State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Morrison County
(Including the Morrison County Rural Development Finance Authority)
Little Falls, Minnesota

Year Ended December 31, 2020

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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Morrison County
(Including the Morrison County Rural Development Finance Authority)
Little Falls, Minnesota

Year Ended December 31, 2020

Office of the State Auditor

Audit Practice Division
Office of the State Auditor
State of Minnesota

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

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LITTLE FALLS, MINNESOTA

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LITTLE FALLS, MINNESOTA

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MORRISON COUNTY
LITTLE FALLS, MINNESOTA

ORGANIZATION SCHEDULE
MORRISON COUNTY
2020

Office	Name	Term of Office From	Term of Office To
Commissioners			
1st District	Mike LeMieur[1]	January 2017	January 2021
2nd District	Jeff Jelinski	January 2017	January 2021
3rd District	Randy Winscher	January 2017	January 2021
4th District	Mike Wilson	January 2019	January 2023
5th District	Greg Blaine	January 2019	January 2023
Officers			
Elected			
Attorney	Brian Middendorf	January 2019	January 2023
Auditor-Treasurer	Chelsey Robinson	January 2019	January 2023
Recorder	Eileen Holtberg	January 2019	January 2023
Sheriff	Shawn Larsen	January 2019	January 2023
Appointed			
Assessor	Jean Popp	January 2017	December 2020
Corrections	Nicole Kern	Indefinite	
County Administrator	Deb Gruber	Indefinite	
Court Administrator	Rhonda Bot	Indefinite	
Extension	Susanne Hinrichs	Indefinite	
Information Systems	Amy Middendorf	Indefinite	
Land Services Director	Amy Kowalzek	Indefinite	
Public Health Director	Brad Vold	Indefinite	
Public Works Director	Steven Backowski	May 2016	May 2024
Social Services Director	Brad Vold	Indefinite	
Veterans Service Officer	Kathy Marshik	May 2018	May 2022

[1] Chair

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

ORGANIZATION SCHEDULE
MORRISON COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY
2020

		Term of Office	
Position	Name	From	To
Chair	Greg Zylka	January 2019	January 2022
Member	Brad Hircock	January 2019	January 2022
Member	Andrea Lauer	January 2019	January 2022
Member	Rob Ronning	January 2020	January 2024
Member	Greg Blaine	January 2019	January 2022
Vice Chair	Mark Gerbi	January 2018	January 2023
Secretary/Treasurer	Mike Wilson	January 2020	January 2024

Financial Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
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Saint Paul, MN 55103

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Morrison County
Little Falls, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morrison County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Authority (HRA) of Morrison County, a discretely presented component unit, which represents 6.6 percent, 3.6 percent, and 48.9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. 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 HRA of Morrison County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morrison County, Minnesota, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.E to the financial statements, in 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the 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 Morrison County's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 25, 2021, on our consideration of Morrison County's and the Morrison County Rural Development Finance Authority (RDFA) 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 Morrison County's and the Morrison County RDFA component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morrison County's and the Morrison County RDFA component unit's internal control over financial reporting and compliance. They do not include the HRA of Morrison County component unit, which was audited by other auditors.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

/s/Julie Blaha	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

August 25, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(Unaudited)

This section of Morrison County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2020. The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Certain comparative information between the current year, 2020, and the prior year, 2019, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020 fiscal year include the following:

- County-wide net position increased 7.39 percent over the prior year.

- Overall fund level revenues totaled $57,532,462 and were $2,120,093 more than expenditures.

- The General Fund's fund balance increased $2,887,250 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: Independent Auditor's Report; required supplementary information, which includes the MD&A (this section), certain budgetary comparison schedules, and information on the County's other postemployment benefits (OPEB) and net pension liability; the basic financial statements; and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements, which provide both short-term and long-term information about the County's overall financial status.

- The remaining statements are fund financial statements, which focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements.

- The governmental funds' statements tell how basic services, such as general government, human services, and highways and streets, were financed in the short term as well as what remains for future spending.

