

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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**Murray County**  
(Including the Shetek Area Water  
and Sewer Commission)  
**Slayton, Minnesota**

Year Ended December 31, 2022

## Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

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[www.osa.state.mn.us](http://www.osa.state.mn.us)

**Murray County**  
**(Including the Shetek Area Water**  
**and Sewer Commission)**  
**Slayton, Minnesota**

Year Ended December 31, 2022



**Office of the State Auditor**

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

# Murray County Slayton, Minnesota

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## **Introductory Section**

# Murray County Slayton, Minnesota

## Organization Schedule 2022

Office	Name	Term Expires
Commissioners		
1st District	Molly Malone, Chair	January 2025
2nd District	Lori Gunnink	January 2025
3rd District	Dennis Welgraven, Vice Chair	January 2027
4th District	Jim Kluis	January 2023
5th District	Dave Thiner	January 2025
Officers		
Elected		
Attorney	Travis J. Smith	January 2027
Auditor-Treasurer	Heidi E. Winter	January 2027
County Judge	Christina Wietzema	January 2027
Sheriff	Steven Telkamp	January 2023
Appointed		
Assessor	Marcy Barritt	Indefinite
Administrator	Carolyn McDonald	Indefinite
Highway Engineer	Randy Groves	Indefinite
Court Administrator	Sheila Pierson	Indefinite
Veterans Service Officer	James Reinert	Indefinite
Coroner	Dr. Kelly Mills, M.D.	December 2022
County Recorder	Karen Brown	January 2027
Registrar of Titles	Karen Brown	January 2027

**Murray County  
Slayton, Minnesota**

Organization Schedule  
Shetek Area Water and Sewer Commission  
2022

Name	Position	Term Expires
Commissioners		
Jamie Thomazin	Chair	January 2024
Donna Kor	Vice Chair	January 2025
Jon Hoyme	Secretary	January 2023
Valerie Kastner	Member	January 2025
Trevor Humphrey	Member	January 2025
David Maguire	Member	January 2025
Greg Grant	Member	January 2024

## **Financial Section**



## Independent Auditor's Report

Board of County Commissioners  
Murray County  
Slayton, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County as of December 31, 2022, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Murray County Medical Center component unit, which represent 60 percent, 49 percent, and 95 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Murray County Medical Center, is based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 and each major 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 (GASB), 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 Murray County’s basic financial statements. The combining statements for nonmajor governmental funds; budgetary comparison schedules for nonmajor governmental funds; combining statements for fiduciary funds; Schedule of Intergovernmental Revenue; 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*; and the Shetek Area Water and Sewer Commission component unit financial statements 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 reports dated September 19, 2023, on our consideration of Murray County’s and the Shetek Area Water and Sewer Commission component unit’s internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports 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 Murray County’s and the Shetek Area Water and Sewer Commission component unit’s internal control over financial reporting or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Murray County’s and the Shetek Area Water and Sewer Commission component unit’s internal control over financial reporting and compliance. They do not include the Murray County Medical Center, which was audited by other auditors.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

September 19, 2023

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

## **Management's Discussion and Analysis**

# Murray County Slayton, Minnesota

## Management's Discussion and Analysis December 31, 2022 (Unaudited)

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of Murray County's financial activities for the fiscal year ended December 31, 2022. The MD&A provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the County's basic financial statements that follow this section.

### Financial Highlights

- Governmental activities' total net position is \$72,459,933, of which \$57,560,132 is the County's net investment in capital assets, and \$10,299,452 is restricted for specific purposes. The unrestricted net position of \$4,600,349 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's governmental activities' net position increased by \$2,565,770 for the year ended December 31, 2022.
- The net cost of governmental activities for the current fiscal year was \$8,348,154. General revenues and transfers totaling \$10,913,924 funded the net cost.
- The General Fund's fund balance increased by \$600,075, the Road and Bridge Special Revenue Fund's fund balance decreased by \$1,881,021, the EDA Special Revenue Fund's fund balance increased by \$70,642, and the Ditch Special Revenue Fund's fund balance decreased by \$547,512.
- For the year ended December 31, 2022, the unassigned fund balance of the General Fund was \$4,815,133.

### 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 government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other required supplementary information.

### Government-Wide Financial Statements

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.

All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The government-wide financial statements of the County are divided into three categories:

- 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.
- Business-type activities—The County charges fees to cover the costs of certain services it provides. Included here are the operations of Sunrise Terrace, the County's congregate housing facility.
- Discretely presented component units—The County includes the Shetek Area Water and Sewer Commission, a legally separate entity, because the County appoints the Commission members and must approve any debt. The County also reports the Murray County Medical Center, a legally separate entity, because a financial benefit/burden relationship exists between the Medical Center and the County.

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

### **Fund Financial Statements**

Fund 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, Ditch Special Revenue Fund, EDA 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.

Proprietary funds are maintained by Murray County. An enterprise fund accounts for the congregate housing facility. The County uses an internal service fund to account for self-insurance activities. The financial statements for these funds provide the same type of information as the government-wide financial statements, only in more detail.

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 presented in separate statements on Exhibits 10 and 11 of this report.

The County presents the Shetek Area Water and Sewer Commission and the Murray County Medical Center as discretely presented component units.

### **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.

### **Other Information**

Other information is provided as supplementary information regarding Murray County's intergovernmental revenue, combining statements, and financial statements for the Shetek Area Water and Sewer Commission.

### **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 \$72,269,697 at the close of 2022. The largest portion of Murray County's net position (79.9 percent) reflects the net investment in capital assets (for example: land, buildings, equipment, and infrastructure such as roads and bridges), less any related 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 2021 is presented.

	<b>Net Position</b>			
	2022			2021
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current and other assets	\$ 40,337,194	\$ (308,076)	\$ 40,029,118	\$ 39,265,283
Capital assets	58,762,211	204,484	58,966,695	56,827,256
<b>Total Assets</b>	<b>\$ 99,099,405</b>	<b>\$ (103,592)</b>	<b>\$ 98,995,813</b>	<b>\$ 96,092,539</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension outflows	\$ 3,280,970	\$ 30,675	\$ 3,311,645	\$ 2,594,335
Deferred other postemployment benefits outflows	21,802	335	22,137	15,543
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,302,772</b>	<b>\$ 31,010</b>	<b>\$ 3,333,782</b>	<b>\$ 2,609,878</b>
<b>Liabilities</b>				
Long-term liabilities	\$ 25,926,190	\$ 92,208	\$ 26,018,398	\$ 22,327,012
Other liabilities	3,751,595	23,311	3,774,906	3,246,235
<b>Total Liabilities</b>	<b>\$ 29,677,785</b>	<b>\$ 115,519</b>	<b>\$ 29,793,304</b>	<b>\$ 25,573,247</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	\$ 155,447	\$ 1,052	\$ 156,499	\$ 3,389,741
Deferred other postemployment benefits inflows	109,012	1,083	110,095	52,423
<b>Total Deferred Inflows of Resources</b>	<b>\$ 264,459</b>	<b>\$ 2,135</b>	<b>\$ 266,594</b>	<b>\$ 3,442,164</b>
<b>Net Position</b>				
Net investment in capital assets	\$ 57,560,132	\$ 204,484	\$ 57,764,616	\$ 55,940,874
Restricted	10,299,452	-	10,299,452	9,290,113
Unrestricted	4,600,349	(394,720)	4,205,629	4,456,019
<b>Total Net Position</b>	<b>\$ 72,459,933</b>	<b>\$ (190,236)</b>	<b>\$ 72,269,697</b>	<b>\$ 69,687,006</b>

Unrestricted net position in the amount of \$4,205,629—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 5.8 percent of net position.

### **Governmental Activities**

The County’s governmental activities’ net position increased by 3.7 percent (\$72,459,933 for 2022 compared to \$69,894,163 for 2021). Key elements in this increase in net position are as follows for 2022, with comparative data for 2021.

**Governmental Activities  
Changes in Net Position**

	2022	2021
<b>Revenues</b>		
Program revenues		
Fees, charges, fines, and other	\$ 1,980,377	\$ 1,811,742
Operating grants and contributions	8,019,592	7,302,847
Capital grants and contributions	1,736,533	171,772
General revenues		
Property taxes	8,096,859	7,696,233
Other	2,817,065	2,739,041
<b>Total Revenues</b>	<b>\$ 22,650,426</b>	<b>\$ 19,721,635</b>
<b>Expenses</b>		
General government	\$ 3,965,970	\$ 3,437,901
Public safety	3,255,614	2,863,262
Highways and streets	7,151,627	5,435,667
Sanitation	356,159	302,103
Human services	1,766,219	1,377,633
Health	124,331	124,331
Culture and recreation	666,954	726,035
Conservation of natural resources	2,194,329	1,560,809
Economic development	176,367	374,666
Interest	427,086	390,745
<b>Total Expenses</b>	<b>\$ 20,084,656</b>	<b>\$ 16,593,152</b>
<b>Change in Net Position</b>	<b>\$ 2,565,770</b>	<b>\$ 3,128,483</b>
<b>Net Position – January 1</b>	<b>69,894,163</b>	<b>66,765,680</b>
<b>Net Position – December 31</b>	<b>\$ 72,459,933</b>	<b>\$ 69,894,163</b>

The cost of all governmental activities for 2022 was \$20,084,656 and, as shown on the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County taxes was only \$8,348,154. The amount paid by those who directly benefited from the programs was \$1,980,377, and the amount paid by other governments and organizations to subsidize certain programs with operating grants and contributions was \$8,019,592. Capital grants and contributions were \$1,763,533. The County paid for the remaining “public benefit” portion of governmental activities with \$880,758 in grants and contributions not restricted to specific programs, \$8,096,859 in property taxes, and \$670,247 in wind and solar production tax.

The following table presents the cost of each of the County’s four 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 placed on the County’s taxpayers by each of these functions.

**Table 1  
Governmental Activities**

	Total Cost of Services	Net Cost (Revenue) of Services
General government	\$ 3,965,970	\$ 3,451,148
Public safety	3,255,614	2,306,963
Highways and streets	7,151,627	(1,438,538)
Conservation of natural resources	2,194,329	1,058,223
All others	3,517,116	2,970,358
<b>Total</b>	<b>\$ 20,084,656</b>	<b>\$ 8,348,154</b>

(Unaudited)

## Business-Type Activities

The County's business-type activities include Congregate Housing (Sunrise Terrace). The business-type activities' net position increased by 8.2 percent (a deficit \$207,157 for the beginning of 2022 compared to a deficit \$190,236 for the end of 2022). Key elements in this increase in net position are as follows, with comparative data for 2021.

<b>Business Type Activities</b>		<b>Changes in Net Position</b>	
		2022	2021
Revenues			
Program revenues			
Fees, charges, and other	\$	321,835	\$ 309,609
Operating grants and contributions		694	355
General revenues			
Miscellaneous		661	564
Transfers		(2,737)	164
Total Revenues	\$	320,453	\$ 310,692
Expenses			
Congregate Housing		303,532	283,523
Change in Net Position	\$	16,921	\$ 27,169
Net Position – January 1		(207,157)	(234,326)
Net Position – December 31	\$	(190,236)	\$ (207,157)

The cost of all business-type activities for 2022 was \$303,532 and, as shown on the Statement of Activities on Exhibit 2, none of this was financed by the taxpayers through County taxes. The majority of costs for business-type activities were paid by those who directly benefited from the programs and services. In 2022, this amount was \$321,835.

The following table presents the cost of the County's business-type activities, and related net cost (revenue) of services.

<b>Business-Type Activities</b>		Total Cost of	Net Cost
		Services	(Revenue) of
		\$	\$
Congregate Housing		303,532	(18,997)

## 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 \$27,897,763, a decrease of \$1,978,959 in comparison with the prior year. Of the combined ending fund balances, \$1,029,837 is nonspendable, \$15,381,015 is restricted, \$146,888 is committed, \$7,322,472 is assigned, and \$4,017,551 is unassigned fund balance.

The General Fund is the main operating fund for the County. Of the combined ending fund balances, \$654,404 is nonspendable, \$2,379,850 is restricted, \$146,888 is committed, \$520,716 is assigned, and \$4,815,133 is unassigned. Overall fund balance in the General Fund increased by \$600,075 during 2022.

The Road and Bridge Special Revenue Fund had \$375,433 in nonspendable funds, \$9,776,485 in restricted, and \$6,231,447 in assigned funds. Overall fund balance in the Road and Bridge Special Revenue Fund decreased by \$1,888,021 during 2022, due to regular maintenance and construction.

The Human Services Special Revenue Fund has no fund balance, as Southwest Health and Human Services performs human services functions and public health delivery for Murray County through a joint powers arrangement.

The Ditch Special Revenue Fund had \$2,683,852 in restricted fund balance and (\$797,582) in unassigned fund balance. Overall fund balance decreased by \$547,512 during 2022 due to up fronting viewing expenses for a 3-phase County-wide redetermination of benefits. The County will likely issue bonds in the future to cover these expenses.

The EDA Special Revenue Fund had restricted funds of \$315,182 and assigned funds of \$570,309. The EDA Special Revenue Fund’s fund balance increased by \$70,642 during 2022.

**Budgetary Highlights**

Over the course of the year, there were positive budget variances in the General Fund. The actual revenues in the General Fund were \$192,864 more than budgeted, primarily due to additional ARPA funding received in 2022. Actual expenditures were \$756,985 under budget, primarily due to expenses budgeted for the HVAC upgrade in the LEC in 2022, but the County chose a cheaper alternative fix for the LEC HVAC.

**Capital Assets and Debt Administration**

**Governmental Activities**

The County’s capital assets for its governmental activities at December 31, 2022, totaled \$58,762,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The investment in capital assets increased \$2,190,560, or 3.9 percent, from the previous year. The increase was due to the infrastructure additions and the construction of the highway building in 2022.

**Capital Assets at Year End  
(Net of Depreciation and Amortization)**

	2022	2021
Land, including right-of-way	\$ 1,646,870	\$ 1,636,193
Works of art and historical treasures	34,376	34,376
Construction in progress	1,549,067	797,273
Infrastructure	45,959,837	44,719,667
Buildings	5,930,468	5,970,981
Improvements other than buildings	473,136	443,722
Machinery and equipment	3,168,457	2,969,439
Total	\$ 58,762,211	\$ 56,571,651

**Business-Type Activities**

The County’s capital assets for its business-type activities at December 31, 2022, totaled \$204,484 (net of accumulated depreciation). This investment in capital assets includes buildings. The capital assets decreased by \$51,121, or 20.0 percent, from the previous year due to the depreciation recorded in 2022.

**Capital Assets at Year-End  
Net of Depreciation**

	2022	2021
Buildings	\$ 204,484	\$ 255,605

**Long-Term Debt**

At the end of the current fiscal year, the County had total outstanding debt of \$18,066,045, which was backed by the full faith and credit of the government.

**Outstanding Debt**

	2022	2021
General obligation capital improvement plan bond	\$ -	\$ 218,397
General obligation ditch bonds	7,086,963	7,276,456
General obligation refunding bonds	-	108,408
General obligation state aid bonds	10,978,564	11,314,278
Loans payable	518	5,036
<b>Total</b>	<b>\$ 18,066,045</b>	<b>\$ 18,922,575</b>

Minnesota statutes limit the amount of debt a county may levy to 3.00 percent of its total market value. At the end of 2022, the County's outstanding debt was 0.57 percent of its total estimated market value.

**Economic Factors and Next Year's Budgets**

The County's elected and appointed officials considered many factors when setting the 2023 budget, tax rates, and fees that will be charged for the year.

- The unemployment rate for Murray County at the end of 2022 was 3.3 percent. This is 0.6 percent higher than the state unemployment rate of 2.7 percent and 0.2 percentage points lower than the national unemployment rate of 3.5 percent. This is a decrease of 0.1 percentage points from the County's 3.4 percent rate of one year prior.
- Mortgage interest rates have remained steady from those of 2021, which has increased refinancing of mortgages and/or financing of new construction in the residential and agricultural sector.
- The County's net property tax levy for 2023 increased \$345,685, from \$8,309,623 to \$8,655,308.

**Requests for Information**

This financial report is designed to provide a general overview of Murray 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 Auditor-Treasurer, Heidi E. Winter, Murray County Government Center, PO Box 57, Slayton, Minnesota 56172.

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

**Murray County  
Slayton, Minnesota**

**Exhibit 1**

**Statement of Net Position  
December 31, 2022**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Shetek Area Water and Sewer Commission	Murray County Medical Center
<b>Assets</b>					
Cash and pooled investments	\$ 30,723,145	\$ 68,036	\$ 30,791,181	\$ 847,071	\$ 7,718,395
Receivables – net	8,841,146	154	8,841,300	3,641,847	5,320,883
Internal balances	388,066	(388,066)	-	-	-
Due from primary government	-	-	-	-	553,857
Inventories	384,837	-	384,837	102,722	328,493
Prepaid items	-	-	-	-	106,737
Restricted assets					
Cash and pooled investments	-	11,800	11,800	258,696	-
Capital assets					
Non-depreciable	3,230,313	-	3,230,313	421,046	172,231
Depreciable – net of accumulated depreciation	55,531,898	204,484	55,736,382	9,907,013	8,147,955
Investment in Minnesota Rural Health	-	-	-	-	6,750
<b>Total Assets</b>	<b>\$ 99,099,405</b>	<b>\$ (103,592)</b>	<b>\$ 98,995,813</b>	<b>\$ 15,178,395</b>	<b>\$ 22,355,301</b>
<b>Deferred Outflows of Resources</b>					
Deferred pension outflows	\$ 3,280,970	\$ 30,675	\$ 3,311,645	\$ -	\$ 2,219,692
Deferred other postemployment benefits outflows	21,802	335	22,137	-	4,209
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,302,772</b>	<b>\$ 31,010</b>	<b>\$ 3,333,782</b>	<b>\$ -</b>	<b>\$ 2,223,901</b>
<b>Liabilities</b>					
Accounts payable and other current liabilities	\$ 1,755,779	\$ 23,311	\$ 1,779,090	\$ 58,678	\$ 2,720,045
Petitioner deposits	10,000	-	10,000	-	-
Unearned revenue	1,431,960	-	1,431,960	-	79,501
Due to component unit	553,856	-	553,856	-	-
Long-term liabilities					
Due within one year	962,222	1,326	963,548	733,327	575,602
Due within more than one year	17,842,921	7,071	17,849,992	2,601,310	1,842,009
Other postemployment benefits liability	239,713	4,611	244,324	-	158,799
Net pension liability	6,881,334	79,200	6,960,534	-	7,104,270
<b>Total Liabilities</b>	<b>\$ 29,677,785</b>	<b>\$ 115,519</b>	<b>\$ 29,793,304</b>	<b>\$ 3,393,315</b>	<b>\$ 12,480,226</b>

**Murray County  
Slayton, Minnesota**

**Exhibit 1  
(Continued)**

**Statement of Net Position  
December 31, 2022**

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Shetek Area Water and Sewer Commission	Murray County Medical Center
<b>Deferred Inflows of Resources</b>					
Deferred pension inflows	\$ 155,447	\$ 1,052	\$ 156,499	\$ -	\$ 250,220
Deferred other postemployment benefits inflows	109,012	1,083	110,095	-	109,718
Deferred lease receivable inflows	-	-	-	-	252,525
<b>Total Deferred Inflows of Resources</b>	<b>\$ 264,459</b>	<b>\$ 2,135</b>	<b>\$ 266,594</b>	<b>\$ -</b>	<b>\$ 612,463</b>
<b>Net Position</b>					
Net investment in capital assets	\$ 57,560,132	\$ 204,484	\$ 57,764,616	\$ 6,993,422	\$ 5,902,575
Restricted for					
General government	359,110	-	359,110	-	-
Public safety	455,813	-	455,813	-	-
Highways and streets	5,161,855	-	5,161,855	-	-
Sanitation	408,282	-	408,282	-	-
Conservation of natural resources	3,223,790	-	3,223,790	-	-
Economic development	315,182	-	315,182	-	-
Debt service	375,420	-	375,420	24,835	-
Wastewater system replacement	-	-	-	233,861	-
Unrestricted	4,600,349	(394,720)	4,205,629	4,532,962	5,583,938
<b>Total Net Position</b>	<b>\$ 72,459,933</b>	<b>\$ (190,236)</b>	<b>\$ 72,269,697</b>	<b>\$ 11,785,080</b>	<b>\$ 11,486,513</b>

