\$ -</b>	<b>\$ 945,000</b>	<b>\$ 1,434,487</b>	<b>\$ 2,349,075</b>	<b>\$ 17,513,033</b>
<b>Committed</b>							
LINC Redwood County	\$ 11,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,300
Outstanding contracts	73,798	267,094	-	-	-	-	340,892
RCEDA revolving loan 2008	128,977	-	-	-	-	-	128,977
Retiree health insurance	701	-	-	-	-	-	701
County septic system revolving loan	94,487	-	-	-	-	-	94,487
Sheriff canteen	54,770	-	-	-	-	-	54,770
WESCAP Valley Area Transit	15,800	-	-	-	-	-	15,800
Westlake properties loan	150,000	-	-	-	-	-	150,000
<b>Total committed</b>	<b>\$ 529,833</b>	<b>\$ 267,094</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 796,927</b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

D. Fund Balances (Continued)

	General	Special Revenue				Debt Service	Total
		Road and Bridges	Human Services	Solid Waste	Ditch		
Assigned							
Assessor tax court	\$ 106,449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,449
Attorney driving diversion program	247	-	-	-	-	-	247
Broadband	34,323	-	-	-	-	-	34,323
Computer miscellaneous	30,000	-	-	-	-	-	30,000
Computer voice over IP (VOIP)	76,329	-	-	-	-	-	76,329
Courthouse car	25,000	-	-	-	-	-	25,000
EDA development grant program	2,919	-	-	-	-	-	2,919
Election	248,276	-	-	-	-	-	248,276
Forfeited tax	178,896	-	-	-	-	-	178,896
Grand jury	74,787	-	-	-	-	-	74,787
Highways and streets	-	124,115	-	-	-	-	124,115
Law enforcement dog fund	2,465	-	-	-	-	-	2,465
Maintenance equipment	25,000	-	-	-	-	-	25,000
PrimeWest county-based purchasing health plan	1,660,848	-	-	-	-	-	1,660,848
Public health	158,924	-	-	-	-	-	158,924
Renovation – Justice Center	2,741,511	-	-	-	-	-	2,741,511
Restorative justice	2,698	-	-	-	-	-	2,698
Road and bridge equipment	341,000	-	-	-	-	-	341,000
Severance pay	-	-	-	-	1,538	-	1,538
Sheriff vehicle	29,947	-	-	-	-	-	29,947
Solid waste	-	-	-	45,341	-	-	45,341
Staff development	4,406	-	-	-	-	-	4,406
Veterans service office van purchase	19,702	-	-	-	-	-	19,702
Water quality loans	978,473	-	-	-	-	-	978,473
Workers' compensation/property casualty insurance	521,588	-	-	-	-	-	521,588
<b>Total assigned</b>	<b>\$ 7,263,788</b>	<b>\$ 124,115</b>	<b>\$ -</b>	<b>\$ 45,341</b>	<b>\$ 1,538</b>	<b>\$ -</b>	<b>\$ 7,434,782</b>
Unassigned	\$ 6,854,166	\$ -	\$ -	\$ -	\$ (1,323,122)	\$ -	\$ 5,531,044
<b>Total Fund Balances</b>	<b>\$ 19,824,057</b>	<b>\$ 8,200,862</b>	<b>\$ -</b>	<b>\$ 990,341</b>	<b>\$ 112,903</b>	<b>\$ 2,349,075</b>	<b>\$ 31,477,238</b>

E. Other Postemployment Benefits (OPEB)

Plan Description

Redwood County administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

Redwood County pays the health insurance for qualified retired employees and elected officials. Employees who retire between age 55 and 65 with 25 years of public service, and with at least ten years of service with Redwood County, qualify for health insurance benefits. Elected officials qualify if they serve a minimum of two years as an elected Redwood County official. The elected official and his or her surviving spouse and dependents will receive one year of paid or partially paid medical insurance for every two years of service to Redwood County. Additional years, not a multiple of two, are

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

E. Other Postemployment Benefits (OPEB)

Plan Description (Continued)

prorated. A maximum of six years of paid insurance is available to elected officials. Elected officials taking office on or before January 4, 2011, qualify for health insurance benefits when retiring between age 55 and 65, with at least ten years of service with Redwood County.

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

Funding Policy

The amount paid by the County will not exceed the amount that the County contributes to employees pursuant to policy 6.16, as may be amended from time to time by the County Board. For retired employees, the County rates are based on the County's group health policy rates in effect at the time of retirement and are a fixed amount until discontinued at age 65 and after a maximum of six years for elected officials.

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

As of the December 31, 2020, actuarial valuation, the following employees were covered by the benefit terms:

Active plan participants	107
Inactive employees or beneficiaries currently receiving benefit payments	<u>10</u>
Total	<u>117</u>

Total OPEB Liability

The County's total OPEB liability of \$905,085 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2020. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

E. Other Postemployment Benefits (OPEB)

Total OPEB Liability (Continued)

The total OPEB liability in the fiscal year-end December 31, 2021, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal Percent of Salary
Inflation	2.5 percent
Salary increases	Follow most recent PERA of Minnesota Actuarial Valuations
Health care cost trend	7.5 percent, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent

The current year discount rate is 2.25 percent. The discount rate was selected from a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates are based on SOA Pub-2010 General Headcount Weighted Mortality Table, SOA Pub-2010 Public Safety Headcount Weighted Mortality Table, on SOA Pub-2010 Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation for PERA as of July 1, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2020	\$ 820,081
Changes for the year	
Service cost	\$ 67,757
Interest	18,346
Differences between expected and actual experience	49,679
Changes in assumptions	(5,587)
Benefit payments	<u>(45,191)</u>
Net change	\$ 85,004
Balance at December 31, 2021	<u>\$ 905,085</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

E. Other Postemployment Benefits (OPEB) (Continued)

OPEB Liability Sensitivity

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

	Discount Rate	Total OPEB Liability
1% Decrease	1.25%	\$ 947,654
Current	2.25	905,085
1% Increase	3.25	861,900

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

	Health Care Trend Rates	Total OPEB Liability
1% Decrease	6.50% Decreasing to 3.50%	\$ 818,909
Current	7.50% Decreasing to 4.50%	905,085
1% Increase	8.50% Decreasing to 5.50%	1,004,242

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

For the year ended December 31, 2021, the County recognized OPEB expense of \$125,362. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience of the plan	\$ 175,183	\$ 85,465
Changes in actuarial assumptions	83,631	6,831
Total	\$ 258,814	\$ 92,296

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

E. Other Postemployment Benefits (OPEB)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB (Continued)

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

<u>Year Ended December 31</u>	<u>OPEB Expense Amount</u>
2022	\$ 39,259
2023	39,259
2024	39,257
2025	40,227
2026	2,218
Thereafter	6,298

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2021:

- Health care trend rates have been revised to an initial rate of 7.50 percent for 2021, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 2.12 percent to 2.25 percent.

F. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Redwood County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Redwood County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans (Continued)

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. 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 the Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. 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 benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years, or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. 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.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

For General Employees Plan 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. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans (Continued)

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2020.