- Fiduciary funds' statements provide information about the financial relationships in which the County acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

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

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

Figure A-1
Annual Report Format

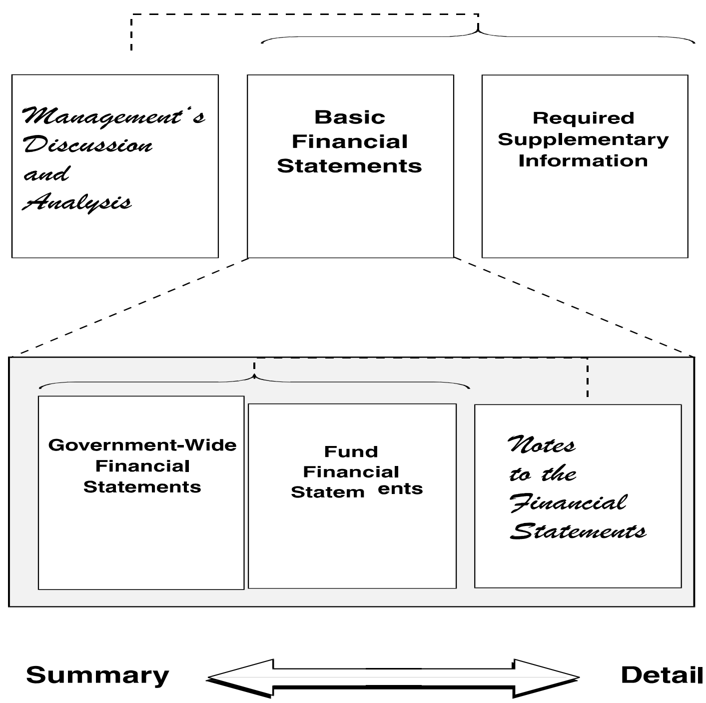

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements

Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire County's funds (except fiduciary funds) and the County's component units	The activities of the County that are not proprietary or fiduciary	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	Statement of net position	Balance sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Full accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Full accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; custodial funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position—the sum of the County's assets and deferred outflows of resources, less the sum of its liabilities and deferred inflows of resources—is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the County, you need to consider additional nonfinancial factors, such as changes in the County's property tax base and the condition of County buildings and other facilities.

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.

- The County establishes other funds to control and manage money for particular purposes (for example, repaying its long-term debts) or to show that it is properly using certain revenues (for example, federal grants).

The County has two kinds of funds:

- Governmental funds – The County's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to explain the relationship (or differences) between them.

- Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was $141,784,328 on December 31, 2020. (See Table A-1.)

Table A-1
Net Position

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 44,950,742	$ 42,947,725
Capital and noncurrent assets	137,154,167	128,718,235
Total Assets	$ 182,104,909	$ 171,665,960
Deferred Outflows of Resources		
Deferred OPEB outflows	$ 235,261	$ 28,311
Deferred pension outflows	2,742,625	2,706,070
Total Deferred Outflows of Resources	$ 2,977,886	$ 2,734,381
Liabilities		
Current liabilities	$ 2,873,417	$ 1,973,668
Long-term liabilities	37,606,027	35,460,033
Total Liabilities	$ 40,479,444	$ 37,433,701
Deferred Inflows of Resources		
Deferred OPEB inflows	$ 744,361	$ 90,374
Deferred pension inflows	2,074,662	4,854,454
Total Deferred Inflows of Resources	$ 2,819,023	$ 4,944,828
Net Position		
Net investment in capital assets	$ 125,793,487	$ 120,162,006
Restricted	3,526,119	6,256,968
Unrestricted	12,464,722	5,602,838
Total Net Position	$ 141,784,328	$ 132,021,812

Change in Net Position

The total County-wide revenues on a full accrual basis were $59,934,419 for the year ended December 31, 2020. Property taxes and intergovernmental revenues accounted for 76.18 percent of total revenues for the year. (See Table A-2.)