**Murray County  
Slayton, Minnesota**

**Statement of Activities  
For the Year Ended December 31, 2022**

<u>Functions/Programs</u>	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>
<b>Primary government</b>			
<b>Governmental activities</b>			
General government	\$ 3,965,970	\$ 451,213	\$ 63,609
Public safety	3,255,614	125,097	823,554
Highways and streets	7,151,627	189,893	6,663,739
Sanitation	356,159	221,156	72,440
Human services	1,766,219	58,566	-
Health	124,331	-	-
Culture and recreation	666,954	69,980	48,619
Conservation of natural resources	2,194,329	788,475	347,631
Economic development	176,367	75,997	-
Interest	427,086	-	-
<b>Total governmental activities</b>	<b>\$ 20,084,656</b>	<b>\$ 1,980,377</b>	<b>\$ 8,019,592</b>
<b>Business-type activities</b>			
Congregate Housing	303,532	321,835	694
<b>Total Primary Government</b>	<b>\$ 20,388,188</b>	<b>\$ 2,302,212</b>	<b>\$ 8,020,286</b>
<b>Discretely presented component units</b>			
Shetek Area Water and Sewer Commission	\$ 896,623	\$ 684,313	\$ -
Murray County Medical Center	18,184,719	17,581,451	-
<b>Total Discretely Presented Component Units</b>	<b>\$ 19,081,342</b>	<b>\$ 18,265,764</b>	<b>\$ -</b>

**General Revenues**

Property taxes  
Mortgage registry and deed tax  
Wind and solar production tax  
Payments in lieu of tax  
Wheelage tax  
Grants and contributions not restricted to specific programs  
Investment earnings  
Miscellaneous  
Gain on sale of capital assets

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net Position – Beginning, as restated (Note 8)**

**Net Position – Ending**

Net (Expense) Revenue and Changes in Net Position					
Capital Grants and Contributions	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Shetek Area Water and Sewer Commission	Murray County Medical Center
\$ -	\$ (3,451,148)	\$ -	\$ (3,451,148)		
-	(2,306,963)	-	(2,306,963)		
1,736,533	1,438,538	-	1,438,538		
-	(62,563)	-	(62,563)		
-	(1,707,653)	-	(1,707,653)		
-	(124,331)	-	(124,331)		
-	(548,355)	-	(548,355)		
-	(1,058,223)	-	(1,058,223)		
-	(100,370)	-	(100,370)		
-	(427,086)	-	(427,086)		
<b>\$ 1,736,533</b>	<b>\$ (8,348,154)</b>	<b>\$ -</b>	<b>\$ (8,348,154)</b>		
-	-	18,997	18,997		
<b>\$ 1,736,533</b>	<b>\$ (8,348,154)</b>	<b>\$ 18,997</b>	<b>\$ (8,329,157)</b>		
\$ 185,201				\$ (27,109)	\$ -
-				-	(603,268)
<b>\$ 185,201</b>				<b>\$ (27,109)</b>	<b>\$ (603,268)</b>
	\$ 8,096,859	\$ -	\$ 8,096,859	\$ -	\$ -
	13,462	-	13,462	-	-
	670,247	-	670,247	-	-
	448,731	-	448,731	-	-
	105,420	-	105,420	-	-
	880,758	-	880,758	-	1,118,179
	481,678	-	481,678	6,950	79,355
	214,032	661	214,693	185	-
	-	-	-	-	11,908
	2,737	(2,737)	-	-	-
	<b>\$ 10,913,924</b>	<b>\$ (2,076)</b>	<b>\$ 10,911,848</b>	<b>\$ 7,135</b>	<b>\$ 1,209,442</b>
	\$ 2,565,770	\$ 16,921	\$ 2,582,691	\$ (19,974)	\$ 606,174
	<b>69,894,163</b>	<b>(207,157)</b>	<b>69,687,006</b>	<b>11,805,054</b>	<b>10,880,339</b>
	<b>\$ 72,459,933</b>	<b>\$ (190,236)</b>	<b>\$ 72,269,697</b>	<b>\$ 11,785,080</b>	<b>\$ 11,486,513</b>

## **Fund Financial Statements**

## **Governmental Funds**

**Murray County  
Slayton, Minnesota**

**Exhibit 3**

**Balance Sheet  
Governmental Funds  
December 31, 2022**

	General	Special Revenue		Other Governmental Funds	Total
		Road and Bridge	Ditch		
<b>Assets</b>					
Cash and pooled investments	\$ 9,743,156	\$ 16,456,037	\$ 2,202,056	\$ 1,178,835	\$ 29,580,084
Petty cash and change funds	1,980	-	-	-	1,980
Taxes receivable					
Delinquent	30,251	8,518	-	7,919	46,688
Special assessments receivable					
Delinquent	5,939	-	3,629	-	9,568
Noncurrent	677,862	-	1,325,483	-	2,003,345
Accounts receivable	6,026	2,615	-	-	8,641
Loans receivable	-	-	130,000	608,481	738,481
Accrued interest receivable	19,851	-	-	-	19,851
Due from other funds	-	10,812	-	-	10,812
Due from other governments	77,882	5,784,636	-	-	5,862,518
Advance to other funds	645,000	-	-	-	645,000
Inventories	9,404	375,433	-	-	384,837
<b>Total Assets</b>	<b>\$ 11,217,351</b>	<b>\$ 22,638,051</b>	<b>\$ 3,661,168</b>	<b>\$ 1,795,235</b>	<b>\$ 39,311,805</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 83,234	\$ 280,715	\$ 43,293	\$ 1,423	\$ 408,665
Salaries payable	313,640	112,175	4,433	2,510	432,758
Contracts payable	150,791	143,640	22,550	-	316,981
Due to other funds	10,784	-	28	-	10,812
Due to other governments	29,476	3,202	482	78,535	111,695
Petitioner deposits	-	-	10,000	-	10,000
Advance from other funds	-	-	250,000	-	250,000
Unearned revenue	1,381,586	50,374	-	-	1,431,960
<b>Total Liabilities</b>	<b>\$ 1,969,511</b>	<b>\$ 590,106</b>	<b>\$ 330,786</b>	<b>\$ 82,468</b>	<b>\$ 2,972,871</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	\$ 730,849	\$ 5,664,580	\$ 1,444,112	\$ 601,630	\$ 8,441,171

**Murray County  
Slayton, Minnesota**

**Exhibit 3  
(Continued)**

**Balance Sheet  
Governmental Funds  
December 31, 2022**

	General	Special Revenue		Other Governmental Funds	Total
		Road and Bridge	Ditch		
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>					
<b>(Continued)</b>					
<b>Fund Balances</b>					
Nonspendable					
Inventories	\$ 9,404	\$ 375,433	\$ -	\$ -	\$ 384,837
Advances	645,000	-	-	-	645,000
Restricted for					
Septic/sewer loans	6,558	-	-	-	6,558
Attorney's forfeitures	2,270	-	-	-	2,270
Law library	12,247	-	-	-	12,247
Debt service	-	-	-	225,646	225,646
EDA revolving loans	-	-	-	315,182	315,182
Recorder's compliance	129,282	-	-	-	129,282
Recorder's technology	215,311	-	-	-	215,311
Supervision fees	30,846	-	-	-	30,846
Sheriff's contingency	931	-	-	-	931
Permits to carry	97,489	-	-	-	97,489
E-911	326,547	-	-	-	326,547
Ditch maintenance and conservation	-	-	2,683,852	-	2,683,852
Unspent grant monies	1,144,174	-	-	-	1,144,174
County match	5,913	-	-	-	5,913
Solid waste assessments	408,282	-	-	-	408,282
Highway department building	-	9,776,485	-	-	9,776,485
Committed to					
911 sign replacement	146,888	-	-	-	146,888
Assigned to					
Parks	22,169	-	-	-	22,169
Sanitation	9,503	-	-	-	9,503
Road and bridge	-	6,231,447	-	-	6,231,447
Economic development	-	-	-	570,309	570,309
Avoca dam replacement	22,295	-	-	-	22,295
Fairgrounds building improvement	85,631	-	-	-	85,631
General motor pool	20,000	-	-	-	20,000
Capital improvement	250,000	-	-	-	250,000
Ambulance replacement	111,118	-	-	-	111,118
Unassigned	4,815,133	-	(797,582)	-	4,017,551
<b>Total Fund Balances</b>	<b>\$ 8,516,991</b>	<b>\$ 16,383,365</b>	<b>\$ 1,886,270</b>	<b>\$ 1,111,137</b>	<b>\$ 27,897,763</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 11,217,351</b>	<b>\$ 22,638,051</b>	<b>\$ 3,661,168</b>	<b>\$ 1,795,235</b>	<b>\$ 39,311,805</b>

**Murray County  
Slayton, Minnesota**

**Exhibit 4**

**Reconciliation of Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Position—Governmental Activities  
December 31, 2022**

<b>Fund balance – total governmental funds (Exhibit 3)</b>		<b>\$ 27,897,763</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.		58,762,211
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		3,280,970
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental funds.		21,802
An internal service fund is used by Murray County to charge the costs of 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.		376,851
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.		8,441,171
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$ (18,065,527)	
Loans payable	(518)	
Compensated absences	(739,098)	
Other postemployment benefits liability	(239,713)	
Net pension liability	(6,881,334)	
Accrued interest payable	<u>(130,186)</u>	(26,056,376)
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.		(155,447)
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.		<u>(109,012)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>		<b><u><u>\$ 72,459,933</u></u></b>

**Murray County  
Slayton, Minnesota**

**Exhibit 5**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2022**

	General	Special Revenue		Other Governmental Funds	Total
		Road and Bridge	Ditch		
<b>Revenues</b>					
Taxes	\$ 6,037,404	\$ 1,570,030	\$ -	\$ 1,273,035	\$ 8,880,469
Special assessments	282,990	-	800,872	-	1,083,862
Licenses and permits	80,953	79,150	-	-	160,103
Intergovernmental	2,379,923	5,624,415	21,283	136,561	8,162,182
Charges for services	444,508	30,292	-	-	474,800
Fines and forfeits	2,555	-	-	-	2,555
Gifts and contributions	17,556	1,050	-	-	18,606
Investment earnings	438,757	-	-	26,124	464,881
Settlements	-	-	-	58,566	58,566
Miscellaneous	323,468	120,538	7,208	108,589	559,803
<b>Total Revenues</b>	<b>\$ 10,008,114</b>	<b>\$ 7,425,475</b>	<b>\$ 829,363</b>	<b>\$ 1,602,875</b>	<b>\$ 19,865,827</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ 3,741,673	\$ -	\$ -	\$ -	\$ 3,741,673
Public safety	3,215,036	-	-	-	3,215,036
Highways and streets	-	8,018,253	-	-	8,018,253
Sanitation	306,841	-	-	-	306,841
Culture and recreation	623,289	-	-	-	623,289
Conservation of natural resources	1,052,777	-	1,088,971	-	2,141,748
Economic development	2,445	-	-	168,268	170,713
<b>Capital outlay</b>					
General government	111,493	-	-	-	111,493
<b>Intergovernmental</b>	194,881	747,351	-	1,466,774	2,409,006
<b>Debt service</b>					
Principal	4,516	315,000	190,000	220,000	729,516
Interest	78	272,244	148,634	3,025	423,981
Administrative charges	-	3,345	1,981	1,375	6,701
<b>Total Expenditures</b>	<b>\$ 9,253,029</b>	<b>\$ 9,356,193</b>	<b>\$ 1,429,586</b>	<b>\$ 1,859,442</b>	<b>\$ 21,898,250</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 755,085</b>	<b>\$ (1,930,718)</b>	<b>\$ (600,223)</b>	<b>\$ (256,567)</b>	<b>\$ (2,032,423)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 3,060	\$ -	\$ 52,711	\$ 106,066	\$ 161,837
Transfers out	(159,100)	-	-	-	(159,100)
Proceeds from sale of capital assets	-	954	-	-	954
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (156,040)</b>	<b>\$ 954</b>	<b>\$ 52,711</b>	<b>\$ 106,066</b>	<b>\$ 3,691</b>
<b>Net Change in Fund Balance</b>	<b>\$ 599,045</b>	<b>\$ (1,929,764)</b>	<b>\$ (547,512)</b>	<b>\$ (150,501)</b>	<b>\$ (2,028,732)</b>
<b>Fund Balance – January 1</b>	<b>7,916,916</b>	<b>18,264,386</b>	<b>2,433,782</b>	<b>1,261,638</b>	<b>29,876,722</b>
<b>Increase (decrease) in inventories</b>	<b>1,030</b>	<b>48,743</b>	<b>-</b>	<b>-</b>	<b>49,773</b>
<b>Fund Balance – December 31</b>	<b>\$ 8,516,991</b>	<b>\$ 16,383,365</b>	<b>\$ 1,886,270</b>	<b>\$ 1,111,137</b>	<b>\$ 27,897,763</b>

**Murray County  
Slayton, 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, 2022**

**Net change in fund balance – total governmental funds (Exhibit 5) \$ (2,028,732)**

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	\$ 8,441,171	
Unavailable revenue – January 1	<u>(5,988,520)</u>	2,452,651

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	\$ 5,440,044	
Net book value of assets disposed of	(32,294)	
Current year depreciation	<u>(3,217,190)</u>	2,190,560

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, 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 payments		
General obligation bonds	\$ 725,000	
Loans payable	4,518	
Amortization of premiums	20,714	
Amortization of discounts	<u>(2,110)</u>	748,122

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

Change in accrued interest payable	\$ 250	
Change in compensated absences	(333,219)	
Change in other postemployment benefits liability	49,106	
Change in deferred other postemployment benefits outflows	6,546	
Change in deferred other postemployment benefits inflows	(57,253)	
Change in net pension liability	(4,226,204)	
Change in deferred pension outflows	721,409	
Change in deferred pension inflows	3,199,430	
Change in inventories	<u>49,773</u>	(590,162)

**Murray County  
Slayton, 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, 2022**

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

(206,669)

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

**\$ 2,565,770**

## **Proprietary Fund**

**Murray County  
Slayton, Minnesota**

**Exhibit 7**

**Statement of Fund Net Position  
Proprietary Funds  
December 31, 2022**

	Business-Type Activities – Enterprise Fund Congregate Housing	Governmental Activities Internal Service Fund Self-Insurance
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and pooled investments	\$ 68,036	\$ 1,141,081
Accounts receivable	154	140,379
Due from other governments	-	11,675
	<b>\$ 68,190</b>	<b>\$ 1,293,135</b>
<b>Total current assets, unrestricted</b>		
<b>Restricted assets</b>		
Cash and pooled investments	11,800	-
	<b>\$ 79,990</b>	<b>\$ 1,293,135</b>
<b>Total current assets</b>		
<b>Noncurrent assets</b>		
Capital assets		
Depreciable – net	204,484	-
	<b>\$ 284,474</b>	<b>\$ 1,293,135</b>
<b>Total Assets</b>		
<b><u>Deferred Outflows of Resources</u></b>		
Deferred pension outflows	\$ 30,675	\$ -
Deferred other postemployment benefits outflows	335	-
	<b>\$ 31,010</b>	<b>\$ -</b>
<b>Total Deferred Outflows of Resources</b>		
<b><u>Liabilities</u></b>		
<b>Current liabilities payable from current assets</b>		
Accounts payable	\$ 7,809	\$ -
Salaries payable	3,546	-
Claims payable	-	355,494
Compensated absences payable – current	1,326	-
Due to other governments	156	-
	<b>\$ 12,837</b>	<b>\$ 355,494</b>
<b>Total current liabilities payable from current assets</b>		
<b>Current liabilities payable from restricted assets</b>		
Accounts payable	11,800	-
	<b>\$ 24,637</b>	<b>\$ 355,494</b>
<b>Total current liabilities</b>		

**Murray County  
Slayton, Minnesota**

**Exhibit 7  
(Continued)**

**Statement of Fund Net Position  
Proprietary Funds  
December 31, 2022**

	<b>Business-Type Activities – Enterprise Fund Congregate Housing</b>	<b>Governmental Activities Internal Service Fund Self-Insurance</b>
<b><u>Liabilities (Continued)</u></b>		
<b>Noncurrent liabilities</b>		
Advance from other funds	\$ 395,000	\$ -
Compensated absences payable – long-term	7,071	-
Other postemployment benefits liability	4,611	-
Net pension liability	79,200	-
<b>Total noncurrent liabilities</b>	<b>\$ 485,882</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 510,519</b>	<b>\$ 355,494</b>
<b><u>Deferred Inflows of Resources</u></b>		
Deferred pension inflows	\$ 1,052	\$ -
Deferred other postemployment benefits inflows	1,083	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,135</b>	<b>\$ -</b>
<b><u>Net Position</u></b>		
Net investment in capital assets	\$ 204,484	\$ -
Unrestricted	(401,654)	937,641
<b>Total Net Position</b>	<b>\$ (197,170)</b>	<b>\$ 937,641</b>
Some amounts reported for business-type activities in the statement of net position (Exhibit 1) are different because certain assets and liabilities of the Self-Insurance Internal Service Fund are included with business-type activities.	6,934	
<b>Net Position of Business-Type Activities</b>	<b>\$ (190,236)</b>	

**Murray County  
Slayton, Minnesota**

**Exhibit 8**

**Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022**

	<b>Business-Type Activities – Enterprise Fund Congregate Housing</b>	<b>Governmental Activities Internal Service Fund Self-Insurance</b>
<b>Operating Revenues</b>		
Charges for services	\$ 317,903	\$ 2,103,096
Miscellaneous	4,593	-
	<b>\$ 322,496</b>	<b>\$ 2,103,096</b>
<b>Operating Expenses</b>		
Personal services	\$ 119,016	\$ -
Professional services	2,870	-
Contracted services	60,629	-
Repairs and maintenance	9,300	-
Other services and charges	3,972	-
Supplies	7,829	-
Utilities	38,136	-
Insurance	6,127	-
Depreciation	51,121	-
Cost of service	-	2,530,398
	<b>\$ 299,000</b>	<b>\$ 2,530,398</b>
<b>Operating Income (Loss)</b>	<b>\$ 23,496</b>	<b>\$ (427,302)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Grants	\$ 694	\$ -
Interest expense	(147)	-
Amortization of bond discount	(1,592)	-
	<b>\$ (1,045)</b>	<b>\$ -</b>
<b>Income (Loss) Before Transfers</b>	<b>\$ 22,451</b>	<b>\$ (427,302)</b>
Transfers in	323	-
Transfers out	(3,060)	-
	<b>\$ 19,714</b>	<b>\$ (427,302)</b>
<b>Change in net position</b>	<b>\$ 19,714</b>	<b>\$ (427,302)</b>
<b>Net Position – January 1</b>		<b>1,364,943</b>
<b>Net Position – December 31</b>		<b>\$ 937,641</b>
Some amounts for business-type activities in the statement of activities (Exhibit 2) are different because the net revenue (expense) of the Self-Insurance Internal Service Fund is reported with business-type activities.	(2,793)	
<b>Total Change in Net Position of Business-Type Activities</b>	<b>\$ 16,921</b>	