In 2021, the County and members were required to contribute the following percentages of annual covered salary:

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80	17.70
Correctional Plan	5.83	8.75

The County’s contributions for the year ended December 31, 2021, to the pension plans were:

General Employees Plan	\$	355,143
Police and Fire Plan		181,718
Correctional Plan		68,159

The contributions are equal to the statutorily required contributions as set by state statute.

d. Pension Costs

General Employees Plan

At December 31, 2021, the County reported a liability of \$2,822,766 for its proportionate share of the General Employees Plan’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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

actuarial valuation as of that date. The County's proportion 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. At June 30, 2021, the County's proportion was 0.0682 percent. It was 0.0636 percent measured as of June 30, 2020. The County recognized pension expense of \$110,119 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$6,963 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	\$ 2,822,766
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>86,304</u>
Total	<u>\$ 2,909,070</u>

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:

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 16,083	\$ 86,006
Changes in actuarial assumptions	1,723,522	59,389
Difference between projected and actual investment earnings	-	2,447,785
Changes in proportion	212,054	-
Contributions paid to PERA subsequent to the measurement date	174,769	-
Total	\$ 2,126,428	\$ 2,593,180

The \$174,769 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (10,421)
2023	23,818
2024	11,862
2025	(666,780)

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2021, the County reported a liability of \$612,112 for its proportionate share of the Police and Fire Plan'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 proportion 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. At June 30, 2021, the County's proportion was 0.0793 percent. It was 0.0830 percent measured as of June 30, 2020. The County recognized pension expense of (\$41,387) for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets 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.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1, 2020, and to pay \$9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$5,014 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	\$ 612,112
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>27,530</u>
Total	<u>\$ 639,642</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$7,137 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 119,457	\$ -
Changes in actuarial assumptions	899,644	348,874
Difference between projected and actual investment earnings	-	1,165,372
Changes in proportion	50,831	69,066
Contributions paid to PERA subsequent to the measurement date	97,925	-
Total	\$ 1,167,857	\$ 1,583,312

The \$97,925 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year 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:

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Year Ended December 31	Pension Expense Amount
2022	\$ (400,690)
2023	(79,154)
2024	(86,196)
2025	(136,162)
2026	188,822

Correctional Plan

At December 31, 2021, the County reported an asset of \$57,679 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 liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportion 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. At June 30, 2021, the County's proportion was 0.3511 percent. It was 0.3433 percent measured as of June 30, 2020. The County recognized pension expense of (\$125,608) for its proportionate share of the Correctional Plan's pension expense.

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:

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 32,298
Changes in actuarial assumptions	361,054	5,180
Difference between projected and actual investment earnings	-	463,280
Changes in proportion	3,013	-
Contributions paid to PERA subsequent to the measurement date	34,731	-
Total	\$ 398,798	\$ 500,758

The \$34,731 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (16,776)
2023	(2,504)
2024	8,460
2025	(125,871)

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2021, was (\$56,876).

e. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>	<u>Correctional Fund</u>
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	6.50%	6.50%	6.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 24, 2021, was utilized.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	33.50%	5.10%
International equities	16.50	5.30
Fixed income	25.00	0.75
Private markets	25.00	5.90

f. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which is a decrease of one percent from 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2021:

General Employees Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Police and Fire Plan

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Police and Fire Plan (Continued)

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

Correctional Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Correctional Plan (Continued)

- 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 Scale MP-2019 to Scale 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 were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

3. Detailed Notes on All Funds

F. Pension Plans

1. Defined Benefit Pension Plans (Continued)

h. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)
1% Decrease	5.50%	\$ 5,757,002	5.50%	\$ 1,943,352	5.50%	\$ 600,279
Current	6.50	2,822,766	6.50	612,112	6.50	(57,679)
1% Increase	7.50	415,047	7.50	(479,175)	7.50	(579,838)

i. Pension Plan Fiduciary Net Position

Detailed information about the 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).

2. Defined Contribution Plan

Four Employees of Redwood County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

3. Detailed Notes on All Funds

F. Pension Plans

2. Defined Contribution Plan (Continued)

and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Redwood County during the year ended December 31, 2021, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 5,755	\$ 5,755
Percentage of covered payroll	5.00%	5.00%

4. Summary of Significant Contingencies and Other Items

A. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2021 and 2022. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

On October 15, 2013, Redwood County entered into a joint powers agreement with three local counties (Lyon, Murray, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2014. Premiums will be withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County will be billed weekly, in aggregate, for claims incurred.

The County established a limited risk management program for health coverage in 2014. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$60,000 stop-loss per person insured (employee and eligible dependent) per year (\$1,000,000 aggregate) for the health plan. Liabilities of the Internal Service Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The December 31, 2021, liability is determined based on detailed reports received by the County from the third-party administrator for claims incurred, adjusted, and paid through March 31, 2022. Changes in the balances of claims liabilities during 2020 and 2021 are as follows:

	2020	2021
Unpaid claims, January 1	\$ 95,357	\$ 184,295
Incurred claims	1,857,361	1,369,051
Claims payments	(1,768,423)	(1,457,449)
Unpaid Claims, December 31	\$ 184,295	\$ 95,897

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

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

B. Contingent Liabilities

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

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

Lincoln-Pipestone Rural Water System

At December 31, 2020 (latest information available), the Lincoln-Pipestone Rural Water System had \$36,782,000 of general obligation bonds and other loans outstanding through 2056. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

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

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

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

C. Joint Ventures

Redwood County has an ongoing financial interest or responsibility in the following joint ventures:

Lincoln-Pipestone Rural Water System

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

The Lincoln-Pipestone Rural Water System is governed by a Board appointed by the District Court. The Rural Water System's Board is solely responsible for the budgeting and financing of the Rural Water System.

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefited properties pay approximately 85 percent of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2020 (latest information available), were \$36,782,000.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at 415 East Benton Street, PO Box 188, Lake Benton, Minnesota 56149-0188.

Red Rock Rural Water System

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Red Rock Rural Water System (Continued)

The governing body is composed of nine members appointed to three-year terms by the District Court. Each county is responsible for levying and collecting the special assessments from the benefited properties within the county. The bond issue and notes payable are shown as long-term debt in the financial statements of the Red Rock Rural Water System.

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

Redwood/Renville Regional Solid Waste Authority

The Redwood/Renville Regional Solid Waste Authority (RRRSWA) joint powers agreement was established by an agreement between Redwood County and Renville County under the authority of Minn. Stat. § 471.59. The agreement was made to facilitate development and operation of an integrated solid waste management system to serve the counties and to provide for a separate, free-standing public entity. The governing board is composed of seven members. Three members are appointed by the Redwood County Board of Commissioners. Three members are appointed by the Renville County Board of Commissioners. One at-large member is jointly appointed by the counties.

In June 2013, Redwood and Renville Counties each loaned the RRRSWA \$1,000,000, with a two percent interest rate, having only interest paid in the first three years of operation. In March 2017, Redwood and Renville Counties approved to not charge interest on the loans as of January 1, 2017. These loans are expected to start being paid back to the counties in 2028, after the bonded debt is paid in full.

In August 2013, Redwood County issued \$2,040,000 General Obligation Recycling Facility Bonds, Series 2013A, which were paid to the RRRSWA. Renville County pays Redwood County for its share of the principal and interest payments on the general obligation bonds. Redwood County's portion of the bonds is paid from solid waste assessments.

Renville County is the fiscal host and includes the RRRSWA as a fiduciary fund in its financial statements.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Redwood/Renville Regional Solid Waste Authority (Continued)

Complete financial statements of the Redwood/Renville Regional Solid Waste Authority can be obtained from the fiscal agent, Renville County Administrator's Office, Renville County Government Services Center, 105 – 5th Street, Suite 315, Olivia, Minnesota 56277.