Table A-2
Change in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Fees, charges, fines, and other	$ 11,493,035	$ 9,298,458
Operating grants and contributions	22,412,479	17,140,428
Capital grants and contributions	1,802,311	2,363,122
General revenues		
Property taxes	18,719,406	18,523,668
Unrestricted grants and contributions	2,724,543	2,547,494
Investment earnings	322,196	1,026,475
Other	2,460,449	2,364,751
Total Revenues	$ 59,934,419	$ 53,264,396
Expenses		
General government	$ 10,199,128	$ 7,927,273
Public safety	7,841,091	7,752,092
Highways and streets	9,627,863	11,154,465
Sanitation	4,165,436	2,925,416
Human services	13,846,628	11,213,245
Health	2,307,852	2,214,063
Culture and recreation	973,873	590,992
Conservation of natural resources	599,639	579,670
Economic development	113,464	52,650
Interest	496,929	600,853
Total Expenses	$ 50,171,903	$ 45,010,719
Increase in Net Position	$ 9,762,516	$ 8,253,677
Net Position – Beginning	132,021,812	123,768,135
Net Position – Ending	$ 141,784,328	$ 132,021,812

Total revenues were more than expenses, increasing net position $9,762,516 over the prior year.

The County-wide cost of all governmental activities this year was $50,171,903.

- Some of the cost was paid by the users of the County's programs ($11,493,035).

- The federal and state governments subsidized certain programs with grants and contributions ($24,214,790).

- The remaining County costs ($14,464,078), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with $18,719,406 in property taxes, $2,049,639 in transportation tax, $2,724,543 of state aid, and $733,006 of investment earnings and other general revenues.

Figure A-3
Sources of Revenues for Fiscal 2020

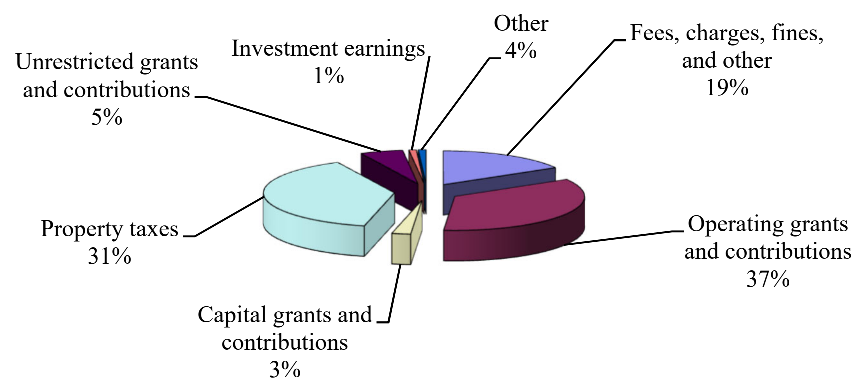

Figure A-4
Sources of Expenses for Fiscal 2020

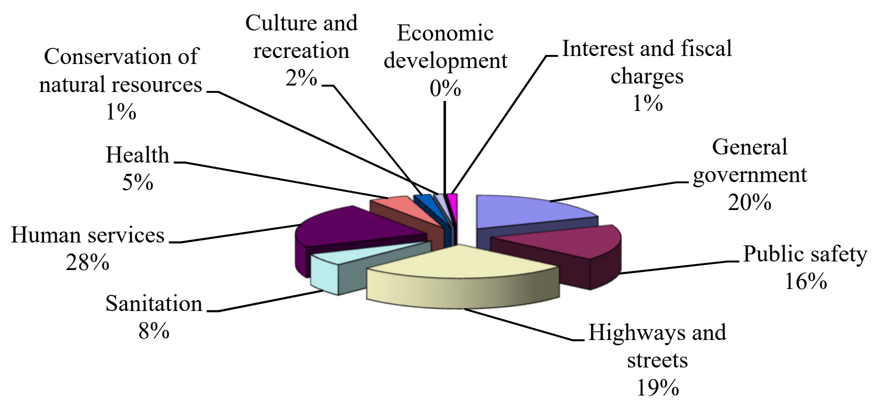

Table A-3
Cost of Services

	Total Cost of Services 2020	Total Cost of Services 2019	Percent (%) Change	Net Cost of (Revenue from) Services 2020	Net Cost of (Revenue from) Services 2019	Percent (%) Change
General government	$ 10,199,128	$ 7,927,273	28.7	$ 1,078,056	$ 5,642,617	(80.9)
Public safety	7,841,091	7,752,092	1.2	6,388,142	6,050,865	5.6
Highways and streets	9,627,863	11,154,465	(13.7)	(838,526)	374,551	(323.9)
Sanitation	4,165,436	2,925,416	42.4	745,367	(487,201)	(253.0)
Human services	13,846,628	11,213,245	23.5	5,055,878	3,202,363	57.9
Health	2,307,852	2,214,063	4.2	101,720	167,022	(39.1)
Culture and recreation	973,873	590,992	64.8	742,137	25,921	2763.1
Conservation of natural resources	599,639	579,670	3.4	580,911	579,070	0.3
Economic development	113,464	52,650	115.5	113,464	52,650	115.5
Interest	496,929	600,853	(17.3)	496,929	600,853	(17.3)
Total	$ 50,171,903	$ 45,010,719	11.5	$ 14,464,078	$ 16,208,711	(10.8)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of $36,828,931.