**Murray County  
Slayton, Minnesota**

**Exhibit 9**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Business-Type Activities – Enterprise Fund Congregate Housing</b>	<b>Governmental Activities Internal Service Fund Self-Insurance</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 322,671	\$ 2,032,419
Payments to suppliers and contractors	(129,516)	(2,434,973)
Payments to employees	(111,875)	-
	<b>\$ 81,280</b>	<b>\$ (402,554)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	\$ 323	\$ -
Transfers out	(3,060)	-
	<b>\$ (2,737)</b>	<b>\$ -</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal paid on long-term debt	\$ (110,000)	\$ -
Interest paid on long-term debt	(880)	-
	<b>\$ (110,880)</b>	<b>\$ -</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (32,337)</b>	<b>\$ (402,554)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>112,173</b>	<b>1,543,635</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 79,836</b>	<b>\$ 1,141,081</b>
<b>Cash and Cash Equivalents – Exhibit 7</b>		
Cash and pooled investments	\$ 68,036	\$ 1,141,081
Restricted cash and pooled investments	11,800	-
	<b>\$ 79,836</b>	<b>\$ 1,141,081</b>
<b>Total Cash and Cash Equivalents</b>	<b>\$ 79,836</b>	<b>\$ 1,141,081</b>

**Murray County  
Slayton, Minnesota**

**Exhibit 9**  
*(Continued)*

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022  
Increase (Decrease) in Cash and Cash Equivalents**

	Business-Type Activities – Enterprise Fund Congregate Housing	Governmental Activities Internal Service Fund Self-Insurance
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating income (loss)</b>	<b>\$ 23,496</b>	<b>\$ (427,302)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation expense	\$ 51,121	\$ -
(Increase) decrease in accounts receivable	255	(110,857)
(Increase) decrease in deferred pension outflows	4,099	-
(Increase) decrease in deferred other postemployment benefits outflows	(48)	-
Increase (decrease) in accounts payable	(37)	-
Increase (decrease) in salaries payable	(1,807)	-
Increase (decrease) in claims payable	-	135,605
Increase (decrease) in compensated absences payable	(4,526)	-
Increase (decrease) in due to other governments	(5)	-
Increase (decrease) in other postemployment benefits liability	1,359	-
Increase (decrease) in net pension liability	40,766	-
Increase (decrease) in deferred pension inflows	(33,781)	-
Increase (decrease) in deferred other postemployment benefits inflows	388	-
<b>Total adjustments</b>	<b>\$ 57,784</b>	<b>\$ 24,748</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 81,280</b>	<b>\$ (402,554)</b>

## **Fiduciary Funds**

**Murray County  
Slayton, Minnesota**

**Exhibit 10**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2022**

	<u>Custodial Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 263,625
Taxes receivable for other governments	76,107
Accounts receivable	<u>142</u>
<b>Total Assets</b>	<b><u>\$ 339,874</u></b>
<b><u>Liabilities</u></b>	
Due to others	\$ 43
Due to other governments	<u>265,479</u>
<b>Total Liabilities</b>	<b><u>\$ 265,522</u></b>
<b><u>Deferred Inflows of Resources</u></b>	
Prepaid taxes	<u>\$ 63,366</u>
<b><u>Net Position</u></b>	
Restricted for individuals, organizations, and other governments	<b><u><u>\$ 10,986</u></u></b>

**Murray County  
Slayton, Minnesota**

**Exhibit 11**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2022**

	<b>Custodial Funds</b>
<b><u>Additions</u></b>	
Property tax collections for other governments	\$ 7,712,755
Fees collected for the state	2,469,411
Payments from the state	969,265
Payments from other entities	5,100
	<b>\$ 11,156,531</b>
<b><u>Deductions</u></b>	
Payments of property taxes to other governments	\$ 8,049,787
Payments to the state	3,226,256
Payments to other entities	34,479
	<b>\$ 11,310,522</b>
<b>Change in Net Position</b>	<b>\$ (153,991)</b>
<b>Net Position – January 1</b>	<b>164,977</b>
<b>Net Position – December 31</b>	<b>\$ 10,986</b>

# Murray County Slayton, Minnesota

## Notes to the Financial Statements As of and for the Year Ended December 31, 2022

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### Note 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, 2022. 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.

#### Financial Reporting Entity

Murray County was established May 23, 1857, and is an organized County having the powers, duties, and privileges granted to counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Murray County and its component units for which the County is financially accountable. The County is financially accountable if it appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body, or if the organization could potentially provide specific financial benefits or impose specific burdens on the 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, appointed by the Board, serves as the Clerk of the Board, but does not vote in its decisions.

#### Blended Component Unit

Blended component units are legally separate organizations 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. Murray County has the following blended component unit:

<b>Component Units of the County</b>		
<b>Component Unit</b>	<b>Component Unit Included in Reporting Entity Because</b>	<b>Separate Financial Statements</b>
Murray County Economic Development Authority	The Authority's governing body is substantively the same as the governing body of the County, and a financial benefit/burden relationship exists.	Separate financial statements are not issued for the Murray County Economic Development Authority.

#### Discretely Presented Component Units

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Murray County are discretely presented:

# Murray County Slayton, Minnesota

## Discretely Presented Component Units of the County

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
The Shetek Area Water and Sewer Commission is responsible for constructing and operating a sanitary water and sewer district within Murray County.	The County appoints the Water and Sewer Commission members and must approve any debt.	Separate financial statements are not issued for the Shetek Area Water and Sewer Commission. The Water and Sewer Commission's financial statements can be found on Exhibits E-1 to E-3.
Murray County Medical Center, hereafter the Medical Center, provides acute inpatient and outpatient care to the County area.	A financial benefit/burden relationship exists.	Separate financial statements can be obtained at: 2042 Juniper Avenue, Slayton, Minnesota 56172.

Significant accounting policies of the component units do not differ significantly from those of the County.

### Joint Ventures

The County participates in several joint ventures described in Note 5 – Summary of Significant Contingencies and Other Items.

### Basic Financial Statements

#### Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. 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. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, that 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, business-type activities, and discretely presented component units 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.

# Murray County

## Slayton, Minnesota

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### 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 and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. The County presents one enterprise fund.

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefited property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

The County reports the following major enterprise fund:

- The Congregate Housing Fund is used to account for the operation of the Murray County Congregate Housing facility.

Additionally, the County reports the following fund types:

- The Human Services Special Revenue Fund accounts for assigned property tax revenues used for economic assistance and community social services programs.
- The EDA Special Revenue Fund accounts for restricted revenue resources from the state and an appropriation from the General Fund for the costs relating to activity of the blended component unit, the Economic Development Authority.
- 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 of general obligation bonds.
- 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; fees, fines, and mortgage registry and state deed tax collected for the State of Minnesota; and the Lime Creek Subordinate Service District, which uses the County as a depository.

# Murray County Slayton, Minnesota

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## Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, 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. Murray 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. Issuances of long-term debt and acquisitions under leases are reported as other financing sources.

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.

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

### Cash and Cash Equivalents

Cash and cash equivalents are identified only for the purpose of the statement of cash flows for the proprietary funds and the Shetek Area Water and Sewer Commission component unit. Murray County and the Shetek Area Water and Sewer Commission component unit have 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 or the Shetek Area Water and Sewer Commission component unit'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.

### Deposits and Investments

The cash balances of substantially all funds and the Shetek Area Water and Sewer Commission component unit 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, 2022. 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 of governmental and fiduciary funds 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

# Murray County

## Slayton, Minnesota

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2022 were \$505,803.

Murray 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.

### 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.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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 2017 through 2022 and noncurrent special assessments payable in 2023 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

### 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 reported in proprietary funds and in the statement of net position are recorded as expenses when consumed.

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.

### Restricted Assets

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

# Murray County Slayton, Minnesota

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## Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the County as assets with an estimated useful life in excess of two years and an initial, individual cost of more than \$5,000. 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 the County are depreciated using the straight-line method over the following estimated useful lives:

### **Estimated Useful Lives of Capital Assets**

<u>Assets</u>	<u>Years</u>
Land improvements	10-40
Buildings	7-40
Public domain infrastructure	20-50
Machinery and equipment	3-20

## Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation, sick leave, and comp time 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. The noncurrent portion consists of the remaining amount of vacation, vested sick leave, and comp time.

For the governmental activities, compensated absences are liquidated by the General Fund, Road and Bridge Special Revenue Fund, Ditch Special Revenue Fund, and EDA Special Revenue Fund. For the business-type activities, compensated absences are liquidated by the Congregate Housing Enterprise Fund.

## 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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, if material, are

## **Murray County Slayton, Minnesota**

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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.

### **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. For the governmental activities, the net pension liability is liquidated by the General Fund, Road and Bridge Special Revenue Fund, Ditch Special Revenue Fund, and EDA Special Revenue Fund. For the business-type activities, the net pension liability is liquidated by the Congregate Housing Enterprise Fund.

### **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 will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent taxes receivable, noncurrent special assessments receivable, EDA revolving loans receivable, loans receivable for bond payments in the Ditch Special Revenue Fund, and grant monies receivable for amounts that are not considered to be available to liquidate liabilities of the current period. The unavailable revenue is deferred and recognized as an inflow of resources in the period in which it becomes available. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The fiduciary funds report prepaid property taxes for tax collections received prior to year-end that were not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amount is levied. These inflows occurred in the fiduciary funds under the full accrual basis of accounting and are only reported in the statement of fiduciary net position. 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.

# Murray County

## Slayton, Minnesota

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### Unearned Revenue

The governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received but not yet earned. At December 31, 2022, all unearned revenue was the result of receiving grants prior to the revenue recognition criteria being met.

### Classification of Net Position

Net position in the government-wide, proprietary fund, and the Shetek Area Water and Sewer Commission component unit financial statements is classified in the following categories:

- Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

### Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Murray 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 Auditor-Treasurer who has been delegated that authority by Board resolution.

# Murray County Slayton, Minnesota

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- 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.

Murray 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.

## Minimum Fund Balance

Murray 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) within a range of 35 to 50 percent of the General Fund operating expenditures. At December 31, 2022, unrestricted fund balance for the General Fund was above the minimum fund balance level.

## 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.

## Note 2 – Stewardship, Compliance, and Accountability

### Deficit Net Position

The Ditch Special Revenue Fund reported a positive fund balance of \$1,886,270 as of December 31, 2022, although the County reported individual ditches with deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties and possible future issuance of General Obligation Drainage Bonds. The following is a summary of the individual ditch systems:

<b>Individual Ditch System Fund Balance</b>	
80 ditches with positive fund balances	\$ 2,683,852
11 ditches with deficit fund balances	<u>(797,582)</u>
Total Fund Balance	<u>\$ 1,886,270</u>

The Congregate Housing Enterprise Fund had a deficit fund net position for the year ended December 31, 2022, of \$197,170. The County expects future excess of revenues over expenses will eliminate the deficit.

# Murray County Slayton, Minnesota

## Excess of Expenditures Over Budget

The following individual nonmajor funds had expenditures in excess of budget for the year ended December 31, 2022:

<b>Excess of Expenditures Over Budget</b>			
	Expenditures	Final Budget	Excess
Human Services Special Revenue Fund	\$ 1,466,774	\$ 1,407,162	\$ 59,612
EDA Special Revenue Fund	168,268	142,648	25,620
Debt Service Fund	224,400	1,750	222,650

## Note 3 – Detailed Notes

### Assets and Deferred Outflows of Resources

#### Deposits and Investments

#### **Reconciliation of the County's Total Cash and Investments to the Basic Financial Statements as of December 31, 2022**

Government-Wide Statement of Net Position		
Governmental activities		
Cash and pooled investments	\$	30,721,165
Petty cash and change funds		1,980
Business-type activities		
Cash and pooled investments		68,036
Restricted assets – cash and pooled investments		11,800
Component unit – Shetek Area Water and Sewer Commission		
Cash and pooled investments		847,071
Restricted assets – cash and pooled investments		258,696
Component unit – Murray County Medical Center		
Cash and pooled investments		5,411,676
Noncurrent cash and investments		2,306,719
Statement of Fiduciary Net Position		
Cash and pooled investments		263,625
Total Cash and Investments	\$	39,890,768

#### 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.

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

# Murray County

## Slayton, Minnesota

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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 does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the County's deposits were exposed to custodial credit risk.

### Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) 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 investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

### Credit Risk

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

# Murray County Slayton, Minnesota

## 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 does not have a policy on custodial credit risk. At December 31, 2022, the County's investments were not exposed to custodial credit risk.

## Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities, may be held without limit.

### Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2022

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Investment pools/mutual funds					
MAGIC Fund	N/R	N/A	>5%	N/A	\$ 30,018,866
Checking					5,389,922
Non-negotiable certificates of deposit					4,480,000
Petty cash and change funds					1,980
Total Cash and Investments					<u>\$ 39,890,768</u>

N/A – Not Applicable

N/R – Not Rated

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

## Fair Value Measurement

The MAGIC Fund is a local government investment pool which is quoted at a net asset value (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.

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 the 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.

# Murray County Slayton, Minnesota

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## Receivables

### Governmental Activities' Receivables as of December 31, 2022

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 46,688	\$ -
Special assessments	2,012,913	1,520,180
Accounts receivable	149,020	-
Interest receivable	19,851	-
Loans receivable	738,481	578,417
Due from other governments	5,874,193	-
Total Receivables	\$ 8,841,146	\$ 2,098,597

### Business-Type Activities' Receivables as of December 31, 2022

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Accounts receivable	\$ 154	\$ -

## Loans Receivable – Ditch Special Revenue Fund

On January 1, 2007, the County issued \$1,625,000 General Obligation (G.O.) Refunding Bonds, Series 2007A, which included refunding G.O. Water Revenue Bonds of 1999 in the amount of \$315,000. The portion of the bond for refunding of the Water Revenue Bonds is to be repaid from net revenues of the Red Rock Rural Water System as well as special assessments within Murray County against all benefited property. The \$130,000 long-term receivable from the Red Rock Rural Water System is equal to the outstanding balance of the G.O. Water Refunding Bonds at December 31, 2022.

## Loans Receivable – Other Governmental Funds

In 2001, the Murray County Board transferred responsibility for managing and operating the Murray County Economic Development Revolving Loan Fund to the Economic Development Authority, which is accounted for in the EDA Special Revenue Fund. The purpose of the fund is to provide low-interest, flexible-term loans for the development of new businesses or the expansion of existing ones. These loans have been made to private enterprises and are offset by unavailable revenue.

# Murray County Slayton, Minnesota

## Changes in Loans Receivable for the Year Ended December 31, 2022

Loan agreements		
Beginning balance	\$	638,477
Loans issued		76,000
Loan repayments		<u>(105,996)</u>
Ending Balance	\$	<u>608,481</u>

### Capital Assets

#### Governmental Activities

## Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,206,403	\$ 6,324	\$ 300	\$ 1,212,427
Works of art and historical treasures	34,376	-	-	34,376
Right-of-way	429,790	4,653	-	434,443
Construction in progress	797,273	958,704	206,910	1,549,067
Total capital assets not depreciated	\$ 2,467,842	\$ 969,681	\$ 207,210	\$ 3,230,313
Capital assets depreciated				
Land improvements	\$ 832,091	\$ 65,203	\$ 11,020	\$ 886,274
Buildings	10,456,140	349,763	29,808	10,776,095
Machinery and equipment	9,014,916	863,395	261,211	9,617,100
Infrastructure	82,627,460	3,398,912	-	86,026,372
Total capital assets depreciated	\$ 102,930,607	\$ 4,677,273	\$ 302,039	\$ 107,305,841
Less: accumulated depreciation for				
Land improvements	\$ 388,369	\$ 34,372	\$ 9,603	\$ 413,138
Buildings	4,485,159	382,485	22,017	4,845,627
Machinery and equipment	6,045,477	641,591	238,425	6,448,643
Infrastructure	37,907,793	2,158,742	-	40,066,535
Total accumulated depreciation	\$ 48,826,798	\$ 3,217,190	\$ 270,045	\$ 51,773,943
Total capital assets depreciated, net	\$ 54,103,809	\$ 1,460,083	\$ 31,994	\$ 55,531,898
Governmental Activities Capital Assets, Net	\$ 56,571,651	\$ 2,429,764	\$ 239,204	\$ 58,762,211

Construction in progress at December 31, 2022, consists of amounts completed on open road projects, the new highway department facility, the parks maintenance shop, and sirens at Lake Sarah and Swenson Park.

# Murray County Slayton, Minnesota

## Depreciation Expense Charged to Functions/Programs

General government	\$ 392,765
Public safety	138,264
Highways and streets, including depreciation of infrastructure assets	2,573,524
Sanitation	20,029
Culture and recreation, including depreciation of infrastructure assets	85,527
Conservation of natural resources	<u>7,081</u>
Total Depreciation Expense	<u><u>\$ 3,217,190</u></u>

### Business-Type Activities

#### Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Buildings	\$ 1,533,630	\$ -	\$ -	\$ 1,533,630
Less: accumulated depreciation for				
Buildings	<u>1,278,025</u>	<u>51,121</u>	-	<u>1,329,146</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 255,605</u></u>	<u><u>\$ (51,121)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 204,484</u></u>

Depreciation of \$51,121 for business-type activities was charged to Congregate Housing.

### Interfund Receivables, Payables, and Transfers

#### Due To/From Other Funds

#### Interfund Balances as of December 31, 2022

Receivable Fund	Payable Fund	Amount
Road and Bridge Special Revenue Fund	General Fund	\$ 10,784
Road and Bridge Special Revenue Fund	Ditch Special Revenue Fund	<u>28</u>
Total Due To/From Other Funds		<u><u>\$ 10,812</u></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.

#### Advance To/From Other Funds

The Congregate Housing Enterprise Fund has a balance due to the General Fund of \$395,000 resulting from a shortfall in operations in the Congregate Housing Enterprise Fund. There is no repayment schedule set.

# Murray County Slayton, Minnesota

The Ditch Special Revenue Fund has a balance due to the General Fund of \$250,000 resulting from improvement projects on Judicial Ditch Nos. 6 and 20. The advance will be repaid with the future issuance of general obligation drainage bonds.

## Interfund Transfers

### Interfund Transfers for the Year Ended December 31, 2022

Transfer to Ditch Special Revenue Fund from General Fund	\$	52,711	Interest, appropriation
Transfer to EDA Special Revenue Fund from General Fund		106,066	Appropriation
Transfer to Congregate Housing Enterprise Fund from General Fund		323	Interest
Transfer to General Fund from Congregate Housing Enterprise Fund		3,060	Interest on advance
Total Interfund Transfers	\$	162,160	

## Liabilities and Deferred Inflows of Resources

### Payables

#### Payables as of December 31, 2022

	Governmental Activities		Business-Type Activities
Accounts payable	\$ 408,665	\$	7,809
Salaries payable	432,758		3,546
Claims payable	355,494		-
Contracts payable	316,981		-
Due to other governments	111,695		156
Accrued interest payable	130,186		-
Payable from restricted assets	-		11,800
Total Payables	\$ 1,755,779	\$	23,311

### Construction Commitments

The County has active construction projects and other commitments as of December 31, 2022. The projects and commitments include the following:

#### Active Construction Projects as of December 31, 2022

	Spent-to-Date		Remaining Commitment
<b>Governmental Activities</b>			
911 Equipment Upgrade – General Fund	\$ 25,840	\$	81,099
Pictometry Flyover – General Fund	132,891		64,565
Parks Shop – General Fund	226,771		143,491
Lime Lake Outlet Modification – General Fund	-		219,250
Government Center Solar Panels – General Fund	-		68,500
SAP 051-599-105 – Road and Bridge Fund	425,117		63,436
SAP 051-638-026 – Road and Bridge Fund	455,214		1,064,585
Total Construction Commitments	\$ 1,265,833	\$	1,704,926

# Murray County Slayton, Minnesota

## Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue consists of special assessments, taxes, state grants, loans and other long-term receivables, and interest revenue not collected soon enough after year-end to pay liabilities of the current period.