Southwest Health and Human Services

Southwest Health and Human Services (SWHHS) was formed pursuant to Minn. Stat. ch. 145A and §§ 471.59 and 393.01, subd. 7, by Lincoln, Lyon, Murray, and Pipestone Counties. SWHHS began official operation on January 1, 2011, and performs human service and public health functions. Funding is provided by the member counties based on consideration of: (1) population based on the most recent national census, (2) tax capacity, and (3) the most recent three-year average Social Services Expenditure and Grant Reconciliation Report (SEAGR), each factor to be weighted equally.

Rock County's health and human services functions were assumed by SWHHS as of January 1, 2012. Redwood County's health and human services functions and Pipestone County's human services function joined SWHHS as of January 1, 2013.

SWHHS is governed by the:

- Joint Health and Human Services Board (“Joint Board”) – responsible for financial, personnel, budget, and general administration of the agency, and is made up of one County Commissioner (or alternate) from each county serving on the Community Health Board and one County Commissioner (or alternate) serving on the Human Services Board.
- Human Services Board – responsible for duties set forth in Minn. Stat. ch. 393 and made up of two County Commissioners appointed annually and one layperson to be appointed consistent with the requirement of the Commissioner of Human Services.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Southwest Health and Human Services (Continued)

- Community Health Board – responsible for all duties set forth in Minn. Stat. ch. 145A and made up of one County Commissioner and one alternate from each member county, unless such county has a population in excess of twice that of any other member county, in which case, it shall have two Commissioners and two alternates.

Financing is provided by state and federal grants and appropriations from member counties. Redwood County’s contribution in 2021 for the human services function was \$2,847,310, and its contribution to the health services function was \$228,841.

Complete financial statements of Southwest Health and Human Services can be obtained at 607 West Main, Marshall, Minnesota 56258.

Advocate, Connect, Educate (A.C.E.) of Southwest Minnesota

Redwood County, in conjunction with Cottonwood, Lincoln, Lyon, Murray, Nobles, and Rock Counties and the Southwest Regional Development Commission, pursuant to Minn. Stat. § 471.59, have formed an agreement to coordinate the delivery of volunteer services to nonprofit community service entities and local units of government meeting the guidelines for receiving volunteer services under the authority of the counties. The entity known as the Retired and Senior Volunteer Program of Southwest Minnesota (RSVP of Southwest Minnesota) changed its name to A.C.E. of Southwest Minnesota as of January 1, 2014. The Board comprises one voting member from each participating county and one voting member of the A.C.E. of Southwest Minnesota Advisory Council. In 2021, Redwood County made contributions of \$32,197 to A.C.E. of Southwest Minnesota.

Brown-Lyon-Redwood-Renville Gang and Drug Task Force

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Brown-Lyon-Redwood-Renville Gang and Drug Task Force (Continued)

The Task Force is governed by an Advisory Board consisting of one appointed member from each party to the agreement. Financing is provided through contributions of the participating counties, grants, and forfeitures. During 2021, Redwood County paid \$57,667 to the Task Force.

Fiscal agent responsibilities for the Task Force are with the City of New Ulm. The Task Force is reported as a fiduciary fund in the City of New Ulm's financial statements.

Plum Creek Library System

Redwood County, along with 19 cities and eight other counties, participates in the Plum Creek Library System. The Plum Creek Library System was created as a public library service on May 29, 1974, by the act of contracting with various public libraries in its region to provide expanded library service, with the additional purpose of furthering the public interest by providing the potential for extending public library services into areas without such services. The Plum Creek Library System is governed by a board of trustees which consists of two representatives from each county. One is appointed by the County Commissioners, the second from the board of the participating libraries. During 2021, Redwood County provided \$109,323 to the Plum Creek Library System.

Complete financial statements of the Plum Creek Library System can be obtained at 290 South Lake Street, PO Box 697, Worthington, Minnesota 56187.

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. Redwood County and 22 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of \$3,600,000.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Counties Providing Technology (Continued)

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Financing is primarily from county member contributions. During 2021, Redwood County did not provide any contributions to CPT.

Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

D. Jointly-Governed Organizations

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

Area II Minnesota River Basin Project

The Area II Minnesota River Basin Project provides cost-share and technical assistance for the implementation of flood reduction measures to the area between the Cities of Ortonville and Mankato. During the year, Redwood County contributed \$11,439 to the Project.

Redwood-Cottonwood Rivers Control Area

The Redwood-Cottonwood Rivers Control Area (RCRCA) works to improve water quality, reduce erosion, and enhance recreational opportunities by providing education, outreach, monitoring, and technical assistance within the boundaries of the watersheds of the Redwood and Cottonwood Rivers for the participating counties. The RCRCA consists of Brown, Cottonwood, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine Counties. During 2021, Redwood County contributed \$24,825 to the RCRCA.

**REQUIRED SUPPLEMENTARY INFORMATION**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT A-1**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 7,941,323	\$ 7,945,853	\$ 7,957,444	\$ 11,591
Other taxes	9,500	9,500	18,144	8,644
Special assessments	18,765	103,141	103,141	-
Licenses and permits	55,700	55,700	70,389	14,689
Intergovernmental	2,165,853	4,299,911	3,066,734	(1,233,177)
Charges for services	691,799	709,240	775,680	66,440
Gifts and contributions	-	-	1,840	1,840
Investment earnings	103,412	33,681	33,938	257
Miscellaneous	379,256	407,368	479,257	71,889
	<u>\$ 11,365,608</u>	<u>\$ 13,564,394</u>	<u>\$ 12,506,567</u>	<u>\$ (1,057,827)</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 244,991	\$ 244,991	\$ 231,270	\$ 13,721
Law library	6,000	8,007	8,622	(615)
County administration	500,447	500,447	383,340	117,107
Administrator	393,646	393,646	382,423	11,223
Auditor-Treasurer	419,917	419,917	385,510	34,407
License center	184,286	184,286	158,625	25,661
Assessor	547,209	547,209	461,647	85,562
Elections	61,000	61,000	26,033	34,967
Computer	466,531	466,531	422,276	44,255
Attorney	808,220	808,220	813,378	(5,158)
Recorder	312,315	312,315	296,078	16,237
Buildings and plant	8,902,915	6,707,165	6,905,076	(197,911)
Veterans service officer	180,595	180,595	140,026	40,569
Other general government	-	439	321	118
	<u>\$ 13,028,072</u>	<u>\$ 10,834,768</u>	<u>\$ 10,614,625</u>	<u>\$ 220,143</u>
<b>Total general government</b>				
<b>Public safety</b>				
Sheriff	\$ 3,746,610	\$ 4,323,254	\$ 4,312,851	\$ 10,403
Coroner	23,000	23,000	26,430	(3,430)
E-911 system	102,000	115,921	70,557	45,364
Probation and parole	276,762	319,762	216,611	103,151
Restorative justice	89,173	89,173	92,051	(2,878)
Sentencing to Service	78,490	78,490	71,889	6,601
Emergency management	111,988	111,988	87,002	24,986
Other public safety	13,600	15,024	15,329	(305)
	<u>\$ 4,441,623</u>	<u>\$ 5,076,612</u>	<u>\$ 4,892,720</u>	<u>\$ 183,892</u>
<b>Total public safety</b>				