Revenues for the County's governmental funds were $57,532,462, while total expenditures were $55,412,369.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. The following schedule presents a summary of General Fund revenues.

Table A-4
General Fund Revenues

Fund	Year Ended December 31 2020	Year Ended December 31 2019	Change Increase (Decrease)	Change Percent (%)
Taxes	$ 10,958,381	$ 10,732,546	$ 225,835	2.1
Licenses and permits	355,067	295,563	59,504	20.1
Intergovernmental	9,531,304	4,554,968	4,976,336	109.3
Charges for services	2,193,181	2,351,400	(158,219)	(6.7)
Investment income	362,226	686,467	(324,241)	(47.2)
Miscellaneous and other	757,975	446,753	311,222	69.7
Total General Fund Revenues	$ 24,158,134	$ 19,067,697	$ 5,090,437	26.7

Total General Fund revenues increased by $5,090,437, or 26.7 percent, from the previous year. The mix of property tax and state aid can change significantly from year to year without any net change in revenue. Intergovernmental revenue increased significantly in 2020 due to the $4.2 million in federal Coronavirus Relief Fund's received in response to the COVID-19 pandemic.

The following schedule presents a summary of General Fund expenditures.

Table A-5
General Fund Expenditures

	Year Ended December 31		Amount of Increase	Percent (%) Increase
	2020	2019	(Decrease)	(Decrease)
General government	$ 9,284,901	$ 8,326,870	$ 958,031	11.5
Public safety	7,702,524	7,584,402	118,122	1.6
Health	2,257,774	2,227,944	29,830	1.3
Culture and recreation	254,202	322,884	(68,682)	(21.3)
Conservation of natural resources	596,637	564,293	32,344	5.7
Economic development	113,464	52,650	60,814	115.5
Intergovernmental	506,845	502,030	4,815	1.0
Total Expenditures	$ 20,716,347	$ 19,581,073	$ 1,135,274	5.8

General Fund Budgetary Highlights

- Actual revenues were $5,730,723 more than expected mainly due to unexpected funding received in response to the COVID-19 pandemic.

- The actual expenditures were $1,591,542 more than budget. This also was mainly due to the County's response to the COVID-19 pandemic.

DEBT SERVICE

An annual levy is made to fund the bond payments for all previous bond issues.

CAPITAL ASSETS

By the end of 2020, the County had invested over $137.1 million in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6.) More detailed information about capital assets can be found in Note 3.A.3 to the financial statements. Total depreciation expense for the year was $6,043,365.

Table A-6
Capital Assets

	2020	2019	Percent (%) Change
Land	$ 4,534,059	$ 4,506,709	0.6
Construction in progress	10,763,339	7,977,854	34.9
Buildings	26,483,755	24,573,798	7.8
Machinery, furniture, and equipment	13,118,239	12,449,479	5.4
Infrastructure	180,948,894	172,365,835	5.0
Less: accumulated depreciation	(98,694,119)	(93,155,440)	5.9
Total	$ 137,154,167	$ 128,718,235	6.6

LONG-TERM LIABILITIES

At year-end, the County had $37,606,027 in long-term liabilities outstanding.