### Deferred Inflows of Resources by Fund as of December 31, 2022

	Special Assessments	Taxes	Grants	Loans and Other Long-Term Receivables	Interest	Total
Governmental funds						
General Fund	\$ 683,801	\$ 30,251	\$ -	\$ -	\$ 16,797	\$ 730,849
Special Revenue Funds						
Road and Bridge	-	8,518	5,656,062	-	-	5,664,580
Ditch	1,329,112	-	-	115,000	-	1,444,112
Human Services	-	7,647	-	-	-	7,647
EDA	-	-	-	593,711	-	593,711
Debt Service Fund	-	272	-	-	-	272
<b>Total Unavailable Revenue</b>	<b>\$ 2,012,913</b>	<b>\$ 46,688</b>	<b>\$ 5,656,062</b>	<b>\$ 708,711</b>	<b>\$ 16,797</b>	<b>\$ 8,441,171</b>

## Long-Term Debt

### Governmental Activities – Bonds Payable

#### Bonds Payable as of December 31, 2022

Type of Indebtedness	Final Maturity	Installment Amounts	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
2007A G.O. Refunding Bonds	2029	\$25,000- \$195,000	4.00-4.25	\$ 1,625,000	\$ 130,000
2016A G.O. Ditch Bonds	2032	\$100,000- \$130,000	2.00-2.45	1,695,000	1,175,000
2018A G.O. Ditch Bonds	2034	\$65,000- \$100,000	2.30-3.30	1,220,000	1,020,000
2020A G.O. State Aid Bonds	2041	\$315,000- \$675,000	2.00-4.00	10,900,000	10,585,000
2021A G.O. Ditch Bonds	2037	\$220,000- \$345,000	1.00-3.00	4,555,000	4,555,000
Add: unamortized premium					604,076
Add: unamortized discount					(3,549)
<b>Net General Obligation Bonds</b>					<b>\$ 18,065,527</b>

The Series 2007A G.O. Refunding Bonds include an amount to refund the 1999A G.O. Water Revenue Bonds of the Red Rock Rural Water System (RRRWS). The RRRWS is levying special assessments to pay for these bonds. The County has pledged its full faith and credit for the repayment of principal and interest on these refunding bonds should RRRWS special assessment revenue be insufficient. The County has recognized a long-term receivable in

## Murray County Slayton, Minnesota

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the governmental activities for the current principal amount, \$130,000, due from the RRRWS, which will decrease as principal payments are made. Payments are reported in the Ditch Special Revenue Fund.

The County issued the Series 2016A G.O. Ditch Bonds to finance improvements to County Ditch Nos. 35, 73, and 82. The term of the bonds is 16 years, with principal payments starting on February 1, 2018. Debt service requirements are made from the Ditch Special Revenue Fund, as they are to be repaid from future special assessment collections.

The County issued the Series 2018A G.O. Ditch Bonds to finance improvements to County Ditch No. 61 and Judicial Ditch No. 8. The term of the bonds is 16 years, with principal payments starting on February 1, 2020. Debt service requirements are made from the Ditch Special Revenue Fund, as they are to be repaid from future special assessment collections.

Murray County issued the Series 2020A G.O. State Aid Bonds to provide funds for the construction of a new highway department facility. The County will use its state-aid allotments to repay the principal and interest on the bonds. Eighty-four percent of the principal payments will be funded with regular construction, and 84 percent of interest payments will be funded by regular maintenance funds through 2041. The remaining 16 percent of principal and interest payments will be funded by the County through wheelage tax and levy funds. Debt service payments will be made from the Road and Bridge Special Revenue Fund. These bonds are issued as 20-year serial bonds.

The County issued the Series 2021A G.O. Ditch Bonds to finance improvements to County Ditch Nos. 3, 6, and 20A. The term of the bonds is 16 years, with principal payments starting February 1, 2023. Debt service requirements are made from the Ditch Special Revenue Fund, as they are to be repaid from future special assessment collections.

### Governmental Activities – Loans Payable

#### Loans Payable as of December 31, 2022

Type of Indebtedness	Final Maturity	Installment Amounts	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
Rock River CWP Project	2022	\$ 1,048	2.00	\$ 9,459	\$ 518

In 1998, the County agreed to act as loan and project sponsor for a loan agreement made under the Clean Water Partnership (CWP) Law with the State of Minnesota through its Pollution Control Agency. The County makes loans to residents to be used for the control and abatement of water pollution. The loans are to be repaid at interest rates of 2.00 percent, with repayment terms from five to 20 years, and are secured by special assessments placed on the individual parcels requesting funding of a project. Loan payments are reported in the General Fund.

In 2004, the County Board authorized County funds to be used for a County septic loan program. As of December 31, 2022, the County has issued \$2,034,934 to Murray County residents for the control and abatement of water pollution. As of December 31, 2022, the \$677,862 of special assessments receivable balance reported in the General Fund represents outstanding septic system loans.

# Murray County Slayton, Minnesota

## Debt Service Requirements

### Governmental Activities

#### Debt Service Requirements as of December 31, 2022

Year Ending December 31	G.O. Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2023	\$ 845,000	\$ 399,525	\$ 518	\$ 5
2024	900,000	370,987	-	-
2025	935,000	340,925	-	-
2026	970,000	309,638	-	-
2027	1,005,000	277,034	-	-
2028-2032	5,355,000	1,016,495	-	-
2033-2037	4,845,000	523,920	-	-
2038-2041	2,610,000	122,090	-	-
<b>Total</b>	<b>\$ 17,465,000</b>	<b>\$ 3,360,614</b>	<b>\$ 518</b>	<b>\$ 5</b>

## Changes in Long-Term Obligations

### Governmental Activities

#### Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 18,190,000	\$ -	\$ 725,000	\$ 17,465,000	\$ 845,000
Add: unamortized premiums	624,790	-	20,714	604,076	-
Less: unamortized discounts	(5,659)	-	(2,110)	(3,549)	-
<b>Net bonds payable</b>	<b>\$ 18,809,131</b>	<b>\$ -</b>	<b>\$ 743,604</b>	<b>\$ 18,065,527</b>	<b>\$ 845,000</b>
Loans payable	5,036	-	4,518	518	518
Compensated absences	405,879	364,856	31,637	739,098	116,704
<b>Governmental Activities Long-Term Liabilities</b>	<b>\$ 19,220,046</b>	<b>\$ 364,856</b>	<b>\$ 779,759</b>	<b>\$ 18,805,143</b>	<b>\$ 962,222</b>

### Business-Type Activities

#### Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Housing Development Refunding Bonds	\$ 110,000	\$ -	\$ 110,000	\$ -	\$ -
Compensated absences	12,923	4,484	9,010	8,397	1,326
<b>Total long-term liabilities</b>	<b>\$ 122,923</b>	<b>\$ 4,484</b>	<b>\$ 119,010</b>	<b>\$ 8,397</b>	<b>\$ 1,326</b>
Less: unamortized discounts	(1,592)	-	(1,592)	-	-
<b>Business-Type Activities Long-Term Liabilities</b>	<b>\$ 121,331</b>	<b>\$ 4,484</b>	<b>\$ 117,418</b>	<b>\$ 8,397</b>	<b>\$ 1,326</b>

# Murray County Slayton, Minnesota

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## Other Postemployment Benefits (OPEB)

### Plan Description

Murray County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

### Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Murray County Board of Commissioners. Retirees are required to pay 100 percent of the premium costs. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

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

As of the January 1, 2022, actuarial valuation, there were 79 active plan participants covered by the benefit terms.

### Total OPEB Liability

The County's total OPEB liability of \$244,324 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2022. A portion of the year-end OPEB liability, \$4,611, is reported in the Congregate Housing Enterprise Fund business-type activity. The remaining \$239,713 year-end OPEB liability is reported in governmental activities. For the governmental activities, the OPEB liability is liquidated by the General Fund, Road and Bridge Special Revenue Fund, Ditch Special Revenue Fund, and EDA Special Revenue Fund. For the business-type activities, the OPEB liability is liquidated by the Congregate Housing Enterprise Fund.

The total OPEB liability for the fiscal year-end December 31, 2022, reporting date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

#### **OPEB Actuarial Assumptions and Other Inputs**

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.00 percent
Salary increases	Rates vary based on service and employee classification
Health care cost trend	6.50 percent, decreasing to 5.00 percent over six years then to 4.00 percent over the next 48 years

The salary increases have been determined on a salary scale similar to the table used to value pension liabilities for PERA. The rates are based on the four-year experience study for PERA's Police and Fire Plan completed in 2020 and the four-year experience study for the PERA's General Employees Retirement plan completed in 2019 and a review of the inflation assumption.

The current year discount rate is 2.00 percent. For the current valuation, the discount rate was based on reviewing 20-year municipal bond yields on high quality, tax-exempt general obligation municipal bonds as of the

# Murray County Slayton, Minnesota

measurement date. Mortality rates are based on 2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data.

## Changes in the Total OPEB Liability

### Changes in the Total OPEB Liability For the Year Ended December 31, 2022

	Total OPEB Liability
Balance at January 1, 2022	\$ 292,071
Changes for the year	
Service cost	\$ 25,611
Interest	9,039
Assumption changes	11,788
Differences between expected and actual experience	(82,122)
Benefit payments	(12,063)
Net change	\$ (47,747)
Balance at December 31, 2022	\$ 244,324

## 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:

### Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 262,967
Current	2.00%	244,324
1% Increase	3.00%	226,566

The following presents the total OPEB liability of the County, calculated using the health care cost trend rate 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.

### Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2022

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 214,846
Current	6.50% Decreasing to 5.00%	244,324
1% Increase	7.50% Decreasing to 6.00%	279,395

# Murray County Slayton, Minnesota

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

For the year ended December 31, 2022, the County recognized OPEB expense of \$12,861.

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 12,607	\$ 4,140
Differences between expected and actual experience	-	105,955
Contributions subsequent to the measurement date	9,530	-
Total	\$ 22,137	\$ 110,095

The \$9,530 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2022

Year Ended December 31	OPEB Expense Amount
2023	\$ (21,789)
2024	(21,789)
2025	(21,783)
2026	(20,403)
2027	(11,724)

## Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2022:

- The health care trend rates, mortality tables, salary increases rates, retirement rates, and withdrawal rates were updated.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate changed from 2.90 percent to 2.00 percent.

# Murray County Slayton, Minnesota

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## Pension Plans

### Defined Benefit Pension Plans

#### Plan Description

All full-time and certain part-time employees of Murray 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) and the Public Employees Police and Fire Plan (the Police and Fire Plan), which are cost-sharing, multiple-employer retirement plans. 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 Murray 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.

#### 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

# Murray County Slayton, Minnesota

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than 36 months 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 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 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.

### 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 2021.

#### Member and Employer Required Contribution Rates

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

#### Employer Contributions For the Year Ended December 31, 2022

General Employees Plan	\$	277,949
Police and Fire Plan		162,740

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

# Murray County Slayton, Minnesota

## [Pension Costs](#)

### General Employees Plan

At December 31, 2022, the County reported a liability of \$3,849,136 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.0486 percent. It was 0.0495 percent measured as of June 30, 2021. The County recognized pension expense of \$552,559 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$16,853 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

**General Employees Plan  
Employer's Share of the Net Pension Liability and the State's Related Liability  
As of December 31, 2022**

The County's proportionate share of the net pension liability	\$	3,849,136
State of Minnesota's proportionate share of the net pension liability associated with the County		112,789
Total	\$	3,961,925

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:

**General Employees Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2022**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 32,151	\$ 41,919
Changes in actuarial assumptions	886,772	16,106
Difference between projected and actual investment earnings	43,559	-
Changes in proportion	26,699	47,016
Contributions paid to PERA subsequent to the measurement date	142,128	-
Total	\$ 1,131,309	\$ 105,041

The \$142,128 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

# Murray County Slayton, Minnesota

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## General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 342,652
2024	334,741
2025	(141,351)
2026	348,098

### Police and Fire Plan

At December 31, 2022, the County reported a liability of \$3,111,398 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.0715 percent. It was 0.0751 percent measured as of June 30, 2021. The County recognized pension expense of \$259,571 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, 2022. 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 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$26,357 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

### Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2022

The County's proportionate share of the net pension liability	\$	3,111,398
State of Minnesota's proportionate share of the net pension liability associated with the County		135,880
Total	\$	3,247,278

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 \$6,435 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.

## Murray County Slayton, Minnesota

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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:

### Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 193,789	\$ -
Changes in actuarial assumptions	1,864,209	19,241
Difference between projected and actual investment earnings	2,486	-
Changes in proportion	33,911	32,217
Contributions paid to PERA subsequent to the measurement date	85,941	-
Total	\$ 2,180,336	\$ 51,458

The \$85,941 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

### Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 401,927
2024	399,154
2025	341,759
2026	645,853
2027	254,244

#### Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2022, was \$812,130.

# Murray County Slayton, Minnesota

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## Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuations were determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

### Actuarial Assumptions for the Year Ended June 30, 2022

	General Employees Fund	Police and Fire Fund
Inflation	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year
Investment Rate of Return	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 Plan, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan per year through December 31, 2054, and 1.50 percent per year thereafter. 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, 2022, 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. For both plans, a review of inflation and investment assumptions dated July 12, 2022, was utilized.

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.

### Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class

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

## Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. 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 position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected

# Murray County Slayton, Minnesota

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent, based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. An equivalent single discount rate of 5.40 percent for the Police and Fire Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits to the point of asset depletion and 3.69 percent thereafter.

### Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

#### General Employees Plan

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

#### Police and Fire Plan

- The single discount rate changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

### 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.

**Sensitivity of the Employer's Proportionate Share of the  
Net Pension Liability to Changes in the Discount Rate  
As of December 31, 2022**

	Proportionate Share of the			
	General Employees Plan		Police and Fire Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 6,079,912	4.40%	\$ 4,708,701
Current	6.50%	3,849,136	5.40%	3,111,398
1% Increase	7.50%	2,019,556	6.40%	1,820,073

### 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

# Murray County Slayton, Minnesota

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obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

## Defined Contribution Plan

Five County Commissioners and one elected officer of Murray 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 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 the Employer For the Year Ended December 31, 2022**

	Employee	Employer
Contribution amount	\$ 11,333	\$ 11,333
Percentage of covered payroll	5.00%	5.00%

## Note 4 – 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 expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2022 and 2023. 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.

# Murray County Slayton, Minnesota

On October 25, 2013, Murray County entered into a joint powers agreement with three local counties (Lyon, Redwood, 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. Benton County joined as of January 1, 2018, and Chippewa County joined as of January 1, 2020. Premiums are withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County is 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, 2022, 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, 2023.

### Changes in Claims Liabilities For the Years Ended December 31, 2021, and 2022

	2021	2022
Unpaid claims, January 1	\$ 416,291	\$ 219,888
Incurred claims	2,513,103	2,780,025
Claims payments	(2,709,506)	(2,644,419)
Unpaid claims, December 31	\$ 219,888	\$ 355,494

## Note 5 – Summary of Significant Contingencies and Other Items

### 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, 2022, the Lincoln-Pipestone Rural Water System had \$31,842,000 of general obligation bonds outstanding through 2059. 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

## **Murray County Slayton, Minnesota**

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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 be required to 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.

### **Joint Ventures**

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

#### **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 service functions were assumed by SWHHS as of January 1, 2012. Redwood County's health and human service 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.
- 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 shall have 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. Murray County's contribution in 2022 for the human services function was \$1,412,707, and its contribution to the health services function was \$124,331.

## **Murray County Slayton, Minnesota**

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

### **Lincoln-Pipestone Rural Water System**

Murray County, along with Jackson, Lac qui Parle, Lincoln, Lyon, Nobles, Pipestone, Redwood, 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, 2022, were \$31,842,000.

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.

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.

### **Plum Creek Library System**

Murray 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 participating libraries. During 2022, Murray County provided \$70,550 to the Plum Creek Library System.

# Murray County Slayton, Minnesota

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

## [Advocate, Connect, Educate \(A.C.E.\) of Southwest Minnesota](#)

Murray County, in conjunction with Cottonwood, Lincoln, Lyon, Nobles, Redwood, 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 non-profit 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 2022, Murray County made contributions of \$31,166 to the A.C.E. of Southwest Minnesota.

## [Buffalo Ridge Drug and Violent Crime Task Force](#)

The Buffalo Ridge Drug Task Force was established in 2005 under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 299A.642. The 2022 members are Lincoln, Murray, Nobles, and Pipestone Counties, and the Cities of Adrian, Fulda, and Slayton. During 2022, Nobles County and the City of Adrian left the Task Force, and Lincoln County joined the Task Force. In 2021, the Task Force changed its name to the Buffalo Ridge Drug and Violent Crime Task Force. Pipestone County is the fiscal agent for the Task Force. The Task Force provides drug enforcement and violent crime services for member organizations.

Each county provides an agent to the Task Force; in addition, Murray County provides the Commander to the Task Force. The Cities of Adrian, Fulda, and Slayton are members of the Task Force, but do not provide an agent.

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of the Sheriff (or appointed representative) and one peace officer appointed by the County Sheriff from each county with personnel assigned to actively participate in the Task Force and the Chief of Police (or appointed representative) of each city with personnel assigned to actively participate on the Task Force. The Board will also include non-voting members such as the Sheriff or Chief of Police of each city or county that does not have personnel actively assigned to participate in the Task Force. The Murray County Attorney, or designee, also serves as a non-voting member of the Board and serves as legal advisor to the Board.

Funding for the Task Force is provided by grants and per capita contributions by county participants. During 2022, Murray County provided \$36,806 to the Task Force.

## [Agricultural Best Management Loan Program](#)

Murray County has entered into an agreement with the Minnesota Department of Agriculture and two local lending institutions to jointly administer a loan program to individuals to implement projects that prevent or mitigate non-point source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement.

# Murray County Slayton, Minnesota

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## Opioid Settlement Funds

Murray County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The County is expected to receive \$505,157 over the next 18 years. The majority of the funds are intended for opioid abatement. The *Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA)* identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of the MOA, the County created a special revenue fund. The County has combined the Opioid Settlement Fund with the Human Services Fund for its financial statements. Funds are restricted until expended. The MOA requires that the County recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the County does not record a receivable for the settlement. For the year ended December 21, 2022, the County received \$58,566 as part of the settlement.

## Note 7 – Shetek Area Water and Sewer Commission Component Unit

### Summary of Significant Accounting Policies

The accounting policies of the Shetek Area Water and Sewer Commission conform with accounting principles generally accepted in the United States of America. In addition to those policies identified in Note 1, the Shetek Area Water and Sewer Commission discretely presented component unit has the following significant accounting policies.

### Financial Reporting Entity

The Shetek Area Water and Sewer Commission was formed May 8, 2001, pursuant to Minn. Stat. §§ 115.18 to 115.37 (now see Minn. Stat. ch. 442A). The Water and Sewer Commission was created for the purpose of promoting public health and welfare by providing an adequate and efficient means of collecting, conveying, pumping, treating, and disposing of domestic sewage and industrial waste within the Shetek Area. The Water and Sewer Commission is governed by a five-member Board appointed by the Murray County Board of Commissioners. Each member of the Board must be a voter residing in the area. The Water and Sewer Commission is reported in a separate column in the financial statements to emphasize that it is legally separate from the County. Separate financial statements are not issued.