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

Page 97

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Culture and recreation</b>				
Museum	\$ 3,000	\$ 3,000	\$ 2,318	\$ 682
Parks	114,754	147,344	144,213	3,131
Minnesota trails	95,000	95,000	94,661	339
Other culture and recreation	<u>57,500</u>	<u>57,500</u>	<u>57,150</u>	<u>350</u>
<b>Total culture and recreation</b>	<b><u>\$ 270,254</u></b>	<b><u>\$ 302,844</u></b>	<b><u>\$ 298,342</u></b>	<b><u>\$ 4,502</u></b>
<b>Conservation of natural resources</b>				
Extension	\$ 145,106	\$ 145,106	\$ 128,274	\$ 16,832
Agricultural inspection	332,046	381,562	354,457	27,105
Soil and water conservation	626,420	626,420	583,273	43,147
Water quality loan program	12,000	114,689	114,689	-
Other conservation of natural resources	<u>38,765</u>	<u>38,765</u>	<u>84,572</u>	<u>(45,807)</u>
<b>Total conservation of natural resources</b>	<b><u>\$ 1,154,337</u></b>	<b><u>\$ 1,306,542</u></b>	<b><u>\$ 1,265,265</u></b>	<b><u>\$ 41,277</u></b>
<b>Economic development</b>				
Other economic development	<b><u>\$ 139,913</u></b>	<b><u>\$ 547,018</u></b>	<b><u>\$ 511,147</u></b>	<b><u>\$ 35,871</u></b>
<b>Intergovernmental</b>				
Health	\$ 228,841	\$ 228,841	\$ 228,841	\$ -
Library	<u>109,323</u>	<u>109,323</u>	<u>109,323</u>	<u>-</u>
<b>Total intergovernmental</b>	<b><u>\$ 338,164</u></b>	<b><u>\$ 338,164</u></b>	<b><u>\$ 338,164</u></b>	<b><u>\$ -</u></b>
<b>Debt service</b>				
Principal	\$ 14,014	\$ 149,328	\$ 163,659	\$ (14,331)
Interest	<u>1,200</u>	<u>4,880</u>	<u>10,738</u>	<u>(5,858)</u>
<b>Total debt service</b>	<b><u>\$ 15,214</u></b>	<b><u>\$ 154,208</u></b>	<b><u>\$ 174,397</u></b>	<b><u>\$ (20,189)</u></b>
<b>Total Expenditures</b>	<b><u>\$ 19,387,577</u></b>	<b><u>\$ 18,560,156</u></b>	<b><u>\$ 18,094,660</u></b>	<b><u>\$ 465,496</u></b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

***EXHIBIT A-1  
(Continued)***

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (8,021,969)</b>	<b>\$ (4,995,762)</b>	<b>\$ (5,588,093)</b>	<b>\$ (592,331)</b>
<b>Other Financing Sources (Uses)</b>				
Capital leases	\$ -	\$ 290,698	\$ 290,698	\$ -
Transfers out	-	(210,275)	(218,278)	(8,003)
Proceeds from sale of bonds	10,000,000	9,185,000	9,185,000	-
Premium on bonds issued	-	738,238	738,238	-
Proceeds from sale of capital assets	-	22,415	21,740	(675)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 10,000,000</b>	<b>\$ 10,026,076</b>	<b>\$ 10,017,398</b>	<b>\$ (8,678)</b>
<b>Special Item</b>				
Buy-in to Prime West	\$ (1,665,015)	\$ -	\$ -	\$ -
<b>Net Change in Fund Balance</b>	<b>\$ 313,016</b>	<b>\$ 5,030,314</b>	<b>\$ 4,429,305</b>	<b>\$ (601,009)</b>
<b>Fund Balance – January 1</b>	<b>15,394,752</b>	<b>15,394,752</b>	<b>15,394,752</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 15,707,768</b>	<b>\$ 20,425,066</b>	<b>\$ 19,824,057</b>	<b>\$ (601,009)</b>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-2*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,832,210	\$ 1,832,210	\$ 1,836,708	\$ 4,498
Other taxes	1,130,000	1,130,000	1,263,541	133,541
Licenses and permits	-	19,300	19,300	-
Intergovernmental	8,428,399	11,117,807	10,278,769	(839,038)
Charges for services	6,000	13,691	14,146	455
Gifts and contributions	-	-	1,000	1,000
Investment earnings	40,000	-	-	-
Miscellaneous	50,050	105,050	248,031	142,981
<b>Total Revenues</b>	<b>\$ 11,486,659</b>	<b>\$ 14,218,058</b>	<b>\$ 13,661,495</b>	<b>\$ (556,563)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 610,345	\$ 610,345	\$ 577,318	\$ 33,027
Maintenance	3,050,164	3,050,124	2,948,233	101,891
Construction	8,214,187	9,509,106	10,374,994	(865,888)
Equipment and maintenance shops	1,005,783	1,269,051	1,261,296	7,755
<b>Total highways and streets</b>	<b>\$ 12,880,479</b>	<b>\$ 14,438,626</b>	<b>\$ 15,161,841</b>	<b>\$ (723,215)</b>
<b>Intergovernmental</b>				
Highways and streets	\$ 548,673	\$ 548,673	\$ 595,608	\$ (46,935)
<b>Debt service</b>				
Administrative (fiscal) charges	\$ -	\$ 35,262	\$ 48,757	\$ (13,495)
<b>Total Expenditures</b>	<b>\$ 13,429,152</b>	<b>\$ 15,022,561</b>	<b>\$ 15,806,206</b>	<b>\$ (783,645)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (1,942,493)</b>	<b>\$ (804,503)</b>	<b>\$ (2,144,711)</b>	<b>\$ (1,340,208)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 207,008	\$ 218,278	\$ 11,270
Proceeds from sale of bonds	-	6,095,000	6,095,000	-
Premium on bonds issued	-	890,590	904,084	13,494
Proceeds from sale of capital assets	51,000	51,000	45,625	(5,375)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 51,000</b>	<b>\$ 7,243,598</b>	<b>\$ 7,262,987</b>	<b>\$ 19,389</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,891,493)</b>	<b>\$ 6,439,095</b>	<b>\$ 5,118,276</b>	<b>\$ (1,320,819)</b>
<b>Fund Balance – January 1</b>	<b>3,049,678</b>	<b>3,049,678</b>	<b>3,049,678</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>32,908</b>	<b>32,908</b>
<b>Fund Balance – December 31</b>	<b>\$ 1,158,185</b>	<b>\$ 9,488,773</b>	<b>\$ 8,200,862</b>	<b>\$ (1,287,911)</b>

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

Page 100

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-3*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 2,706,669	\$ 2,706,669	\$ 2,710,585	\$ 3,916
Intergovernmental	136,338	136,338	136,725	387
<b>Total Revenues</b>	<u>\$ 2,843,007</u>	<u>\$ 2,843,007</u>	<u>\$ 2,847,310</u>	<u>\$ 4,303</u>
<b>Expenditures</b>				
<b>Intergovernmental</b>				
Human services	<u>\$ 2,843,007</u>	<u>\$ 2,843,007</u>	<u>\$ 2,847,310</u>	<u>\$ (4,303)</u>
<b>Net Change in Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance – January 1</b>	-	-	-	-
<b>Fund Balance – December 31</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-4*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 624,567	\$ 640,434	\$ 640,435	\$ 1
Licenses and permits	-	2,600	2,600	-
Intergovernmental	230,164	230,164	233,530	3,366
Miscellaneous	-	-	16,688	16,688
<b>Total Revenues</b>	<b>\$ 854,731</b>	<b>\$ 873,198</b>	<b>\$ 893,253</b>	<b>\$ 20,055</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 1,750	\$ 2,350	\$ 2,139	\$ 211
Hazardous waste	1,200	1,200	1,961	(761)
<b>Total sanitation</b>	<b>\$ 2,950</b>	<b>\$ 3,550</b>	<b>\$ 4,100</b>	<b>\$ (550)</b>
<b>Intergovernmental</b>				
Solid waste	<b>\$ 692,267</b>	<b>\$ 702,896</b>	<b>\$ 709,888</b>	<b>\$ (6,992)</b>
<b>Debt service</b>				
Principal	\$ 130,000	\$ 130,000	\$ 130,000	\$ -
Interest	31,953	31,953	31,953	-
Administrative (fiscal) charges	511	4,715	6,420	(1,705)
<b>Total debt service</b>	<b>\$ 162,464</b>	<b>\$ 166,668</b>	<b>\$ 168,373</b>	<b>\$ (1,705)</b>
<b>Total Expenditures</b>	<b>\$ 857,681</b>	<b>\$ 873,114</b>	<b>\$ 882,361</b>	<b>\$ (9,247)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (2,950)</b>	<b>\$ 84</b>	<b>\$ 10,892</b>	<b>\$ 10,808</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of bonds	\$ -	\$ 770,000	\$ 770,000	\$ -
Premium on bonds issued	-	134,204	135,909	1,705
Proceeds from sale of capital assets	-	15,750	-	(15,750)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 919,954</b>	<b>\$ 905,909</b>	<b>\$ (14,045)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (2,950)</b>	<b>\$ 920,038</b>	<b>\$ 916,801</b>	<b>\$ (3,237)</b>
<b>Fund Balance – January 1</b>	<b>73,540</b>	<b>73,540</b>	<b>73,540</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 70,590</b>	<b>\$ 993,578</b>	<b>\$ 990,341</b>	<b>\$ (3,237)</b>