Table A-7
Long-Term Liabilities

	2020	2019	Percent (%) Change
General obligation bonds	$ 15,120,000	$ 15,815,000	(4.4)
Bond premiums	212,203	229,179	(7.4)
Bond discounts	(1,998)	(2,109)	(5.3)
Compensated absences	2,251,331	2,107,294	6.8
OPEB obligation	1,800,022	2,238,121	(19.6)
Net pension liability	13,940,897	11,703,725	19.1
Estimated liability for landfill closure/postclosure care	4,283,572	3,368,823	27.2
Total	$ 37,606,027	$ 35,460,033	6.1

FACTORS BEARING ON THE COUNTY'S FUTURE

The County is dependent on the State of Minnesota for a significant portion of its revenue and, as such, the health of the state is of utmost importance. With the pandemic still holding with all the different variants it is our hope that no future shutdowns will take place to adversely affect the economy of Morrison County. Interest rates remain low which will continue to have an adverse effect on revenues in 2021. The County is seeing a number of staff retiring or leaving for other positions which will have an impact on future hiring if the County can't hire qualified staff to replace them.

Unfunded mandates from the State of Minnesota continue to be a major concern to counties and with the onset of the pandemic, this may become even more of a problem. As the state pushes more costs down to the County, the property tax continues to be used to fund these programs that have not been funded with property tax dollars before. Maintaining current aid will hopefully slow down these unfunded mandates. The County is in excellent financial shape and would be able to handle any adverse conditions that would have any financial impact on the County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve Messerschmidt, Finance Director, at (320) 632-0131.

CONTACTING THE COUNTY'S DISCRETELY PRESENTED COMPONENT UNITS

The Morrison County Rural Development Finance Authority (RDFA) and the Housing and Redevelopment Authority (HRA) of Morrison County are component units of Morrison County and are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from Morrison County. Complete financial statements of the Morrison County RDFA can be obtained at 213 First Avenue Southeast, Little Falls, Minnesota 56345-3196. Complete financial statements of the HRA of Morrison County can be obtained by writing to the HRA of Morrison County, 304 Second Street Southeast, Little Falls, Minnesota 56345.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government	Component Units	
	Governmental Activities	Housing and Redevelopment Authority	Rural Development Finance Authority
Assets			
Cash and pooled investments	$ 36,173,545	$ 42,597	$ 405,450
Restricted cash	-	8,588	-
Petty cash and change funds	6,550	-	-
Departmental cash	12,251	-	-
Taxes receivable			
Delinquent	474,732	-	-
Special assessments receivable			
Noncurrent	8,715	-	-
Accounts receivable	3,786,369	6,924	-
Accrued interest receivable	98,977	-	-
Due from other governments	3,270,013	-	2,602
Loans receivable – net of allowance	195,000	-	495,034
Inventories	924,590	-	-
Prepaids	-	2,567	-
Capital assets			
Non-depreciable	15,297,398	-	-
Depreciable – net of accumulated depreciation	121,856,769	3,092	-
Total Assets	**$ 182,104,909**	**$ 63,768**	**$ 903,086**
Deferred Outflows of Resources			
Deferred other postemployment benefits outflows	$ 235,261	$ -	$ -
Deferred pension outflows	2,742,625	-	-
Total Deferred Outflows of Resources	**$ 2,977,886**	**$ -**	**$ -**

The notes to the financial statements are an integral part of this statement.

EXHIBIT 1
(Continued)

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government Governmental Activities	Component Units Housing and Redevelopment Authority	Component Units Rural Development Finance Authority
Liabilities			
Accounts payable	910,419	197	-
Salaries payable	727,010	5,617	-
Contracts payable	545,565	-	-
Due to other governments	68,543	-	-
Accrued interest payable	160,909	-	-
Unearned revenue	460,971	7,792	-
Noncurrent liabilities			
Due within one year	656,344	4,786	-
Due in more than one year	21,208,764	11,168	-
Other postemployment benefits liability	1,800,022	-	-
Net pension liability	13,940,897	-	-
Total Liabilities	**$ 40,479,444**	**$ 29,560**	**$ -**
Deferred Inflows of Resources			
Deferred other postemployment benefits inflows	$ 744,361	$ -	$ -
Deferred pension inflows	2,074,662	-	-
Total Deferred Inflows of Resources	**$ 2,819,023**	**$ -**	**$ -**
Net Position			
Net investment in capital assets	$ 125,793,487	$ 3,092	$ -
Restricted for			
General government	1,881,750	-	-
Public safety	79,057	-	-
Conservation of natural resources	772,629	-	-
Economic development	-	-	903,086
Debt service	792,683	-	-
Housing assistance payments	-	3,329	-
Unrestricted	12,464,722	27,787	-
Total Net Position	**$ 141,784,328**	**$ 34,208**	**$ 903,086**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Fees, Charges, Fines, and Other
Functions/Programs		
Primary government		
Governmental activities		
General government	$ 10,199,128	$ 3,676,851
Public safety	7,841,091	332,585
Highways and streets	9,627,863	545,075
Sanitation	4,165,436	3,301,813
Human services	13,846,628	2,512,200
Health	2,307,852	1,103,059
Culture and recreation	973,873	2,724
Conservation of natural resources	599,639	18,728
Economic development	113,464	-
Interest	496,929	-
Total Primary Government	**$ 50,171,903**	**$ 11,493,035**
Component units		
Housing and Redevelopment Authority	**$ 657,723**	**$ 122,108**
Rural Development Finance Authority	**$ 711,677**	**$ -**