The Shetek Area Water and Sewer Commission has no component units for which it is financially accountable.

### Measurement Focus and Basis of Accounting

The Shetek Area Water and Sewer Commission presents as an enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues, such as sewer utility charges, 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 investment earnings, result from nonexchange transactions or incidental activities. Operating expenses are all expenses incurred to provide services. Expenses not meeting this definition are reported as nonoperating expenses.

# Murray County Slayton, Minnesota

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## Assets and Liabilities

### Deposits and Investments

The Water and Sewer Commission's cash balance is held with Murray County as part of its pooled cash and investments account; therefore, the fair value hierarchy is not applicable. Investments are included in an external investment pool, which is measured at net asset value provided by the pool (Murray County).

### Cash and Cash Equivalents

Cash and cash equivalents are identified only for the purpose of the statement of cash flows. The Water and Sewer Commission has defined cash and cash equivalents to include restricted and unrestricted cash held by Murray County as part of its pooled cash and investments account. The Murray County pooled investment account is treated as a cash equivalent because the Water and Sewer Commission can deposit or effectively withdraw cash at any time without prior notice or penalty.

### Accounts and Special Assessments Receivable

Accounts receivable represents amounts due from the sewer system users for utility charges unpaid at December 31, 2022.

Special assessments receivable consist of delinquent special assessments payable in the year 2022 and noncurrent special assessments payable in 2023 and after. Unpaid special assessments at December 31, 2022, are classified in the financial statements as delinquent special assessments.

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

### Restricted Assets

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

### Special Assessments Revenue

Special assessments were levied to pay debt associated with the sewer system construction and are reported as capital contributions in an amount equal to the capital asset. In Minnesota, counties act as collection agents for special assessments levied with property taxes. Tax settlements, including special assessment collections, are received four times a year—in January, May, October, and November. Special assessments levied are recognized as capital contributions in the year of the levy.

### Capital Assets

Capital assets are recorded at historical cost. The Water and Sewer Commission defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not

# Murray County Slayton, Minnesota

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

Property and equipment of the Water and Sewer Commission are depreciated using the straight-line method over the following estimated useful lives:

## Estimated Useful Lives of Capital Assets

Assets	Years
Land improvements	75
Collection system	40
Machinery and equipment	15

### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

### 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 these estimates.

### Detailed Notes

#### Deposits

Cash transactions are administered by the Murray County Auditor-Treasurer, who is, according to Minn. Stat. §§ 118A.02 and 118A.04, authorized to deposit cash and to invest in certificates of deposit in financial institutions designated by the County's Board. Minnesota statutes require that all County deposits be covered by insurance, surety bond, or collateral, a requirement for which Murray County was in compliance at December 31, 2022. As of December 31, 2022, the Water and Sewer Commission had \$1,105,767 on deposit with Murray County.

#### Receivables

The Water and Sewer Commission's noncurrent special assessments receivable balance at December 31, 2022, was \$3,582,293, of which \$3,092,127 is not scheduled for collection during the subsequent year.

# Murray County Slayton, Minnesota

## Capital Assets

### Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 421,046	\$ -	\$ -	\$ 421,046
Capital assets depreciated				
Land improvements	\$ 1,718,495	\$ -	\$ -	\$ 1,718,495
Buildings and structures	57,450	-	-	57,450
Machinery and equipment	491,400	-	-	491,400
Infrastructure	13,104,082	-	-	13,104,082
Total capital assets depreciated	\$ 15,371,427	\$ -	\$ -	\$ 15,371,427
Less: accumulated depreciation for				
Land improvements	\$ 334,147	\$ 22,913	\$ -	\$ 357,060
Buildings and structures	16,633	1,436	-	18,069
Machinery and equipment	428,610	32,760	-	461,370
Infrastructure	4,298,558	329,357	-	4,627,915
Total accumulated depreciation	\$ 5,077,948	\$ 386,466	\$ -	\$ 5,464,414
Total capital assets depreciated, net	\$ 10,293,479	\$ (386,466)	\$ -	\$ 9,907,013
Total Capital Assets, Net	\$ 10,714,525	\$ (386,466)	\$ -	\$ 10,328,059

Depreciation expense for 2022 was \$386,466.

## Long-Term Obligations

### Bonds Payable

#### Bonds Payable as of December 31, 2022

Type of Indebtedness	Final Maturity	Installment Amounts	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
General obligation bonds					
2013A Sewer Revenue Crossover Refunding Bonds	2028	\$150,000- \$265,000	2.00-2.35	\$ 2,590,000	\$ 1,425,000

The G.O. Revenue Bonds will be retired with income from operations, special assessments, and unused construction funding, and are exempt from the limitations on net debt imposed by Minnesota law.

## Murray County Slayton, Minnesota

### Debt Service Requirements as of December 31, 2022

Year Ending December 31	G.O. Bonds	
	Principal	Interest
2023	\$ 245,000	\$ 27,627
2024	250,000	22,678
2025	255,000	17,627
2026	260,000	12,282
2027	265,000	6,506
2028	150,000	1,763
Total	\$ 1,425,000	\$ 88,483

#### [Minnesota Public Facilities Authority G.O. Notes](#)

In 2006, Minnesota Public Facilities Authority G.O. Notes were issued in the amount of \$15,144,000. Of this amount, \$11,554,549 was issued from the Water Pollution Control Revolving Fund, and \$3,589,451 was issued from the Wastewater Infrastructure Fund. In 2014, the Minnesota Public Facilities Authority converted the \$3,589,451 Wastewater Infrastructure Fund Loan into a grant, in effect, reducing the payable portion of the note to zero. Amounts drawn or receivable on this note as of December 31, 2022, were \$11,299,849 from the Water Pollution Control Revolving Fund. Note payments for the Water Pollution Control Revolving Fund are due semi-annually for interest and annually for principal on February 20 and August 20, 2008, through 2026, at an interest rate of 1.01 percent.

### Debt Service Requirements as of December 31, 2022

Year Ended December 31	Minnesota Public Facilities Authority Loans	
	Water Pollution Control Revolving Fund	
	Principal	Interest
2023	\$ 485,327	\$ 18,677
2024	469,000	13,901
2025	478,000	9,164
2026	429,310	4,336
Total	\$ 1,861,637	\$ 46,078

The G.O. Revenue Notes will be retired with income from operations, prepayments of special assessments, special assessments, and unused construction funding, and are exempt from the limitations on net debt imposed by Minnesota law. The above debt service requirements are subject to change due to early prepayments of special assessments and loans to be issued in the future.

#### [Easement Purchase Agreement](#)

The Shetek Area Water and Sewer Commission entered into an agreement with the City of Currie for the purchase of an easement for access to the Shetek Area Water and Sewer Commission's pond outlet. Principal payments are made annually through 2038.

# Murray County Slayton, Minnesota

## Debt Service Requirements as of December 31, 2022

Year Ending December 31	Easement Purchase Agreement	
	Principal	Interest
2023	\$ 3,000	\$ -
2024	3,000	-
2025	3,000	-
2026	3,000	-
2027	3,000	-
2028-2032	15,000	-
2033-2037	15,000	-
2038	3,000	-
Total	<u>\$ 48,000</u>	<u>\$ -</u>

### Changes in Long-Term Liabilities

#### Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and notes payable					
Minnesota Public Facilities Authority					
General obligation notes	\$ 2,489,891	\$ -	\$ 628,254	\$ 1,861,637	\$ 485,327
Easement purchase agreement	51,000	-	3,000	48,000	3,000
General obligation bonds	1,665,000	-	240,000	1,425,000	245,000
Total Long-Term Liabilities	<u>\$ 4,205,891</u>	<u>\$ -</u>	<u>\$ 871,254</u>	<u>\$ 3,334,637</u>	<u>\$ 733,327</u>

### Risk Management

The Shetek Area Water and Sewer Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters for which the Water and Sewer Commission carries commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool, for property insurance and workers' compensation. The Water and Sewer Commission purchases only property insurance through LMCIT, as it does not have any employees. The pool currently operates as a common risk management and insurance program for municipal entities. The Water and Sewer Commission pays an annual premium to the LMCIT. The LMCIT is self-sustaining through commercial companies for excess claims. The Water and Sewer Commission retains the risk for the deductible portions of the insurance. There are no employees of the Shetek Area Water and Sewer Commission, as the Water and Sewer Commission has hired independent contractors to operate the plant, and Murray County performs its accounting functions. 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.

# Murray County Slayton, Minnesota

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## Note 8 – Murray County Medical Center Component Unit

### Summary of Significant Accounting Policies

The accounting policies of the Murray County Medical Center conform with accounting principles generally accepted in the United States of America. In addition to those policies identified in Note 1, the Murray County Medical Center discretely presented component unit has the following significant accounting policies.

#### Financial Reporting Entity

The Murray County Medical Center was formed to own, maintain, and operate health care and related facilities, and to furnish medical and surgical care to the sick, infirmed, aged, or injured. The Medical Center provides acute inpatient, outpatient, and physician clinic services. Physician clinic services are provided through a rural health clinic and a surgery clinic located in Slayton, Minnesota. The Medical Center is governed by a five-member board consisting of two members of the County Board of Commissioners and three members appointed by the County Board of Commissioners. The Medical Center is reported in a separate column in the financial statements to emphasize that it is legally separate from the County. Separate financial statements are issued.

The Medical Center has no component units.

#### Measurement Focus and Basis of Accounting

The Medical Center presents as an enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. Operating revenues result from transactions associated with providing health care services – the Medical Center’s principal activity. Other revenues, including interest income, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, including interest expense.

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

##### Cash and Cash Equivalents

Cash and cash equivalents consist of interest-bearing cash accounts and certificates of deposit that are pooled with Murray County. For the purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. The Medical Center’s investment earnings for the year ended December 31, 2022, were \$79,355 and are included in nonoperating revenues.

##### Patient Receivables

The Medical Center provides an allowance for uncollectible accounts based on the allowance method using management’s judgment. Patients are not required to provide collateral for services rendered. Payment for services is required within 45 days of receipt of invoice or claim submitted. Accounts past due are individually analyzed for collectability. Amounts for which no payments have been received are written off using management’s judgment on a per account basis. In addition, an allowance is estimated for other accounts based on historical experience of the Medical Center.

# Murray County Slayton, Minnesota

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## [Inventories](#)

Inventories are recorded at the lower of cost or market using the latest invoice cost, which approximates the first-in, first-out method.

## [Capital Assets](#)

The Medical Center records its property and equipment at cost or, if donated, at fair market value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the property. Useful lives are assigned based on estimated useful lives of depreciable assets recommended by the American Hospital Association. It is the Medical Center's policy to include amortization expenses on assets acquired under leases with depreciation on owned assets. Maintenance repairs and minor renewals are charged to expense as incurred.

## [Long-Term Obligations](#)

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

## [Leases Payable](#)

The Hospital is a lessee for noncancellable leases of equipment. The Hospital recognizes a lease liability and capital assets in the financial statements.

At the commencement of a lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Hospital determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease as well as periods covered by an option to extend the lease if the Hospital is reasonably certain to exercise that option.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Hospital is reasonably certain to exercise.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

# Murray County Slayton, Minnesota

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## Leases Receivable

The Hospital is a lessor for noncancellable building leases. The Hospital recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Hospital initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Hospital determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Hospital uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Hospital monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## Revenues and Expenses

### Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### Gifts, Grants, and Bequests

Gifts that are not restricted by donors are subject to designation by the Medical Center and are reflected in nonoperating revenue when received. Gifts and grants for a specific operating purpose are reflected in nonoperating revenues in the period when the restrictions are complied with by disbursement of funds.

### 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 these estimates.

# Murray County Slayton, Minnesota

## Change in Accounting Principles

During the year ended December 31, 2022, the Medical Center adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 87, *Leases*, which establishes criteria for accounting and financial reporting for leases.

### Restatements as a Result of Implementation of GASB Statement No. 87

	As		Balance as
	Previously Reported	Adjustments	Restated
Assets			
Leases receivable – current	\$ -	\$ 28,517	\$ 28,517
Leases receivable – noncurrent	-	271,774	271,774
Capital assets – net	8,249,441	165,556	8,414,997
Liabilities			
Leases payable - current	-	66,251	66,251
Leases payable - noncurrent	-	249,583	249,583
Deferred Inflows of Resources			
Lease inflows	-	289,536	289,536
Net Position	10,889,889	(9,550)	10,880,339

## Detailed Notes

### Net Patient/Resident Service Revenue

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The amount of charges foregone for services and supplies furnished under the charity care policy was \$13,912 in 2022. The estimated costs of the charges forgone, based upon the Medical Center’s overall costs-to-charge ratio calculation, were approximately \$8,500 for 2022.

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare – The Medical Center has elected Critical Access Hospital (CAH) designation for Medicare. As a CAH, the Medical Center is reimbursed for inpatient, swing bed, and outpatient services to Medicare patients on a reasonable cost basis. Medicare reimburses the Medical Center for these services using interim rates, with a final settlement determined based on the annual cost report that is filed by the Medical Center. This cost report is subject to audit by the Medicare fiscal intermediary. The Medical Center’s Medicare cost reports have been finalized by the Medicare fiscal intermediary through December 31, 2019.
- Medicaid – Inpatient acute care services provided to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to the Medicaid program beneficiaries are reimbursed on a cost basis under the CAH program.

## Murray County Slayton, Minnesota

- Other Payors – The Medical Center also has entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Medical Center under these agreements are discounts from established charges, fee schedules, and prospectively determined rates per discharge.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

### Receivables

#### Murray County Medical Center Receivables as of December 31, 2022

	Total Receivables	Less: Allowance for Uncollectibles	Total Receivables – Net	Amounts Not Scheduled for Collection During the Subsequent Year
Accounts receivable	\$ 421,608	\$ -	\$ 421,608	\$ -
Patient receivables	6,027,442	(1,508,900)	4,518,542	-
Physician receivables	108,959	-	108,959	-
Lease receivable	271,774	-	271,774	240,837
<b>Total Receivables</b>	<b>\$ 6,829,783</b>	<b>\$ (1,508,900)</b>	<b>\$ 5,320,883</b>	<b>\$ 240,837</b>

The Hospital, acting as lessor, leases office and commercial space within the downtown campus to two different tenants under long-term, noncancelable lease agreements. The leases have terms with end dates in fiscal year 2024 and provide options for one or two renewal terms into fiscal year 2029 if fully executed. The renewal options are subject to termination by the Hospital with 12-month notice to tenant prior to current term end date.

During the year ended December 31, 2022, the Hospital recognized \$37,012 and \$14,189 in lease revenue and interest revenue, respectively, pursuant to these contracts.

### Unearned Revenue

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (CARES) and America Rescue Plan (ARP). Total grant funds approved and received by the Medical Center were \$3,884,646 for CARES and \$380,378 for ARP. In addition, funds were received through the CARES Act specifically for rural health clinics, of which the Medical Center received \$200,000. The funds are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2022, the Medical Center recognized \$445,648 as nonoperating revenue in the statement of activities and no unearned revenue in the statement of net position. The Medical Center also received emergency funding from other governmental entities, such as the Minnesota Department of Health. Total grant funds approved and received by the Medical Center from these sources was \$475,047. At December 31, 2022, the Medical Center recognized no nonoperating revenue in the statement of activities and no unearned revenue in the statement of net position.

# Murray County Slayton, Minnesota

## Capital Assets

### Changes in Capital Assets for the Year Ended December 31, 2022

	Beginning Balance (Restated)	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 172,231	\$ -	\$ -	\$ 172,231
Capital assets depreciated				
Land improvements	\$ 769,426	\$ -	\$ -	\$ 769,426
Buildings	17,801,267	-	-	17,801,267
Fixed equipment	852,564	145,583	-	998,147
Major movable equipment	8,217,666	1,021,785	-	9,239,451
Total capital assets depreciated	\$ 27,640,923	\$ 1,167,368	\$ -	\$ 28,808,291
Less: accumulated depreciation for				
Land improvements	\$ 509,188	\$ 38,079	\$ -	\$ 547,267
Buildings	11,253,530	744,981	-	11,998,511
Fixed equipment	637,612	35,926	-	673,538
Major movable equipment	6,997,827	443,193	-	7,441,020
Total accumulated depreciation	\$ 19,398,157	\$ 1,262,179	\$ -	\$ 20,660,336
Total capital assets depreciated, net	\$ 8,242,766	\$ (94,811)	\$ -	\$ 8,147,955
Capital Assets, Net	\$ 8,414,997	\$ (94,811)	\$ -	\$ 8,320,186

Depreciation expense for 2022 was \$1,262,179.

## Long-Term Liabilities

### Bonds Payable

#### Bonds Payable as of December 31, 2022

Type of Indebtedness	Final Maturity	Average Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
Health Care Facilities Gross Revenue Bonds, Series 2012A	2028	3.000-3.125	\$ 8,100,000	\$ 2,156,345

In 2012, the Medical Center entered into an agreement with Minnwest Bank South for the issuance of Health Care Facilities Gross Revenue Bonds, Series 2012A, to a maximum of \$8,100,000. The Medical Center approved a bond resolution that includes an annual rate of 3.125 percent through the first 60 payments. On the 60th and the 120th payment dates, the interest rate will be adjusted to a rate per annum equal to 3.000 percent plus the Federal Home Loan Bank Advance Rate provided; however, in no event shall the interest rate on the bond be less than 2.625 percent, nor shall an increase in the annual rate exceed 1.500 percent. The Medical Center is required to maintain certain financial and operational covenants in relation to the Health Care Facilities Gross Revenue Bonds.

# Murray County Slayton, Minnesota

## Special Assessments

The Medical Center was assessed for road improvements to Juniper Avenue in the amount of \$51,674 by the City of Slayton for the year ended December 31, 2014. Annual installments of \$5,167 began in 2016 and are expected to continue until 2026. The outstanding balance as of December 31, 2022, is \$15,503.

## Debt Service Requirements

### Debt Service Requirements as of December 31, 2022

Year Ending December 31	Revenue Bonds and Special Assessments				Leases	
	Assessments				Principal	Interest
	Principal	Interest	Principal	Interest		
2023	\$ 501,861	\$ 71,100	\$ 73,741	\$ 11,318		
2024	517,034	52,856	63,967	7,316		
2025	536,088	33,622	41,787	4,204		
2026	550,515	13,485	35,413	2,354		
2027	66,350	300	30,855	581		
<b>Total</b>	<b>\$ 2,171,848</b>	<b>\$ 171,363</b>	<b>\$ 245,763</b>	<b>\$ 25,773</b>		

## Changes in Long-Term Obligations

### Changes in Long-Term Liabilities for the Year Ended December 31, 2022

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Hospital Revenue Bonds, 2012	\$ 2,635,390	\$ -	\$ 479,045	\$ 2,156,345	\$ 496,694
Special assessment	20,670	-	5,167	15,503	5,167
Leases	315,834	-	70,071	245,763	73,741
<b>Total Long-Term Liabilities</b>	<b>\$ 2,971,894</b>	<b>\$ -</b>	<b>\$ 554,283</b>	<b>\$ 2,417,611</b>	<b>\$ 575,602</b>

## Payroll Protection Program

On May 7, 2020, the Medical Center received proceeds in the amount of \$1,277,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The SBA formally notified the Medical Center of forgiveness of the full amount of the loan proceeds as of June 9, 2021. The SBA may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of the liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Medical Center's financial position. Therefore, as of the year ended December 31, 2022, the Medical Center has satisfied the performance barriers attributable to \$1,277,000 of the PPP loan proceeds, and there is not nonoperating income on the accompanying statement of revenues, expenses, and changes in net position as of December 31, 2022.