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-5*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 760,561	\$ 1,015,823	\$ 1,197,507	\$ 181,684
Intergovernmental	-	2,141,463	829,653	(1,311,810)
Investment earnings	-	826	1,411	585
Miscellaneous	-	21,002	28,546	7,544
<b>Total Revenues</b>	<b><u>\$ 760,561</u></b>	<b><u>\$ 3,179,114</u></b>	<b><u>\$ 2,057,117</u></b>	<b><u>\$ (1,121,997)</u></b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Other	<u>\$ 949,390</u>	<u>\$ 1,537,740</u>	<u>\$ 1,926,725</u>	<u>\$ (388,985)</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>\$ (188,829)</u>	<u>\$ 1,641,374</u>	<u>\$ 130,392</u>	<u>\$ (1,510,982)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>\$ -</u>	<u>\$ 7,515</u>	<u>\$ -</u>	<u>\$ (7,515)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (188,829)</u>	<u>\$ 1,648,889</u>	<u>\$ 130,392</u>	<u>\$ (1,518,497)</u>
<b>Fund Balance – January 1</b>	<u>(17,489)</u>	<u>(17,489)</u>	<u>(17,489)</u>	<u>-</u>
<b>Fund Balance – December 31</b>	<u><u>\$ (206,318)</u></u>	<u><u>\$ 1,631,400</u></u>	<u><u>\$ 112,903</u></u>	<u><u>\$ (1,518,497)</u></u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-6*

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 67,757	\$ 62,065	\$ 39,517	\$ 33,825
Interest	18,346	27,525	21,927	18,003
Differences between expected and actual experience	49,679	(118,446)	232,051	(2,005)
Changes of assumption or other inputs	(5,587)	89,885	33,999	(4,766)
Benefit payments	(45,191)	(46,073)	(32,379)	(48,746)
<b>Net change in total OPEB liability</b>	<b>\$ 85,004</b>	<b>\$ 14,956</b>	<b>\$ 295,115</b>	<b>\$ (3,689)</b>
<b>Total OPEB Liability – Beginning</b>	<b>820,081</b>	<b>805,125</b>	<b>510,010</b>	<b>513,699</b>
<b>Total OPEB Liability – Ending</b>	<b><u>\$ 905,085</u></b>	<b><u>\$ 820,081</u></b>	<b><u>\$ 805,125</u></b>	<b><u>\$ 510,010</u></b>
Covered-employee payroll	\$ 6,648,867	\$ 6,189,706	\$ 5,996,804	\$ 5,935,946
Total OPEB liability (asset) as a percentage of covered-employee payroll	13.61%	13.25%	13.43%	8.59%

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-7*

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

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with Redwood County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2021	0.0682 %	\$ 2,822,766	\$ 86,304	\$ 2,909,070	\$ 4,762,149	59.28 %	87.00 %
2020	0.0636	3,813,111	117,473	3,930,584	4,534,093	84.10	79.06
2019	0.0613	3,389,140	105,329	3,494,469	4,334,873	78.18	80.23
2018	0.0587	3,256,435	106,772	3,363,207	3,944,996	82.55	79.53
2017	0.0611	3,900,584	49,037	3,949,621	3,935,467	99.11	75.90
2016	0.0587	4,766,149	32,178	4,798,327	3,640,899	130.91	68.91
2015	0.0615	3,187,249	N/A	3,187,249	3,615,230	88.16	78.19

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

N/A – Not Applicable

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-8*

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2021	\$ 355,143	\$ 355,143	\$ -	\$ 4,735,247	7.50 %
2020	349,737	349,737	-	4,662,177	7.50
2019	339,683	339,683	-	4,528,280	7.50
2018	304,275	304,275	-	4,057,508	7.50
2017	288,156	288,156	-	3,842,075	7.50
2016	279,393	279,393	-	3,725,245	7.50
2015	284,372	284,372	-	3,791,632	7.50

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-9*

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

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with Redwood County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2021	0.0793 %	\$ 612,112	\$ 27,530	\$ 639,642	\$ 957,651	63.92 %	93.66 %
2020	0.0830	1,094,029	25,787	1,119,816	936,431	116.83	87.19
2019	0.0870	926,203	N/A	926,203	917,918	100.90	89.26
2018	0.0851	907,078	N/A	907,078	897,325	101.09	88.84
2017	0.0820	1,107,098	N/A	1,107,098	843,180	131.30	85.43
2016	0.0780	3,130,276	N/A	3,130,276	751,672	416.44	63.88
2015	0.0780	886,263	N/A	886,263	714,664	124.01	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The measurement date for each year is June 30.  
N/A – Not Applicable

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-10*

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2021	\$ 181,718	\$ 181,718	\$ -	\$ 1,026,657	17.70 %
2020	166,709	166,709	-	941,856	17.70
2019	154,918	154,918	-	913,969	16.95
2018	148,964	148,964	-	919,531	16.20
2017	139,165	139,165	-	859,114	16.20
2016	126,981	126,981	-	783,830	16.20
2015	122,845	122,845	-	758,302	16.20

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-11*

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

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2021	0.3511 %	\$ (57,679)	\$ 761,435	(7.58) %	101.61 %
2020	0.3433	93,151	746,977	12.47	96.67
2019	0.3240	44,858	691,091	6.49	98.17
2018	0.3218	52,926	657,220	8.05	97.64
2017	0.3100	883,503	615,745	143.49	67.89
2016	0.3000	1,095,942	565,304	193.87	58.16
2015	0.2900	44,834	526,289	8.52	96.95

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT A-12*

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2021	\$ 68,159	\$ 68,159	\$ -	\$ 778,955	8.75 %
2020	66,410	66,410	-	758,856	8.75
2019	62,624	62,624	-	715,515	8.75
2018	59,540	59,540	-	680,366	8.75
2017	55,347	55,347	-	632,539	8.75
2016	49,708	49,708	-	568,085	8.75
2015	50,141	50,141	-	573,044	8.75

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

1. General Budget Policies

The County Board adopts estimated revenue and expenditure budgets for the General Fund and special revenue funds. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

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

2. Budget Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

3. Excess of Expenditures Over Budget

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

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Road and Bridge Special Revenue Fund	\$ 15,806,206	\$ 15,022,561	\$ 783,645
Human Services Special Revenue Fund	2,847,310	2,843,007	4,303
Solid Waste Special Revenue Fund	882,361	873,114	9,247
Ditch Special Revenue Fund	1,926,725	1,537,740	388,985

4. Employer Contributions to Other Postemployment Benefits

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB 75 to pay related benefits.