# Murray County Slayton, Minnesota

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## Concentrations of Credit Risk

The Medical Center grants credit, without collateral, to its patients, most of whom are local residents and are insured under third-party payor agreements.

### **Receivables from Patients and Third-Party Payors and Patients as of December 31, 2022**

Medicare	60.0%
Medicaid	8.0%
Other third-party payors	25.0%
Private pay	<u>7.0%</u>
Total	<u>100.0%</u>

## Other Postemployment Benefits (OPEB)

Certain employees of the Murray County Medical Center are eligible to participate in a health insurance plan provided by Murray County. The Medical Center provides health insurance benefits for certain retired employees under a single-employer, fully-insured plan. The plan provides health insurance and other benefits to participating retirees who have reached the age of 55 and have 15 years of service with the Medical Center. The Medical Center provides benefits for retirees as required by state statutes. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost. As of January 1, 2022, there were no retirees receiving health benefits from the Medical Center's health plan.

## OPEB Benefits

Individuals who are employed by the Medical Center and are eligible to participate in the group health plan are eligible to continue health care benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At December 31, 2022, there were 88 active participants covered by the benefit terms.

## Total OPEB Liability

The Medical Center's total OPEB liability at December 31, 2022, is \$158,779.

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and the Entry Age Normal actuarial cost method, applied to all periods included in the measurement:

### **OPEB Actuarial Assumptions and Other Inputs**

Rate of inflation	2.00 per annum
Salary increases	Varying rates by years of service from 3.25 percent
Discount rate	2.00 percent, compounded annually, including inflation
Health care cost trend	6.50 percent, decreasing to 5.00 percent over six years

# Murray County Slayton, Minnesota

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## Discount Rate

The discount rate used to measure the total OPEB liability was 2.00 percent, which reflects the index rate for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Annual retirement probabilities are based on varying rates by age.

## Changes in the Total OPEB Liability

### Changes in the Total OPEB Liability For the Year Ended December 31, 2022

	Total OPEB Liability
Balance at January 1, 2022	\$ 208,479
Changes for the year	
Service cost	\$ 17,896
Interest	6,409
Changes in assumptions	943
Differences between expected and actual experiences	(64,080)
Benefit payments	(10,848)
Net change	\$ (49,680)
Balance at December 31, 2022	\$ 158,799

## OPEB Liability Sensitivity

The following presents the total OPEB liability of the Medical Center, calculated using the discount rate previously disclosed, as well as what the Medical Center'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.

### Sensitivity of the Total OPEB Liability to Changes In the Discount Rate as of December 31, 2022

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 146,802
Current	2.00%	158,799
1% Increase	3.00%	171,348

The following presents the total OPEB liability of the Medical Center, calculated using the health care cost trend previously disclosed, as well as what the Medical Center'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.

# Murray County Slayton, Minnesota

### Sensitivity of the Total OPEB Liability to Changes In the Health Care Trend Rates as of December 31, 2022

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 139,214
Current	6.50% Decreasing to 5.00%	158,799
1% Increase	7.50% Decreasing to 6.00%	182,232

### [OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB](#)

For the year ended December 31, 2022, the Medical Center recognized OPEB expense of \$35,701.

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ -	\$ 109,718
Contributions subsequent to the measurement date	4,209	-
Total	\$ 4,209	\$ 109,718

The \$4,209 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2022

Year Ended December 31	OPEB Expense Amount
2023	\$ 25,291
2024	25,289
2025	23,916
2026	23,910
2027	11,312

## [Pension Plan](#)

### [Defined Benefit Pension Plan](#)

#### Plan Description

All full-time and certain part-time employees of the Murray County Medical Center are covered by defined benefit pension plans administered by PERA. All Medical Center employees are part of the Coordinated Plan of the General Employees Retirement Fund.

# Murray County Slayton, Minnesota

## Contributions

In 2022, the Medical Center was required to contribute 7.50 percent of annual covered salary. The employee and employer rates did not change from the previous year.

The Medical Center's contributions for the General Employees Plan for the year ended December 31, 2022, was \$503,839. The contributions are equal to the statutorily required contributions as set by state statute.

## Pension Costs

At December 31, 2022, the Medical Center reported a liability of \$7,104,270 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the Medical Center's proportion was 0.0897 percent. It was 0.0868 percent measured as of June 30, 2021. The Medical Center recognized pension expense of \$817,944 for its proportionate share of the General Employees Plan's pension expense.

The Medical Center also recognized \$31,111 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's 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.

### Murray County Medical Center's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2022

The Medical Center's proportionate share of the net pension liability	\$	7,104,270
State of Minnesota's proportionate share of the net pension liability associated with the Medical Center		208,209
Total	\$	7,312,479

The Medical Center reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

### Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 59,340	\$ 75,890
Changes in actuarial assumptions	1,607,827	28,894
Difference between projected and actual investment earnings	123,227	-
Changes in proportion	178,710	145,436
Contributions paid to PERA subsequent to the measurement date	250,588	-
Total	\$ 2,219,692	\$ 250,220

# Murray County Slayton, Minnesota

The \$250,588 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

### Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 551,566
2024	717,809
2025	(186,086)
2026	635,595

### Pension Liability Sensitivity

The following presents the Medical Center’s proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the Medical Center’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.

### Murray County Medical Center’s Proportionate Share of the Sensitivity of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2022

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 11,221,566
Current	6.50%	7,104,270
1% Increase	7.50%	3,727,451

### Related-Party Transactions

The Medical Center entered into a management agreement with Sanford Health Network, beginning May 1, 2008. Under this agreement, Sanford Health provides certain financial and operational consulting services. Total fees paid to Sanford Health for the provision of these services for the year ended December 31, 2022, were \$47,405. The original management agreement was effective through May 1, 2016, and automatically renewed for additional years.

### Risk Management

The Murray County Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in

## **Murray County Slayton, Minnesota**

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insurance coverage from the previous three years in any of the policies. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

## **Required Supplementary Information**

**Murray County  
Slayton, Minnesota**

**Exhibit A-1**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 6,602,880	\$ 6,602,880	\$ 6,037,404	\$ (565,476)
Special assessments	277,217	277,217	282,990	5,773
Licenses and permits	31,790	31,790	80,953	49,163
Intergovernmental	2,155,417	2,155,417	2,379,923	224,506
Charges for services	378,572	378,572	444,508	65,936
Fines and forfeits	-	-	2,555	2,555
Gifts and contributions	26,300	26,300	17,556	(8,744)
Investment earnings	100,750	100,750	438,757	338,007
Miscellaneous	242,324	242,324	323,468	81,144
<b>Total Revenues</b>	<b>\$ 9,815,250</b>	<b>\$ 9,815,250</b>	<b>\$ 10,008,114</b>	<b>\$ 192,864</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 298,544	\$ 298,544	\$ 282,912	\$ 15,632
Community relations/web page development	1,436	1,436	1,436	-
Courts	30,200	30,200	18,977	11,223
Law library	5,000	5,000	2,258	2,742
Auditor/Treasurer	373,014	373,014	370,468	2,546
Accounting and auditing	52,000	52,000	32,839	19,161
County assessor	415,434	415,434	429,180	(13,746)
Elections	53,300	53,300	40,561	12,739
Assistive voting grant	-	-	25,703	(25,703)
Data processing and computer networking	356,943	356,943	337,663	19,280
Machines room	77,500	77,500	81,169	(3,669)
Motor pool	21,475	21,475	8,274	13,201
Human resources	364,168	364,168	288,641	75,527
Attorney	293,790	293,790	283,208	10,582
Recorder	212,420	212,420	213,517	(1,097)
Planning and zoning	190,750	190,750	192,223	(1,473)
Buildings and plant	1,681,109	1,681,109	888,853	792,256
Veterans services officer	39,538	39,538	31,478	8,060
License center	150,158	150,158	168,831	(18,673)
Other general government	16,500	16,500	43,482	(26,982)
<b>Total general government</b>	<b>\$ 4,633,279</b>	<b>\$ 4,633,279</b>	<b>\$ 3,741,673</b>	<b>\$ 891,606</b>
<b>Public safety</b>				
Sheriff	\$ 2,570,492	\$ 2,570,492	\$ 2,445,712	\$ 124,780
E-911 system	133,100	133,100	140,655	(7,555)
Probation	73,300	73,300	62,558	10,742
Civil defense	120,225	120,225	468,208	(347,983)
Other public safety	12,900	12,900	97,903	(85,003)
<b>Total public safety</b>	<b>\$ 2,910,017</b>	<b>\$ 2,910,017</b>	<b>\$ 3,215,036</b>	<b>\$ (305,019)</b>

**Murray County  
Slayton, Minnesota**

**Exhibit A-1  
(Continued)**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Sanitation</b>				
Solid waste	\$ 357,836	\$ 357,836	\$ 306,841	\$ 50,995
<b>Culture and recreation</b>				
Historical society	\$ 442,634	\$ 442,634	\$ 203,915	\$ 238,719
Senior citizens – Advocate, Connect, Educate (A.C.E.) of Southwest Minnesota	17,799	17,799	17,166	633
Transportation	34,480	34,480	14,000	20,480
Parks	332,032	332,032	362,578	(30,546)
Minnesota trails	32,639	32,639	18,248	14,391
Other	7,382	7,382	7,382	-
<b>Total culture and recreation</b>	<b>\$ 866,966</b>	<b>\$ 866,966</b>	<b>\$ 623,289</b>	<b>\$ 243,677</b>
<b>Conservation of natural resources</b>				
Extension	\$ 219,060	\$ 219,060	\$ 217,126	\$ 1,934
Soil and water conservation	205,057	205,057	147,209	57,848
Agricultural inspection	91,683	91,683	90,934	749
Redwood-Cottonwood Rivers Control Area	4,320	4,320	4,320	-
Environmental and land use advisory task force	50	50	36	14
Flood control	3,014	3,014	3,014	-
Agricultural society	39,330	39,330	21,610	17,720
Buffer strip riparian protection	51,650	51,650	28,825	22,825
Aquatic invasive species prevention	98,057	98,057	75,371	22,686
Water planning	119,657	119,657	157,835	(38,178)
Water quality loan program	175,000	175,000	303,969	(128,969)
Other conservation	3,500	3,500	2,528	972
<b>Total conservation of natural resources</b>	<b>\$ 1,010,378</b>	<b>\$ 1,010,378</b>	<b>\$ 1,052,777</b>	<b>\$ (42,399)</b>
<b>Economic development</b>				
Other	\$ 2,445	\$ 2,445	\$ 2,445	\$ -
<b>Capital outlay</b>				
General government	\$ 27,500	\$ 27,500	\$ 111,493	\$ (83,993)
<b>Intergovernmental</b>				
Health	\$ 124,331	\$ 124,331	\$ 124,331	\$ -
Library	70,550	70,550	70,550	-
<b>Total intergovernmental</b>	<b>\$ 194,881</b>	<b>\$ 194,881</b>	<b>\$ 194,881</b>	<b>\$ -</b>

**Murray County  
Slayton, Minnesota**

**Exhibit A-1  
(Continued)**

**Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued)</b>				
<b>Debt service</b>				
Principal	\$ 6,217	\$ 6,217	\$ 4,516	\$ 1,701
Interest	495	495	78	417
<b>Total debt service</b>	<b>\$ 6,712</b>	<b>\$ 6,712</b>	<b>\$ 4,594</b>	<b>\$ 2,118</b>
<b>Total Expenditures</b>	<b>\$ 10,010,014</b>	<b>\$ 10,010,014</b>	<b>\$ 9,253,029</b>	<b>\$ 756,985</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (194,764)</b>	<b>\$ (194,764)</b>	<b>\$ 755,085</b>	<b>\$ 949,849</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 30,000	\$ 30,000	\$ 3,060	\$ (26,940)
Transfers out	(154,051)	(154,051)	(159,100)	(5,049)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (124,051)</b>	<b>\$ (124,051)</b>	<b>\$ (156,040)</b>	<b>\$ (31,989)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (318,815)</b>	<b>\$ (318,815)</b>	<b>\$ 599,045</b>	<b>\$ 917,860</b>
<b>Fund Balance – January 1</b>	<b>7,916,916</b>	<b>7,916,916</b>	<b>7,916,916</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>1,030</b>	<b>1,030</b>
<b>Fund Balance – December 31</b>	<b>\$ 7,598,101</b>	<b>\$ 7,598,101</b>	<b>\$ 8,516,991</b>	<b>\$ 918,890</b>

**Murray County  
Slayton, Minnesota**

**Exhibit A-2**

**Budgetary Comparison Schedule  
Road and Bridge Special Revenue Fund  
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,627,504	\$ 1,627,504	\$ 1,570,030	\$ (57,474)
Licenses and permits	8,000	8,000	79,150	71,150
Intergovernmental	6,960,374	6,960,374	5,624,415	(1,335,959)
Charges for services	15,050	15,050	30,292	15,242
Gifts and contributions	-	-	1,050	1,050
Miscellaneous	68,100	68,100	120,538	52,438
<b>Total Revenues</b>	<b>\$ 8,679,028</b>	<b>\$ 8,679,028</b>	<b>\$ 7,425,475</b>	<b>\$ (1,253,553)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 382,544	\$ 382,544	\$ 396,069	\$ (13,525)
Maintenance	1,906,411	1,906,411	1,780,060	126,351
Engineering	315,762	315,762	355,134	(39,372)
Construction	4,994,069	4,994,069	4,561,700	432,369
Maintenance and shop	587,789	587,789	925,290	(337,501)
<b>Total highways and streets</b>	<b>\$ 8,186,575</b>	<b>\$ 8,186,575</b>	<b>\$ 8,018,253</b>	<b>\$ 168,322</b>
<b>Intergovernmental</b>	<b>\$ 535,000</b>	<b>\$ 535,000</b>	<b>\$ 747,351</b>	<b>\$ (212,351)</b>
Highways and streets				
<b>Debt service</b>				
Principal	\$ 315,000	\$ 315,000	\$ 315,000	\$ -
Interest	272,244	272,244	272,244	-
Administrative charges	495	495	3,345	(2,850)
<b>Total debt service</b>	<b>\$ 587,739</b>	<b>\$ 587,739</b>	<b>\$ 590,589</b>	<b>\$ (2,850)</b>
<b>Total Expenditures</b>	<b>\$ 9,309,314</b>	<b>\$ 9,309,314</b>	<b>\$ 9,356,193</b>	<b>\$ (46,879)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (630,286)</b>	<b>\$ (630,286)</b>	<b>\$ (1,930,718)</b>	<b>\$ (1,300,432)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	500	500	954	454
<b>Net Change in Fund Balance</b>	<b>\$ (629,786)</b>	<b>\$ (629,786)</b>	<b>\$ (1,929,764)</b>	<b>\$ (1,299,978)</b>
<b>Fund Balance – January 1</b>	<b>18,264,386</b>	<b>18,264,386</b>	<b>18,264,386</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>48,743</b>	<b>48,743</b>
<b>Fund Balance – December 31</b>	<b>\$ 17,634,600</b>	<b>\$ 17,634,600</b>	<b>\$ 16,383,365</b>	<b>\$ (1,251,235)</b>

**Murray County  
Slayton, Minnesota**

*Exhibit A-3*

**Budgetary Comparison Schedule  
Ditch Special Revenue Fund  
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 583,464	\$ 583,464	\$ 800,872	\$ 217,408
Intergovernmental	21,898	21,898	21,283	(615)
Miscellaneous	-	-	7,208	7,208
<b>Total Revenues</b>	<b>\$ 605,362</b>	<b>\$ 605,362</b>	<b>\$ 829,363</b>	<b>\$ 224,001</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Other	\$ 156,519	\$ 156,519	\$ 1,088,971	\$ (932,452)
<b>Debt service</b>				
Principal	185,000	185,000	190,000	(5,000)
Interest	152,903	152,903	148,634	4,269
Administrative charges	495	495	1,981	(1,486)
<b>Total Expenditures</b>	<b>\$ 494,917</b>	<b>\$ 494,917</b>	<b>\$ 1,429,586</b>	<b>\$ (934,669)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 110,445</b>	<b>\$ 110,445</b>	<b>\$ (600,223)</b>	<b>\$ (710,668)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,000	20,000	52,711	32,711
<b>Net Change in Fund Balance</b>	<b>\$ 130,445</b>	<b>\$ 130,445</b>	<b>\$ (547,512)</b>	<b>\$ (677,957)</b>
<b>Fund Balance – January 1</b>	<b>2,433,782</b>	<b>2,433,782</b>	<b>2,433,782</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 2,564,227</b>	<b>\$ 2,564,227</b>	<b>\$ 1,886,270</b>	<b>\$ (677,957)</b>

**Murray County  
Slayton, Minnesota**

**Exhibit A-4**

**Schedule of Changes in Total OPEB Liability and Related Ratios  
Other Postemployment Benefits  
December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 25,611	\$ 27,593	\$ 26,724	\$ 23,807	\$ 24,988
Interest	9,039	8,318	12,047	9,862	9,209
Differences between expected and actual experience	(82,122)	-	(65,663)	-	-
Changes of assumption or other inputs	11,788	-	4,872	(9,668)	-
Benefit payments	<u>(12,063)</u>	<u>(6,132)</u>	<u>(11,849)</u>	<u>(5,738)</u>	<u>(20,607)</u>
<b>Net change in total OPEB liability</b>	<b>\$ (47,747)</b>	<b>\$ 29,779</b>	<b>\$ (33,869)</b>	<b>\$ 18,263</b>	<b>\$ 13,590</b>
<b>Total OPEB Liability – Beginning</b>	<b><u>292,071</u></b>	<b><u>262,292</u></b>	<b><u>296,161</u></b>	<b><u>277,898</u></b>	<b><u>264,308</u></b>
<b>Total OPEB Liability – Ending</b>	<b><u>\$ 244,324</u></b>	<b><u>\$ 292,071</u></b>	<b><u>\$ 262,292</u></b>	<b><u>\$ 296,161</u></b>	<b><u>\$ 277,898</u></b>
Covered-employee payroll	\$ 4,536,577	\$ 4,413,147	\$ 4,274,234	\$ 3,735,664	\$ 3,626,858
Total OPEB liability (asset) as a percentage of covered-employee payroll	5.39%	6.62%	6.14%	7.93%	7.66%

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

**Murray County  
Slayton, Minnesota**

*Exhibit A-5*

**Schedule of Proportionate Share of Net Pension Liability  
PERA General Employees Retirement Plan  
December 31, 2022**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Murray County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0486 %	\$ 3,849,136	\$ 112,789	\$ 3,961,925	\$ 3,640,606	105.73 %	76.67 %
2021	0.0495	2,113,872	64,665	2,178,537	3,567,154	59.26	87.00
2020	0.0500	2,997,728	92,544	3,090,272	3,568,522	84.00	79.06
2019	0.0483	2,670,399	82,996	2,753,395	3,255,667	82.02	80.23
2018	0.0470	2,607,367	85,453	2,692,820	3,156,631	82.60	79.53
2017	0.0485	3,096,209	38,926	3,135,135	3,124,004	99.11	75.90
2016	0.0523	4,246,500	55,479	4,301,979	3,246,057	130.82	68.91
2015	0.0523	2,710,457	N/A	2,710,457	3,075,342	88.14	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

**Murray County  
Slayton, Minnesota**

**Exhibit A-6**

**Schedule of Contributions  
PERA General Employees Retirement Plan  
December 31, 2022**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	\$ 277,949	\$ 277,949	\$ -	\$ 3,705,979	7.50 %
2021	270,846	270,846	-	3,611,283	7.50
2020	268,288	268,288	-	3,577,167	7.50
2019	263,808	263,808	-	3,517,438	7.50
2018	245,477	245,477	-	3,273,016	7.50
2017	230,044	230,044	-	3,067,260	7.50
2016	240,203	240,203	-	3,202,706	7.50
2015	227,588	227,588	-	3,034,512	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.