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

4. Employer Contributions to Other Postemployment Benefits (Continued)

The following changes in actuarial assumptions occurred in 2021:

- Health care trend rates have been revised to an initial rate of 7.50 percent for 2021, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 2.12 percent to 2.25 percent.

The following changes in actuarial assumptions occurred in 2020:

- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2020 for general employees.
- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using scale MP-2020 for sheriff employees.
- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using scale MP-2020 for surviving spouses.
- Salary scale assumptions have been updated to follow the most recent actuarial valuations for the Public Employees Retirement Association (PERA) as of July 1, 2019.
- Health care trend rates have been revised to an initial rate of 8.00 percent for fiscal 2020, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 3.26 percent to 2.12 percent.

The following change in actuarial assumptions occurred in 2019:

- The discount rate used changed from 4.11 percent to 3.26 percent.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

4. Employer Contributions to Other Postemployment Benefits (Continued)

The following changes in actuarial methods and assumptions occurred in 2018:

- The actuarial cost method used changed from the Projected Unit Credit with Linear Proration to Decrement to the Entry Age Normal Percent of Salary.
- The discount rate used changed from 3.44 percent to 4.11 percent.
- Salary increase rates have been updated to follow the most recent actuarial valuations for the General Employees and Police and Fire Plans as of July 1, 2017.
- Mortality tables have been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.
- Health care trend rates have been revised to an initial rate of 8.00 percent for fiscal 2019, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- 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 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five 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 Employee 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 Retiree 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 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- 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 the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2016 (Continued)

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2021

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

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2021 (Continued)

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

2020

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2018 (Continued)

- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2017 (Continued)

- 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 table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The 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 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Police and Fire Plan

2016 (Continued)

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Local Government Correctional Service Retirement Plan

2021

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Local Government Correctional Service Retirement Plan

2021 (Continued)

- 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 were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Local Government Correctional Service Retirement Plan

2018 (Continued)

- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- 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 Scale MP-2016).

**REDWOOD COUNTY**  
**REDWOOD FALLS, MINNESOTA**

---

---

5. Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

Public Employees Local Government Correctional Service Retirement Plan

2017 (Continued)

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**SUPPLEMENTARY INFORMATION**

**GOVERNMENTAL FUND**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

*EXHIBIT B-1*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 670,706	\$ 671,770	\$ 671,770	\$ -
Intergovernmental	27,080	27,354	27,354	-
Investment earnings	-	272	338	66
<b>Total Revenues</b>	<b><u>\$ 697,786</u></b>	<b><u>\$ 699,396</u></b>	<b><u>\$ 699,462</u></b>	<b><u>\$ 66</u></b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Interest	194,462	70,304	70,304	-
Administrative (fiscal) charges	1,182	62,606	85,787	(23,181)
<b>Total Expenditures</b>	<b><u>\$ 645,644</u></b>	<b><u>\$ 582,910</u></b>	<b><u>\$ 606,091</u></b>	<b><u>\$ (23,181)</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ 52,142</u></b>	<b><u>\$ 116,486</u></b>	<b><u>\$ 93,371</u></b>	<b><u>\$ (23,115)</u></b>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	\$ -	\$ 1,285,000	\$ 1,285,000	\$ -
Premium on bonds sold	-	276,714	299,895	(23,181)
<b>Total Other Financing Sources (Uses)</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,561,714</u></b>	<b><u>\$ 1,584,895</u></b>	<b><u>\$ (23,181)</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ 52,142</u></b>	<b><u>\$ 1,678,200</u></b>	<b><u>\$ 1,678,266</u></b>	<b><u>\$ (46,296)</u></b>
<b>Fund Balance – January 1</b>	<b><u>670,809</u></b>	<b><u>670,809</u></b>	<b><u>670,809</u></b>	<b><u>-</u></b>
<b>Fund Balance – December 31</b>	<b><u><u>\$ 722,951</u></u></b>	<b><u><u>\$ 2,349,009</u></u></b>	<b><u><u>\$ 2,349,075</u></u></b>	<b><u><u>\$ (46,296)</u></u></b>

**FIDUCIARY FUNDS**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

FIDUCIARY FUNDS

Taxes and Penalties Custodial Fund – to account for the collection and settlement of taxes and penalties to various governmental units.

Forfeited Tax Custodial Fund – to account for the collection and settlement of tax-forfeited properties to various governmental units.

State Revenue Custodial Fund – to account for the collection and payment of the state’s share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Soil and Water Conservation District Custodial Fund – to account for the collections and payments of the Redwood Soil and Water Conservation District in accordance with the joint powers agreement between Redwood County and Redwood Soil and Water Conservation District.

Jail Canteen Custodial Fund – to account for inmate deposits, inmate canteen purchases, and fees paid to various agencies.

Sheriff Writ of Execution Custodial Fund – to account for the collection of writ of execution fees and payment of those fees.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

	<b>Taxes and Penalties</b>	<b>Forfeited Tax</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 151,875	\$ 325
Investments	-	-
Taxes receivable for other governments	246,845	-
<b>Total Assets</b>	<b>\$ 398,720</b>	<b>\$ 325</b>
<b><u>Liabilities</u></b>		
Due to other governments	\$ 151,875	\$ 325
<b><u>Net Position</u></b>		
Restricted for individuals, organizations, and other governments	\$ 246,845	\$ -

**EXHIBIT C-1**

<b>Custodial Funds</b>				
<u>State Revenue</u>	<u>Soil and Water Conservation District</u>	<u>Jail Canteen</u>	<u>Sheriff Writ of Execution</u>	<u>Total Custodial Funds</u>
\$ -	\$ 167,840	\$ 23,540	\$ 7,979	\$ 351,559
-	500,000	-	-	500,000
-	-	-	-	246,845
<u>\$ -</u>	<u>\$ 667,840</u>	<u>\$ 23,540</u>	<u>\$ 7,979</u>	<u>\$ 1,098,404</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,200</u>
<u><u>\$ -</u></u>	<u><u>\$ 667,840</u></u>	<u><u>\$ 23,540</u></u>	<u><u>\$ 7,979</u></u>	<u><u>\$ 946,204</u></u>

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

	<b>Taxes and Penalties</b>	<b>Forfeited Tax</b>
<b><u>Additions</u></b>		
Appropriations from counties	\$ -	\$ -
Contributions from individuals	-	1,003
Interest earnings	-	-
Property tax collections for other governments	13,434,598	-
Fees collected for state	1,347,904	1,285
Fees collected for other governments	-	-
Refunds collected for court-ordered tax abatement	27,645	-
Property tax overpayments from individuals/entities	36,202	-
Payment from state	-	-
Miscellaneous	-	17,397
	<b>\$ 14,846,349</b>	<b>\$ 19,685</b>
<b><u>Deductions</u></b>		
Payments of property taxes to other governments	\$ 13,535,160	\$ -
Payments of fees to other governments	-	-
Payments to state	1,343,703	1,285
Payments to other individuals/entities	63,847	3,640
Payments to other governments	-	14,760
	<b>\$ 14,942,710</b>	<b>\$ 19,685</b>
<b>Change in Net Position</b>	<b>\$ (96,361)</b>	<b>\$ -</b>
<b>Net Position – January 1</b>	<b>\$ 343,206</b>	<b>\$ -</b>
<b>Net Position – December 31</b>	<b>\$ 246,845</b>	<b>\$ -</b>