**Murray County  
Slayton, Minnesota**

**Exhibit A-7**

**Schedule of Proportionate Share of Net Pension Liability  
PERA Public Employees Police and Fire Plan  
December 31, 2022**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Murray County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0715 %	\$ 3,111,398	\$ 135,880	\$ 3,247,278	\$ 867,998	358.46 %	70.53 %
2021	0.0751	579,692	26,069	605,761	887,474	65.32	93.66
2020	0.0750	988,580	44,596	1,033,176	846,616	116.77	87.19
2019	0.0767	816,549	N/A	816,549	777,944	104.96	89.26
2018	0.0681	725,876	N/A	725,876	717,880	101.11	88.84
2017	0.0670	904,580	N/A	904,580	689,293	131.23	85.43
2016	0.0710	2,849,354	N/A	2,849,354	685,787	415.49	63.88
2015	0.0650	738,552	N/A	738,552	604,170	122.24	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

**Murray County  
Slayton, Minnesota**

**Exhibit A-8**

**Schedule of Contributions  
PERA Public Employees Police and Fire Plan  
December 31, 2022**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	\$ 162,740	\$ 162,740	\$ -	\$ 919,444	17.70 %
2021	155,046	155,046	-	875,966	17.70
2020	153,160	153,160	-	865,310	17.70
2019	141,362	141,362	-	833,996	16.95
2018	124,322	124,322	-	767,420	16.20
2017	112,457	112,457	-	694,179	16.20
2016	111,020	111,020	-	685,306	16.20
2015	102,429	102,429	-	632,278	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.

# Murray County Slayton, Minnesota

## Notes to the Required Supplementary Information For the Year Ended December 31, 2022

### Note 1 – General Budget Policies

The County Board adopts estimated revenue and expenditure budgets for all governmental funds. The expenditure budget is approved at the fund level. 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 the major special revenue funds.

### Note 2 – Budget Basis of Accounting

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

### Note 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, 2022:

	Excess of Expenditures Over Budget		
	Expenditures	Final Budget	Excess
Road and Bridge Special Revenue Fund	\$ 9,356,193	\$ 9,309,314	\$ 46,879
Ditch Special Revenue Fund	1,429,586	494,917	934,669

### Note 4 – Employer Contributions to Other Postemployment Benefits

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

### Note 5 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred in 2022:

- The health care trend rates, mortality tables, salary increases rates, retirement rates, and withdrawal rates were updated.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate changed from 2.90 percent to 2.00 percent.

# Murray County Slayton, Minnesota

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The following changes in actuarial assumptions occurred in 2020:

- The health care trend rates, mortality tables, and salary increases were updated.
- The discount rate changed from 3.80 percent to 2.90 percent.

The following change in actuarial assumptions occurred in 2019:

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

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

- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2015 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate used changed from 4.00 percent to 3.30 percent.
- The actuarial cost method used changed from the Projected Unit Credit to the Entry Age, level percentage of pay.

## **Note 6 – 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**

#### **2022**

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

#### **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.
- 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.

## Murray County Slayton, Minnesota

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- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 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.
- 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.

# Murray County

## Slayton, Minnesota

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- 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.
- 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.
- 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**

### 2022

- The single discount rate changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.

## Murray County Slayton, Minnesota

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- 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 MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 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.
- 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.

## Murray County Slayton, Minnesota

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- 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.
- 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.
- 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.

## **Supplementary Information**

**Murray County  
Slayton, Minnesota**

Nonmajor Governmental Funds

Special Revenue Funds

The Human Services Special Revenue Fund accounts for assigned property tax and other revenues used for economic assistance and community social service programs.

The EDA Special Revenue Fund accounts for restricted revenue resources from the state and an appropriation from the General Fund for the costs relating to the activity of the blended component unit, the Economic Development Authority.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of restricted resources used for, and the payment of, principal, interest, and related costs of general obligation bonds.

**Murray County  
Slayton, Minnesota**

**Exhibit B-1**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2022**

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Total</u>
	<u>Human Services</u>	<u>EDA</u>		
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 78,535	\$ 874,654	\$ 225,646	\$ 1,178,835
Taxes receivable				
Delinquent	7,647	-	272	7,919
Loans receivable	-	608,481	-	608,481
<b>Total Assets</b>	<b><u>\$ 86,182</u></b>	<b><u>\$ 1,483,135</u></b>	<b><u>\$ 225,918</u></b>	<b><u>\$ 1,795,235</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	-	1,423	-	1,423
Salaries payable	-	2,510	-	2,510
Due to other governments	78,535	-	-	78,535
<b>Total Liabilities</b>	<b><u>\$ 78,535</u></b>	<b><u>\$ 3,933</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 82,468</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	<u>\$ 7,647</u>	<u>\$ 593,711</u>	<u>\$ 272</u>	<u>\$ 601,630</u>
<b>Fund Balances</b>				
Restricted for				
Debt service	-	-	225,646	225,646
EDA revolving loans	-	315,182	-	315,182
Assigned to				
Economic development	-	570,309	-	570,309
<b>Total Fund Balances</b>	<b><u>\$ -</u></b>	<b><u>\$ 885,491</u></b>	<b><u>\$ 225,646</u></b>	<b><u>\$ 1,111,137</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 86,182</u></b>	<b><u>\$ 1,483,135</u></b>	<b><u>\$ 225,918</u></b>	<b><u>\$ 1,795,235</u></b>

**Murray County  
Slayton, Minnesota**

**Exhibit B-2**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022**

	Special Revenue		Debt Service	Total
	Human Services	EDA		
<b>Revenues</b>				
Taxes	\$ 1,271,647	\$ -	\$ 1,388	\$ 1,273,035
Intergovernmental	136,561	-	-	136,561
Investment earnings	-	24,255	1,869	26,124
Settlements	58,566	-	-	58,566
Miscellaneous	-	108,589	-	108,589
	<b>\$ 1,466,774</b>	<b>\$ 132,844</b>	<b>\$ 3,257</b>	<b>\$ 1,602,875</b>
<b>Expenditures</b>				
<b>Current</b>				
Economic development	\$ -	\$ 168,268	\$ -	\$ 168,268
<b>Intergovernmental</b>	1,466,774	-	-	1,466,774
<b>Debt service</b>				
Principal	-	-	220,000	220,000
Interest	-	-	3,025	3,025
Administrative charges	-	-	1,375	1,375
	<b>\$ 1,466,774</b>	<b>\$ 168,268</b>	<b>\$ 224,400</b>	<b>\$ 1,859,442</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	\$ -	\$ (35,424)	\$ (221,143)	\$ (256,567)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	106,066	-	106,066
<b>Net Change in Fund Balance</b>	\$ -	\$ 70,642	\$ (221,143)	\$ (150,501)
<b>Fund Balance – January 1</b>	-	814,849	446,789	1,261,638
<b>Fund Balance – December 31</b>	<b>\$ -</b>	<b>\$ 885,491</b>	<b>\$ 225,646</b>	<b>\$ 1,111,137</b>

**Murray County  
Slayton, Minnesota**

**Exhibit B-3**

**Budgetary Comparison Schedule  
Human Services Special Revenue Fund  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,318,639	\$ 1,318,639	\$ 1,271,647	\$ (46,992)
Intergovernmental Settlements	88,523	88,523	136,561	48,038
	<u>-</u>	<u>-</u>	<u>58,566</u>	<u>58,566</u>
<b>Total Revenues</b>	<b>\$ 1,407,162</b>	<b>\$ 1,407,162</b>	<b>\$ 1,466,774</b>	<b>\$ 59,612</b>
<b>Expenditures</b>				
<b>Intergovernmental</b>				
Human services	<u>1,407,162</u>	<u>1,407,162</u>	<u>1,466,774</u>	<u>(59,612)</u>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance – January 1</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance – December 31</b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ -</u></u></b>

**Murray County  
Slayton, Minnesota**

*Exhibit B-4*

**Budgetary Comparison Schedule  
EDA Special Revenue Fund  
For the Year Ended December 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment earnings	\$ 13,827	\$ 13,827	\$ 24,255	\$ 10,428
Miscellaneous	<u>58,529</u>	<u>58,529</u>	<u>108,589</u>	<u>50,060</u>
<b>Total Revenues</b>	<b>\$ 72,356</b>	<b>\$ 72,356</b>	<b>\$ 132,844</b>	<b>\$ 60,488</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Economic development</b>				
Economic Development Commission	<u>142,648</u>	<u>142,648</u>	<u>168,268</u>	<u>(25,620)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (70,292)</b>	<b>\$ (70,292)</b>	<b>\$ (35,424)</b>	<b>\$ 34,868</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>134,051</u>	<u>134,051</u>	<u>106,066</u>	<u>(27,985)</u>
<b>Net Change in Fund Balance</b>	<b>\$ 63,759</b>	<b>\$ 63,759</b>	<b>\$ 70,642</b>	<b>\$ 6,883</b>
<b>Fund Balance – January 1</b>	<b><u>814,849</u></b>	<b><u>814,849</u></b>	<b><u>814,849</u></b>	<b><u>-</u></b>
<b>Fund Balance – December 31</b>	<b><u><u>\$ 878,608</u></u></b>	<b><u><u>\$ 878,608</u></u></b>	<b><u><u>\$ 885,491</u></u></b>	<b><u><u>\$ 6,883</u></u></b>

**Murray County  
Slayton, Minnesota**

*Exhibit B-5*

**Budgetary Comparison Schedule  
Debt Service Fund  
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 1,388	\$ 1,388
Investment earnings	-	-	1,869	1,869
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,257</b>	<b>\$ 3,257</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 220,000	\$ (220,000)
Interest	-	-	3,025	(3,025)
Administrative charges	1,750	1,750	1,375	375
<b>Total Expenditures</b>	<b>\$ 1,750</b>	<b>\$ 1,750</b>	<b>\$ 224,400</b>	<b>\$ (222,650)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,750)</b>	<b>\$ (1,750)</b>	<b>\$ (221,143)</b>	<b>\$ (219,393)</b>
<b>Fund Balance – January 1</b>	<b>446,789</b>	<b>446,789</b>	<b>446,789</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 445,039</b>	<b>\$ 445,039</b>	<b>\$ 225,646</b>	<b>\$ (219,393)</b>

# **Murray County Slayton, Minnesota**

Fiduciary Funds

Custodial Funds

Taxes and Penalties – to account for the collection of taxes and penalties and their distribution to the various funds and governmental units.

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

Lime Creek Subordinate Service District – to account for the collection and disbursement of funds for the Lime Creek Subordinate Service District.

**Murray County  
Slayton, Minnesota**

**Exhibit C-1**

**Combining Statement of Fiduciary Net Position  
Fiduciary Funds – All Custodial Funds  
December 31, 2022**

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>Lime Creek Subordinate Service District</u>	<u>Total Custodial Funds</u>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 203,982	\$ 49,991	\$ 9,652	\$ 263,625
Taxes receivable for other governments	76,107	-	-	76,107
Accounts receivable	-	42	100	142
<b>Total Assets</b>	<b>\$ 280,089</b>	<b>\$ 50,033</b>	<b>\$ 9,752</b>	<b>\$ 339,874</b>
<b><u>Liabilities</u></b>				
Due to others	\$ -	\$ -	\$ 43	\$ 43
Due to other governments	216,723	48,756	-	265,479
<b>Total Liabilities</b>	<b>\$ 216,723</b>	<b>\$ 48,756</b>	<b>\$ 43</b>	<b>\$ 265,522</b>
<b><u>Deferred Inflows of Resources</u></b>				
Prepaid taxes	\$ 63,366	\$ -	\$ -	\$ 63,366
<b><u>Net Position</u></b>				
Restricted for individuals, organizations, and other governments	\$ -	\$ 1,277	\$ 9,709	\$ 10,986

**Murray County  
Slayton, Minnesota**

**Exhibit C-2**

**Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds – All Custodial Funds  
For the Year Ended December 31, 2022**

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>Lime Creek Subordinate Service District</u>	<u>Total Custodial Funds</u>
<b><u>Additions</u></b>				
Property tax collections for other governments	\$ 7,712,755	\$ -	\$ -	\$ 7,712,755
Fees collected for the state	-	2,469,411	-	2,469,411
Payments from the state	969,265	-	-	969,265
Payments from other entities	-	-	5,100	5,100
<b>Total Additions</b>	<b><u>\$ 8,682,020</u></b>	<b><u>\$ 2,469,411</u></b>	<b><u>\$ 5,100</u></b>	<b><u>\$ 11,156,531</u></b>
<b><u>Deductions</u></b>				
Payments of property taxes to other governments	\$ 8,049,787	\$ -	\$ -	\$ 8,049,787
Payments to the state	756,498	2,469,758	-	3,226,256
Payments to other entities	25,924	-	8,555	34,479
<b>Total Deductions</b>	<b><u>\$ 8,832,209</u></b>	<b><u>\$ 2,469,758</u></b>	<b><u>\$ 8,555</u></b>	<b><u>\$ 11,310,522</u></b>
<b>Change in Net Position</b>	<b><u>\$ (150,189)</u></b>	<b><u>\$ (347)</u></b>	<b><u>\$ (3,455)</u></b>	<b><u>\$ (153,991)</u></b>
<b>Net Position – January 1</b>	<b><u>150,189</u></b>	<b><u>1,624</u></b>	<b><u>13,164</u></b>	<b><u>164,977</u></b>
<b>Net Position – December 31</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,277</u></b>	<b><u>\$ 9,709</u></b>	<b><u>\$ 10,986</u></b>

## **Other Schedules**

**Murray County  
Slayton, Minnesota**

**Exhibit D-1**

**Schedule of Intergovernmental Revenue  
For the Year Ended December 31, 2022**

	<b>Primary Government</b>
<b>Appropriations and Shared Revenue</b>	
<b>State</b>	
Highway users tax	\$ 4,142,591
Market value credit	280,183
PERA state aid	21,180
Disparity reduction aid	25,685
Police aid	110,181
County program aid	553,271
Local performance aid	1,133
Enhanced 911	158,177
Aquatic invasive species aid	98,682
Riparian aid	134,706
Select Committee on Recycling and the Environment (SCORE)	72,440
<b>Total appropriations and shared revenue</b>	<b>\$ 5,598,229</b>
<b>Reimbursement for Services</b>	
<b>Local</b>	
Red Rock Rural Water System	\$ 21,283
Southwest Health and Human Services	40,905
Townships	5,456
<b>Total reimbursement for services</b>	<b>\$ 67,644</b>
<b>Payments</b>	
<b>Local</b>	
Local grants	\$ 103,030
Payments in lieu of taxes	448,731
<b>Total payments</b>	<b>\$ 551,761</b>
<b>Grants</b>	
<b>State</b>	
Minnesota Department/Board of	
Corrections	\$ 15,262
Public Safety	1,038
Natural Resources	35,480
Transportation	757,132
Water and Soil Resources	126,131
Veterans Affairs	7,500
Historical Society	12,070
Pollution Control Agency	3,650
<b>Total state</b>	<b>\$ 958,263</b>

**Murray County  
Slayton, Minnesota**

**Exhibit D-1  
(Continued)**

**Schedule of Intergovernmental Revenue  
For the Year Ended December 31, 2022**

	<u>Primary Government</u>
<b>Grants (Continued)</b>	
<b>Federal</b>	
Department of Transportation	\$ 562,124
Treasury	368,251
Homeland Security	34,767
Election Assistance Commission	<u>21,837</u>
<b>Total federal</b>	<u>\$ 986,979</u>
<b>Total state and federal grants</b>	<u>\$ 1,945,242</u>
<b>Total Intergovernmental Revenue</b>	<u><u>\$ 8,162,876</u></u>

**Murray County  
Slayton, Minnesota**

**Exhibit D-2**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	1052200	\$ 461,414
COVID-19 – Highway Planning and Construction	20.205	8821224	181,747
(Total Highway Planning and Construction 20.205 \$643,161)			<u>643,161</u>
<b>Total U.S. Department of Transportation</b>			<b>\$ 643,161</b>
<b>U.S. Department of the Treasury</b>			
Direct			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 368,251</u>
<b>U.S. Department of Election Assistance Commission</b>			
Passed Through Office of the Minnesota Secretary of State			
2018 HAVA Election Security Grants	90.404	None Provided	<u>\$ 21,837</u>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-2020-MURRAYCO-3622	\$ 17,474
Emergency Management Performance Grants	97.042	F-EMPG-2021-MURRAYCO-3824	17,293
(Total Emergency Management Performance Grants 97.042 \$34,767)			<u>34,767</u>
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 34,767</b>
<b>Total Federal Awards</b>			<b><u>\$ 1,068,016</u></b>

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2022.

**Totals by Cluster**

Total expenditures for Highway Planning and Construction Cluster	\$ 643,161
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# Murray County Slayton, Minnesota

## Notes to the Schedule of Expenditure of Federal Awards As of and for the Year Ended December 31, 2022

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### Note 1 – Summary of Significant Accounting Policies

#### Report Entity

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

#### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Murray County under programs of the federal government for the year ended December 31, 2022. 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 Murray County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Murray 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.

### Note 2 – De Minimis Cost Rate

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

### Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

<u>Reconciliation to Schedule of Intergovernmental Revenue</u>	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 986,979
Grants received more than 60 days after year-end, considered unavailable revenue in 2022	
Highway Planning and Construction (AL No. 20.205)	115,452
Revenue recognized in 2022, expended in 2018	
Highway Planning and Construction (AL No. 20.205)	(34,415)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,068,016</u>

**Shetek Area Water and Sewer Commission**

**Murray County  
Slayton, Minnesota**

**Exhibit E-1**

**Shetek Area Water and Sewer Commission  
Statement of Net Position  
December 31, 2022**

**Assets**

**Current assets**

Cash and pooled investments	\$	847,071
Special assessments receivable		
Current		490,166
Delinquent		4,736
Accounts receivable		53,759
Due from other governments		1,059
Inventory		102,722
		102,722

**Total current assets, unrestricted** **\$ 1,499,513**

**Restricted assets**

Cash and pooled investments		258,696
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**Total current assets** **\$ 1,758,209**

**Noncurrent assets**

Special assessments receivable	\$	3,092,127
Capital assets		
Non-depreciable		421,046
Depreciable – net		9,907,013
		9,907,013

**Total noncurrent assets** **\$ 13,420,186**

**Total Assets** **\$ 15,178,395**

**Liabilities**

**Current liabilities**

Accounts payable	\$	38,311
Accrued interest payable		20,367
Easement purchase agreement – current		3,000
General obligation bonds payable – current		245,000
Revenue notes payable – current		485,327
		485,327

**Total current liabilities** **\$ 792,005**

**Noncurrent liabilities**

Easement purchase agreement – long-term	\$	45,000
General obligation bonds payable – long-term		1,180,000
Revenue notes payable – long-term		1,376,310
		1,376,310

**Total noncurrent liabilities** **\$ 2,601,310**

**Total Liabilities** **\$ 3,393,315**

**Murray County  
Slayton, Minnesota**

**Exhibit E-1**

*(Continued)*

**Shetek Area Water and Sewer Commission  
Statement of Net Position  
December 31, 2022**

**Net Position**

Net investment in capital assets	\$	6,993,422
Restricted for		
Debt service		24,835
Wastewater system replacement		233,861
Unrestricted		<u>4,532,962</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u>11,785,080</u></b>

**Murray County  
Slayton, Minnesota**

**Exhibit E-2**

**Shetek Area Water and Sewer Commission  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended December 31, 2022**

<b>Operating Revenues</b>	
Sewer utility charges	\$ 683,313
Charges for services	1,000
Miscellaneous	185
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 684,498</b>
<b>Operating Expenses</b>	
Personal services	\$ 4,816
Professional services	214,935
Other services and charges	105,922
Supplies	117,218
Insurance	14,492
Depreciation	386,466
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 843,849</b>
<b>Operating Income (Loss)</b>	<b>\$ (159,351)</b>
<b>Nonoperating Revenues (Expenses)</b>	
Interest earnings	\$ 6,950
Administrative charges	(495)
Interest expense	(52,279)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (45,824)</b>
<b>Income (Loss) Before Contributions</b>	<b>\$ (205,175)</b>
Capital contributions	185,201
	<hr/>
<b>Change in net position</b>	<b>\$ (19,974)</b>
<b>Net Position – January 1</b>	<b>11,805,054</b>
	<hr/>
<b>Net Position – December 31</b>	<b>\$ 11,785,080</b>
	<hr/> <hr/>

**Murray County  
Slayton, Minnesota**

**Exhibit E-3**

**Shetek Area Water and Sewer Commission  
Statement of Cash Flows  
For the Year Ended December 31, 2022**

<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 684,838
Cash paid to employees	(5,481)
Cash paid for supplies and professional services	<u>(423,883)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 255,474</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Special assessments	\$ 691,639
Principal paid on long-term debt	(871,254)
Interest paid on bonds	(24,555)
Interest paid on revenue notes	<u>(32,973)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (237,143)</u></b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	<u>\$ 6,950</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 25,281</b>
<b>Cash and Cash Equivalents at January 1</b>	<b><u>1,080,486</u></b>
<b>Cash and Cash Equivalents at December 31</b>	<b><u><u>\$ 1,105,767</u></u></b>
<b>Cash and Cash Equivalents – Exhibit E-1</b>	
Cash and pooled investments	\$ 847,071
Restricted cash and pooled investments	<u>258,696</u>
<b>Total Cash and Cash Equivalents</b>	<b><u><u>\$ 1,105,767</u></u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
<b>Operating income (loss)</b>	<b><u>\$ (159,351)</u></b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 386,466
(Increase) decrease in accounts receivable	366
(Increase) decrease in due from other governments	(9)
(Increase) decrease in inventory	(7,906)
Increase (decrease) in accounts payable	36,573
Increase (decrease) in salaries payable	<u>(665)</u>
<b>Total adjustments</b>	<b><u>\$ 414,825</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u><u>\$ 255,474</u></u></b>

## **Management and Compliance Section**

**Murray County**



**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  
Murray County  
Slayton, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Murray County, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 19, 2023. Our report includes a reference to other auditors who audited the financial statements of the Murray County Medical Center component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. This report does not include the results of our audit testing of the Shetek Area Water and Sewer Commission component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Section.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Murray 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 opinion 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 over financial reporting, 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, and therefore, material weaknesses or significant

deficiencies may exist that were not identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether Murray 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, we noted that Murray County failed to comply with the provisions of the miscellaneous provisions section 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, as described in the Schedule of Findings and Questioned Costs as items 2022-002, 2022-003, and 2022-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that Murray County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, 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.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Murray County's response to the internal control and legal compliance findings identified in our audit and described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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/Chad Struss

Chad Struss, CPA  
Deputy State Auditor

September 19, 2023



**Report on Compliance for Each Major Federal Program and Report on Internal  
Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of County Commissioners  
Murray County  
Slayton, Minnesota

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

***Opinion on the Major Federal Program***

We have audited Murray 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 Murray County's major federal program for the year ended December 31, 2022. Murray County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Murray County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

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

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 Murray 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 Murray County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Murray 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 Murray 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 Murray 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 Murray 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 Murray 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 Murray County's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

September 19, 2023

# Murray County Slayton, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

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

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

#### Federal Awards

Internal control over the major federal program:

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

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

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

Identification of the major federal program:

<b>Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
20.205	Highway Planning and Construction Cluster

The threshold used to distinguish between Type A and B programs was \$750,000.

Murray County qualified as a low-risk auditee? **No**

### Section II – Financial Statement Findings

#### 2022-001 Audit Adjustments

Prior Year Finding Number: 2021-001

Repeat Finding Since: 2021

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

**Criteria:** 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a

# Murray County Slayton, Minnesota

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reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

**Context:** The inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**Effect:** The following audit adjustments were reviewed and approved by management and are reflected in the financial statements.

- The General Fund required an adjustment of \$1,381,586 to increase unearned revenue and decrease intergovernmental revenues for grant funds received but not spent at year-end.
- The General Fund required an adjustment of \$677,862 to increase special assessments receivable and unavailable revenue to record noncurrent special assessments.
- The Road and Bridge Special Revenue Fund required an adjustment to decrease receivables by \$957,417, increase unavailable revenue by \$1,185, and decrease intergovernmental revenue by \$958,602 to correct highway allotment receivables.
- The Ditch Special Revenue Fund required an adjustment of \$1,325,483 to increase special assessments receivable and unavailable revenue to record noncurrent special assessments.

**Cause:** According to County staff, the activity was either miscalculated or overlooked when financial information was prepared.

**Recommendation:** We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

**View of Responsible Official:** Acknowledge

## Section III – Federal Award Findings and Questioned Costs

None.

## Section IV – Other Findings and Recommendations

**2022-002**      Publishing Claims Paid

**Prior Year Finding Number:** 2021-002

**Repeat Finding Since:** 2014

**Type of Finding:** Minnesota Legal Compliance

# Murray County

## Slayton, Minnesota

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**Criteria:** Pursuant to Minn. Stat. § 375.12, County Board minutes must be published within 30 days of the meeting and include an individualized, itemized list of County Board-approved payments over \$2,000. For claims \$2,000 or less, the total number of claims and total amount must be stated. The County can publish summaries of the minutes, meeting the requirement of Minn. Stat. § 331A.01. However, the County must still publish claims as required by Minn. Stat. § 375.12.

**Condition:** Murray County does not publish an itemized list of County Board-approved payments over \$2,000 with the total number of claims and total amount for payments under \$2,000 as provided by Minn. Stat. § 375.12.

**Context:** The publication of County Board minutes provides only a summary by fund for County Board-approved payments made during the respective meeting. The County is concerned that publishing an itemized list of County Board approved payments over \$2,000 would add substantial cost.

**Effect:** Noncompliance with Minn. Stat. § 375.12.

**Cause:** The County Board and management believe publishing a summary of bills paid as approved by the County Board is adequate to inform the public of the substance of the proceedings. The County Board does not wish to incur the additional cost of publication and continues to make the information physically available at the County Government Center.

**Recommendation:** We recommend the County comply with the above-noted statute and publish an itemized list of County Board-approved payments over \$2,000, with the total number of claims and total amount for payments under \$2,000.

**View of Responsible Official:** Acknowledge

### 2022-003      Publishing Financial Statements

**Prior Year Finding Number:** 2019-002

**Repeat Finding Since:** 2013

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** The County is required by Minn. Stat. § 375.17 to annually publish its financial statements.

**Condition:** Murray County did not publish the financial statements or a summary of the financial statements in a qualified form prescribed by the Office of the State Auditor for 2012 through 2021.

**Context:** In lieu of publishing the financial statements, the County posts the audited financial statements on the County website for the years ended December 31, 2005, through 2019.

**Effect:** Noncompliance with Minn. Stat. § 375.17.

**Cause:** The County Board and management believe posting the audited financial statements on the County's website is adequate to inform the public. The County Board does not wish to incur the additional cost of publication and continues to make the information physically available at the County Government Center.

**Recommendation:** We recommend the County publish the County's financial statements annually as required by Minn. Stat. § 375.17.

# Murray County Slayton, Minnesota

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**View of Responsible Official:** Acknowledge

**2022-004**      **Interest Charged on Advances to the Drainage Systems**

**Prior Year Finding Number:** 2021-004

**Repeat Finding Since:** 2021

**Type of Finding:** Minnesota Legal Compliance

**Criteria:** Pursuant to Minn. Stat. § 103E.655, if the County Board transfers money from another account or fund to a drainage system account, the money plus interest must be reimbursed from the proceeds of the drainage system receiving the transfer. The interest must be computed for the time the money is needed at the same rate per year charged on drainage liens and assessments.

**Condition:** The General Fund is charging interest on the advance made to the Ditch Special Revenue Fund, but it is not the rate specified in Minn. Stat. § 103E.655.

**Context:** The General Fund is charging the Ditch Special Revenue Fund the average interest earned on the County cash and cash equivalents.

**Effect:** Noncompliance with Minn. Stat. § 103E.655.

**Cause:** The County indicated this calculation, which is an average of the actual monthly interest earned, is a good-faith effort to keep the interest charge fair between the funds.

**Recommendation:** We recommend the County charge interest at the same rate as it does on drainage liens and assessments to comply with statutory requirements.

**View of Responsible Official:** Acknowledge



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**Representation of Murray County  
Slayton, Minnesota**

Corrective Action Plan  
For The Year Ended December 31, 2022

**Finding Number: 2022-001**

**Finding Title: Audit Adjustments**

Name of Contact Person Responsible for Corrective Action:

Heidi E. Winter, County Auditor-Treasurer

Corrective Action Planned:

Murray County staff will prepare all schedules and journal entries prior to the audit so financial statements are complete when documents are turned over to the audit team. They will input journal entries on a continued basis throughout the year. They will also review the end of the year closing procedures and trial balances and journal entries in detail to ensure that all significant adjustments have been made according to generally accepted accounting principles.

Anticipated Completion Date: December 31, 2023

**Finding Number: 2022-002**

**Finding Title: Publishing Claims Paid**

Name of Contact Person Responsible for Corrective Action:

Heidi E. Winter, County Auditor-Treasurer

Corrective Action Planned:

Murray County will continue to review a complete audit listing of claims paid at each Commissioner Meeting and approve totals paid by fund. The listing will be part of the Commissioner board packets that are emailed to the large circulation list (board members, employees, media partners and members of the public who have requested to receive all board meeting materials). The Board will analyze the cost vs. benefits of publishing an itemized list of County Board approved payments over \$2,000 as required by Minn. Stat. § 375.12 and make the most fiscally responsible decision that keeps the public adequately informed.

Anticipated Completion Date: December 31, 2023

**Finding Number: 2022-003**

**Finding Title: Publishing Financial Statements**

Name of Contact Person Responsible for Corrective Action:

Heidi E. Winter, Auditor-Treasurer

Corrective Action Planned:

Murray County will continue to put the full financial statement and audit report on the Murray County website and have it available by hard copy in the Auditor-Treasurer's Office. They will weigh the cost vs. benefit of publishing the County's financial statements annually as required by Minn. Stat. § 375.17 and make the most fiscally responsible decision that still keeps the public adequately informed.

Anticipated Completion Date: December 31, 2023

**Finding Number: 2022-004**

**Finding Title: Interest Charged on Advances to the Drainage Systems**

Name of Contact Person Responsible for Corrective Action:

Heidi E. Winter, Auditor-Treasurer

Corrective Action Planned:

The County will increase the interest charges on advances back to General Fund according to Minn. Stat. § 103E.655.

Anticipated Completion Date: December 31, 2023



Murray County Auditor/Treasurer  
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[hwinter@co.murray.mn.us](mailto:hwinter@co.murray.mn.us)

**Representation of Murray County  
Slayton, Minnesota**

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2022

**Finding Number: 2021-001**  
**Year of Finding Origination: 2015**  
**Finding Title: Audit Adjustments**

**Summary of Condition:** Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

**Summary of Corrective Action Previously Reported:** Murray County staff will prepare all schedules and journal entries prior to the audit so financial statements are complete when documents are turned over to the audit team. They will input journal entries on a continued basis throughout the year. They will also review the end of the year closing procedures and trial balances and journal entries in detail to ensure that all significant adjustments have been made according to generally accepted accounting principles.

**Status:** Not Corrected. The activity was overlooked when financial statement information was prepared.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-002**  
**Year of Finding Origination: 2014**  
**Finding Title: Publishing Claims Paid**

**Summary of Condition:** Murray County does not publish an itemized list of County Board-approved payments over \$2,000 with the total number of claims and total amount for payments under \$2,000 as provided by Minn. Stat. § 375.12.

**Summary of Corrective Action Previously Reported:** Murray County will continue to review a complete audit listing of claims paid at each Commissioner Meeting and approve totals paid by fund. The listing will be part of the Commissioner board packets that are emailed to the large circulation list (board members, employees, media partners and members of the public who have requested to receive all board meeting materials). The Board will analyze the cost vs. benefits of publishing an itemized list of County Board approved payments over \$2,000 as required by Minn. Stat. § 375.12 and make the most fiscally responsible decision that keeps the public adequately informed.



**Status:** Not Corrected. The County determined that the cost to publish the claims was too great and reviewed disbursements at County Board meetings where lists are published in board packets.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-003**

**Year of Finding Origination: 2020**

**Finding Title: Insufficient Collateral**

**Summary of Condition:** The fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement for eight days in October of 2021.

**Summary of Corrective Action Previously Reported:** Auditor-Treasurer has typically checked collateral on a monthly basis during month end procedures. This will now be checked daily during the months of high tax collections (May, October and November) to monitor all County deposits for adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

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

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-004**

**Year of Finding Origination: 2021**

**Finding Title: Interest Charged on Advances to the Drainage Systems**

**Summary of Condition:** The County General Fund is charging interest on the advance made to the Ditch Special Revenue Fund, but it is not the rate specified in Minn. Stat. § 103E.655.

**Summary of Corrective Action Previously Reported:** The County will increase the interest charges on advances back to the General Fund according to Minn. Stat. § 103E.655.

**Status:** Not Corrected. Due to the timing, the County was not able to review these interest rates for 2022.

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2021-005**

**Year of Finding Origination: 2021**

**Finding Title: Contracting and Bidding Compliance**

**Summary of Condition:** During testing of compliance with the State of Minnesota contracting and bid laws, noncompliance with the following requirements was noted in one of four contracts tested:

- Advertisement of Bids: Minnesota Statute § 160.17 states, "The advertisement shall be published once a week for three successive weeks in the case of a county contract and two successive weeks in the case of a town contract, the last publication to be made at least ten days before the time fixed for receiving bids and letting the contract. It shall specify, generally, the work to be done, the place where the plans and specifications are on file, and the time and place of receiving bids and awarding the contract." This contract tested was published in the newspaper for one week rather

than the required three weeks. In addition, the publishing did not include the time and place of awarding.

- **Abstract of Proposals:** The County did not have the names of the bidders and amounts of bids put on record as required by Minn. Stat. § 15.17. The County did not prepare an abstract of proposals, and the information was not written in the County Board minutes when the contract was approved.

**Summary of Corrective Action Previously Reported:** Procedures will be changed so that departments working on large projects will work with the Auditor-Treasurer's Office and the County Attorney's Office to ensure compliance with all contracting and bid law requirements.

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

Corrective action taken was not significantly different than the action previously reported.

**Finding Number: 2019-002**

**Year of Finding Origination: 2013**

**Finding Title: Publication of Financial Statements**

**Summary of Condition:** The County did not publish the financial statements or a summary of the statements in a qualified form prescribed by the Office of the State Auditor for 2012 through 2018.

**Summary of Corrective Action Previously Reported:** Murray County will continue to put the full financial statement and audit report on the Murray County website and have it available by hard copy in the Auditor-Treasurer's Office. They will weigh the cost vs. benefit of publishing the County's financial statements annually as required by Minn. Stat. § 375.17 and make the most fiscally responsible decision that still keeps the public adequately informed.

**Status:** Not Corrected. The County did not get the most recent year put on the website.

Corrective action taken was not significantly different than the action previously reported.

**Shetek Area Water and Sewer Commission**



**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 Commissioners  
Shetek Area Water and Sewer Commission  
Slayton, 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 Murray County, Minnesota, which include as Supplementary Information, the financial statements of the Shetek Area Water and Sewer Commission, a discretely presented component unit, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 19, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Shetek Area Water and Sewer Commission'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water and Sewer Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Water and Sewer Commission'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 over financial reporting, 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Recommendations as item 2022-001, that we consider to be a material weakness.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shetek Area Water and Sewer Commission'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 the Shetek Area Water and Sewer Commission failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, 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 Water and Sewer Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

### Shetek Area Water and Sewer Commission's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Shetek Area Water and Sewer Commission's response to the internal control finding identified in our audit and described in the accompanying Corrective Action Plan. The Water and Sewer Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Water and Sewer Commission'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 Water and Sewer Commission'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

September 19, 2023

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor

# Shetek Area Water and Sewer Commission Slayton, Minnesota

## Schedule of Findings and Recommendations For the Year Ended December 31, 2022

### Financial Statement Findings

**2022-001      Audit Adjustment**

**Prior Year Finding Number:** 2021-001

**Repeat Finding Since:** 2021

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Material Weakness

**Criteria:** 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 of the financial statements on a timely basis. Auditing standards define a material weakness as 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.

**Condition:** A material audit adjustment was identified that resulted in significant changes to the Shetek Area Water and Sewer Commission's financial statements.

**Context:** The Shetek Area Water and Sewer Commission is a component unit of Murray County, and the financial information is prepared by County staff. Murray County's inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**Effect:** An adjustment of \$3,582,293 was made to increase special assessments receivable and special assessments revenue to record additional receivables.

**Cause:** The activity was either miscalculated or overlooked when financial information was prepared.

**Recommendation:** We recommend staff review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

**View of Responsible Official:** Acknowledge

**SHETEK AREA  
WATER  
&  
SEWER  
COMMISSION**

**Representation of Shetek Area Water and Sewer Commission  
Slayton, Minnesota**

Corrective Action Plan  
For the Year Ended December 31, 2022

**Finding Number: 2022-001**  
**Finding Title: Audit Adjustment**

Name of Contact Person Responsible for Corrective Action:  
Heidi E. Winter, Auditor-Treasurer

Corrective Action Planned:  
Murray County staff will prepare all schedules and journal entries prior to the audit so financial statements are complete when documents are turned over to the OSA audit team.

Anticipated Completion Date:  
December 31, 2023

2500 28<sup>th</sup> Street, PO Box 57  
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***MAINTENANCE:***

**Dave Brown**  
(507) 760-0071

Website:  
Murraycountymn.com/saws

# SHETEK AREA WATER & SEWER COMMISSION

2500 28<sup>th</sup> Street, PO Box 57  
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## ***MAINTENANCE:***

### **Dave Brown**

(507) 760-0071

Website:

[Murraycountymn.com/saws](http://Murraycountymn.com/saws)

## **Representation of Shetek Area Water and Sewer Commission Slayton, Minnesota**

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2022

**Finding Number: 2021-001**

**Year of Finding Origination: 2021**

**Finding Title: Audit Adjustment**

**Summary of Condition:** A material audit adjustment was identified that resulted in significant changes to the Shetek Area Water and Sewer Commission's financial statements.

**Summary of Corrective Action Previously Reported:** Murray County staff will prepare all schedules and journal entries prior to the audit so financial statements are complete when documents are turned over to the OSA audit team.

**Status:** Not Corrected. The activity was overlooked when financial statement information was prepared.

Corrective action taken was not significantly different than the action previously reported.