<b>Custodial Funds</b>				
<b>State Revenue</b>	<b>Soil and Water Conservation District</b>	<b>Jail Canteen</b>	<b>Sheriff Writ of Execution</b>	<b>Total Custodial Funds</b>
\$ -	\$ 129,859	\$ -	\$ -	\$ 129,859
-	-	183,729	912	185,644
-	2,007	-	-	2,007
-	-	-	-	13,434,598
589,042	-	-	-	1,938,231
120	-	-	-	120
-	-	-	-	27,645
-	-	-	-	36,202
-	397,137	-	-	397,137
-	8,016	-	-	25,413
<b>\$ 589,162</b>	<b>\$ 537,019</b>	<b>\$ 183,729</b>	<b>\$ 912</b>	<b>\$ 16,176,856</b>
\$ -	\$ -	\$ -	\$ -	\$ 13,535,160
120	-	28,417	-	28,537
589,042	-	98,208	-	2,032,238
-	299,883	46,915	470	414,755
-	486,353	-	-	501,113
<b>\$ 589,162</b>	<b>\$ 786,236</b>	<b>\$ 173,540</b>	<b>\$ 470</b>	<b>\$ 16,511,803</b>
<b>\$ -</b>	<b>\$ (249,217)</b>	<b>\$ 10,189</b>	<b>\$ 442</b>	<b>\$ (334,947)</b>
<b>\$ -</b>	<b>\$ 917,057</b>	<b>\$ 13,351</b>	<b>\$ 7,537</b>	<b>\$ 1,281,151</b>
<b>\$ -</b>	<b>\$ 667,840</b>	<b>\$ 23,540</b>	<b>\$ 7,979</b>	<b>\$ 946,204</b>

## **OTHER SCHEDULES**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT D-1**

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

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$	7,879,003
County program aid		690,203
PERA state aid		25,186
Disparity reduction aid		44,858
Police aid		101,118
Enhanced 911		117,195
Market value credit		397,937
Casino credit		69,569
Select Committee on Recycling and the Environment (SCORE)		71,066
Aquatic invasive species aid		19,705
Out of home placement aid		45,375
Riparian protection aid		160,000
		160,000

**Total appropriations and shared revenue** **\$ 9,621,215**

**Reimbursement for Services**

Counties	\$	1,202,022
Cities		191,837
State		83,823
Soil and Water Conservation District		423,868
Redwood/Renville Regional Solid Waste Authority		162,464
		162,464

**Total reimbursement for services** **\$ 2,064,014**

**Payments**

**Local**

Payments in lieu of taxes	\$	302,122
Local contributions		20,000
		20,000

**Total payments** **\$ 322,122**

**Grants**

**State**

Minnesota Department of Corrections	\$	48,591
Natural Resources		120,457
Public Safety		265,115
Transportation		810,152
Veterans Affairs		10,000
Board of Water and Soil Resources		165,571
Peace Officer Standards and Training Board		12,364
		12,364

**Total state** **\$ 1,432,250**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

***EXHIBIT D-1  
(Continued)***

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

**Grants (Continued)**

**Federal**

Department of Justice	\$ 62,562
Transportation	226,509
Treasury	178,435
Homeland Security	<u>665,658</u>

**Total federal** **\$ 1,133,164**

**Total state and federal grants** **\$ 2,565,414**

**Total Intergovernmental Revenue** **\$ 14,572,765**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**EXHIBIT D-2**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of Justice</b>			
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	F-CVS-2020-RCAO-7850	\$ 13,474
Crime Victim Assistance	16.575	F-CVS-2020-RCAO-8204	12,337
Crime Victim Assistance	16.575	F-CVS-2020-RCAO-8537	16,475
Crime Victim Assistance	16.575	F-CVS-2022-RCAO-8969	15,778
(Total Crime Victim Assistance 16.575 \$58,064)			
Passed Through National Association of Victims of Crime Act Assistance Administrators			
Crime Victim Assistance/Discretionary Grants	16.582	2018-V3-GX-K016	<u>4,498</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 62,562</u></b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster			
COVID-19 – Highway Planning and Construction	20.205	8821224	213,462
Passed Through City of Marshall, Minnesota Highway Safety Cluster			
State and Community Highway Safety	20.600	F-ENFR21-2021-MARSHAPD-5084	165
National Priority Safety Programs	20.616	F-ENFR21-2021-MARSHAPD-5084	1,181
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFR21-2021-MARSHAPD-5084	<u>535</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 215,343</u></b>
<b>U.S. Department of the Treasury</b>			
Direct			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 178,435</u>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4442-PW-01563(0)	\$ 60,711
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4442-PW-01576(0)	4,114
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4442-PW-01317(0)	580,736
(Total Disaster Grants – Public Assistance (Presidentially Declared Disasters) 97.036 \$645,561)			
Emergency Management Performance Grants	97.042	F-EMPG-2019-REDWOOCO-3355	<u>20,029</u>
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 665,590</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 1,121,930</u></b>

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2021.

**Totals by Cluster**

Total expenditures for Highway Planning and Construction Cluster	\$ 213,462
Total expenditures for Highway Safety Cluster	1,346

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

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

---

---

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

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

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

Redwood County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

---

---

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 1,133,164
Grants received more than 60 days after year-end, considered unavailable revenue in 2021	
Emergency Management Performance Grants (AL No. 97.042)	20,029
Unavailable revenue in 2020, recognized as revenue in 2021	
Highway Planning and Construction (AL No. 20.205)	(11,166)
Emergency Management Performance Grants (AL No. 97.042)	<u>(20,097)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,121,930</u>





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

Independent Auditor's Report

Board of County Commissioners  
Redwood County  
Redwood Falls, Minnesota

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

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

## **Minnesota Legal Compliance**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* 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. This 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. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA  
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

June 13, 2022



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

Independent Auditor's Report

Board of County Commissioners  
Redwood County  
Redwood Falls, Minnesota

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

***Qualified Opinion***

We have audited Redwood County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Redwood County's major federal program for the year ended December 31, 2021. Redwood County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Redwood County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended December 31, 2021.

***Basis for Qualified Opinion***

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

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

***Matters Giving Rise to Qualified Opinion on Disaster Grants – Public Assistance (Presidentially Declared Disasters)***

As described in the accompanying Schedule of Findings and Questioned Costs, Redwood County did not comply with requirements regarding Assistance Listing No. 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) as described in finding numbers 2021-001 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles and 2021-002 for Reporting. Compliance with such requirements is necessary, in our opinion, for Redwood County to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

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

***Auditor’s Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Redwood County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Redwood County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

June 13, 2022

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

**I. SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Noncompliance material to the financial statements noted? **No**

**Federal Awards**

Internal control over the major program:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Type of auditor’s report issued on compliance for the major federal program: **Modified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal program is:

**Assistance Listing**

**Number**

97.036

**Name of Federal Program or Cluster**

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

The threshold for distinguishing between Types A and B programs was \$750,000.

Redwood County qualified as a low-risk auditee? **Yes**

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

**2021-001 Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Material Weakness and Modified Opinion

**Federal Agency:** U.S. Department of Homeland Security

**Program:** 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Award Number and Year:** PA-05-MN-4442-PW-01317(0), 2019

**Pass-Through Agency:** Minnesota Department of Public Safety

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition:** In a sample of 11 transactions, five instances were noted where 2018 Federal Emergency Management Agency (FEMA) drainage costs relating to Major Disaster Declaration (DR) 4390 were included in the 2019 FEMA drainage expenditures relating to DR 4442 to be reported on the 2021 Schedule of Expenditures of Federal Awards (SEFA).

**Questioned Costs:** \$14,464.

**Context:** Project worksheet 1317 for DR 4442 was approved by FEMA in 2021, therefore, the population of expenditures included those identified as eligible expenditures by Redwood County to be reported on the SEFA. County staff reviewed FEMA-related invoices and summarized costs by the FEMA project.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** Redwood County identified expenditures as FEMA expenditures which were unallowable costs for 2021 SEFA reporting.

**Cause:** There was no procedure implemented to review the invoices against the list of approved FEMA expenditures for accuracy.

**Recommendation:** We recommend Redwood County implement a procedure that includes a review of expenditures back to the supporting invoice in order to accurately report FEMA expenditures by disaster.

**View of Responsible Official:** Acknowledge

**2021-002      Performance Reporting**

**Prior Year Finding Number:** N/A

**Repeat Finding Since:** N/A

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Material Weakness and Modified Opinion

**Federal Agency:** U.S. Department of Homeland Security

**Program:** 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**Award Number and Year:** PA-05-MN-4442-PW-01317(0), 2019

**Pass-Through Agency:** Minnesota Department of Public Safety

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Quarterly performance reports (QPR) are due to the Minnesota Department of Public Safety-Homeland Security and Emergency Management (DPS-HSEM) no later than 15 days following the end of a quarter.

**REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

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

**Condition:** Three quarterly performance reports were due to DPS-HSEM on Redwood County's large project in 2021, but only one report was prepared and submitted. Furthermore, the County has not implemented control procedures over the reporting process.

**Questioned Costs:** None.

**Context:** Quarterly performance reports are required for large projects. A project is considered large if the total cost is above a threshold that is annually reviewed and adjusted by FEMA.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** Redwood County is not in compliance with performance reporting requirements.

**Cause:** County staff indicated they were not aware of the reporting schedule. The report that was prepared and submitted in 2021 was at the state's request.

**Recommendation:** We recommend Redwood County prepare and submit quarterly performance reports as scheduled, and implement a procedure to review the reports for accuracy by someone other than the preparer prior to submission.

**View of Responsible Official:** Acknowledge

**Redwood County Board of Commissioners**

403 South Mill Street

P.O. Box 130

Redwood Falls, MN 56283

Phone: (507) 637-4016 Fax: (507) 637-4017

redwoodcounty-mn.us



**REPRESENTATION OF REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Finding Number: 2021-001**

**Finding Title: Activities Allowed or Unallowable and Allowable Costs/Cost Principles**

**Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL # 97.036)**

Name of Contact Person Responsible for Corrective Action:

Scott Wold, Director of Planning and Environmental Services

Corrective Action Planned:

All FEMA expenditure claim forms will have FEMA site numbers attached to them. This will be cross-referenced to the damage descriptions to ensure account codes are matching up to the correct FEMA event. The Ditch Inspector shall place the site numbers on the invoices, the Administrative Assistant will cross-reference and check this while preparing the claim form, and the Director will confirm the correct FEMA event upon signing.

Anticipated Completion Date:

June 1, 2022

**Redwood County Board of Commissioners**

403 South Mill Street

P.O. Box 130

Redwood Falls, MN 56283

Phone: (507) 637-4016 Fax: (507) 637-4017

redwoodcounty-mn.us



**Finding Number: 2021-002**

**Finding Title: Performance Reporting**

**Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL # 97.036)**

Name of Contact Person Responsible for Corrective Action:

Scott Wold, Director of Planning and Environmental Services

Corrective Action Planned:

FEMA reports will be submitted quarterly. Reports will be prepared and signed by the Ditch Inspector, and verified by the Director. Director will initial reports.

Anticipated Completion Date:

June 1, 2022

Page 147

*1st District*

**RICK WAKEFIELD**

P.O. Box 473

Walnut Grove, MN 56180

(507) 859-2369

Rick\_W@co.redwood.mn.us

*2nd District*

**JIM SALFER**

865 Pine Street

Wabasso, MN 56293

(507) 342-2431

Jim\_S2@co.redwood.mn.us

*3rd District*

**DENNIS GROEBNER**

250 Center Street

Clements, MN 56224

(507) 692-2235

Dennis\_G@co.redwood.mn.us

*4th District*

**BOB VANHEE**

503 Fallwood Road

Redwood Falls, MN 56283

(507) 616-1000

Bob\_V@co.redwood.mn.us

*5th District*

**DAVE FORKRUD**

P.O. Box 235

Belview, MN 56214

(507) 430-1907

Dave\_F@co.redwood.mn.us

**Redwood County Board of Commissioners**

403 South Mill Street

P.O. Box 130

Redwood Falls, MN 56283

Phone: (507) 637-4016 Fax: (507) 637-4017

redwoodcounty-mn.us



**REPRESENTATION OF REDWOOD COUNTY  
REDWOOD FALLS, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Finding Number: 2019-001**

**Year of Finding Origination: 2018**

**Finding Title: Special Tests and Provisions – Davis Bacon Act**

**Program: Highway Planning and Construction (Assistance Listing #20.205)**

**Summary of Condition:** Redwood County hired a consultant who received the certified payrolls from the contractors and subcontractors for a project that involved federal payroll-related expenditures in 2019. There was no evidence the certified payrolls were reviewed for compliance with the Davis-Bacon Act by the consultant or Redwood County.

**Summary of Corrective Action Previously Reported:** After review, all payrolls and supporting data will be signed or initialed and dated by the project inspector. For Adobe PDF files, a note will be added to the file with the date and initials.

**Status:** No longer valid, not required for current year federal expenditures.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

**Finding Number: 2020-001**

**Year of Finding Origination: 2020**

**Finding Title: Subrecipient Monitoring**

**Program: COVID 19 - Coronavirus Relief Fund (Assistance Listing #21.019)**

**Redwood County Board of Commissioners**

403 South Mill Street

P.O. Box 130

Redwood Falls, MN 56283

Phone: (507) 637-4016 Fax: (507) 637-4017

redwoodcounty-mn.us



**Summary of Condition:** The County did not document risk assessment procedures or monitoring activities (i.e., on-site visits or phone conversations) performed over its subrecipients. Award information, including CFDA number, was not provided to the subrecipient and there were no signed subrecipient agreements in place. Additionally, the County does not have documented policies and procedures for subrecipient monitoring.

**Summary of Corrective Action Previously Reported:** The County will implement a subrecipient policy to ensure compliance with federal regulations for monitoring all federal awards.

**Status:** Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

**Finding Number:** 2020-002

**Year of Finding Origination:** 2020

**Finding Title:** Contracting and Bidding

**Summary of Condition:** During testing of compliance with the State of Minnesota contracting and bid laws, noncompliance was noted with the Minnesota Statutes §§ 270C.66 and 574.26. For two of the four contracts tested that included the employment of individuals for wages by the contractor and where final payment had been made, the final payment was issued prior to receiving a Minnesota Department of Revenue approved Form IC-134, which requires the reporting of employee withholdings, from the contractor. For one of the four contracts over \$175,000 tested, the County did not receive a performance bond or a payment bond. The contract totaled \$188,005.

**Summary of Corrective Action Previously Reported:** The County will update the policy and procedures manual to include statutory contracting requirements and will review the revisions with staff that oversee the contracting process.

**Status:** Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X