General Revenues
Property taxes
Transit sales and use tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Gain on sale of capital assets

Total general revenues and special item

Change in net position

Net Position – Beginning

Net Position – Ending

The notes to the financial statements are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Primary Government	Component Units	
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Housing and Redevelopment Authority	Rural Development Finance Authority
$ 5,444,221	$ -	$ (1,078,056)		
1,120,364	-	(6,388,142)		
8,119,003	1,802,311	838,526		
118,256	-	(745,367)		
6,278,550	-	(5,055,878)		
1,103,073	-	(101,720)		
229,012	-	(742,137)		
-	-	(580,911)		
-	-	(113,464)		
-	-	(496,929)		
$ 22,412,479	**$ 1,802,311**	**$ (14,464,078)**		
$ 561,375	**$ -**		**$ 25,760**	
$ 470,000	**$ -**			**$ (241,677)**
		$ 18,719,406	$ -	$ 95,422
		2,049,639	-	-
		179,179	-	-
		2,724,543	-	2,748
		322,196	17	23,119
		153,027	-	123,089
		78,604	-	-
		$ 24,226,594	**$ 17**	**$ 244,378**
		$ 9,762,516	**$ 25,777**	**$ 2,701**
		132,021,812	**8,431**	**900,385**
		$ 141,784,328	**$ 34,208**	**$ 903,086**

FUND FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road and Bridge	Social Services
Assets			
Cash and pooled investments	$ 15,437,363	$ 7,300,419	$ 4,372,537
Petty cash and change funds	6,325	175	50
Departmental cash	10,091	-	-
Taxes receivable – delinquent	272,418	75,095	92,846
Special assessments receivable – noncurrent	7,865	-	-
Accounts receivable	1,098,306	12,088	2,482,569
Accrued interest receivable	65,036	-	25,280
Loans receivable	-	195,000	-
Due from other funds	2,463	44,623	-
Due from other governments	1,050,958	1,625,032	540,315
Inventories	-	924,590	-
Total Assets	**$ 17,950,825**	**$ 10,177,022**	**$ 7,513,597**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 108,813	$ 326,743	$ 296,670
Salaries payable	435,814	87,678	200,850
Contracts payable	-	376,408	-
Due to other funds	44,623	-	2,463
Due to other governments	6,808	2,367	54,799
Unearned revenue	460,971	-	-
Total Liabilities	**$ 1,057,029**	**$ 793,196**	**$ 554,782**
Deferred Inflows of Resources			
Unavailable revenue	**$ 1,315,072**	**$ 1,568,480**	**$ 2,490,528**
Fund Balances (Note 3.D)			
Nonspendable	$ -	$ 924,590	$ -
Restricted	2,508,189	-	-
Committed	385,887	-	-
Assigned	4,677,689	6,890,756	4,468,287
Unassigned	8,006,959	-	-
Total Fund Balances	**$ 15,578,724**	**$ 7,815,346**	**$ 4,468,287**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 17,950,825**	**$ 10,177,022**	**$ 7,513,597**

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3

Solid Waste	Debt Service	Capital Projects	Nonmajor Funds	Total
$ 6,466,890	$ 953,562	$ 396,531	$ 1,246,243	$ 36,173,545
-	-	-	-	6,550
2,130	30	-	-	12,251
6,184	21,069	-	7,120	474,732
850	-	-	-	8,715
193,406	-	-	-	3,786,369
8,640	-	21	-	98,977
-	-	-	-	195,000
-	-	-	-	47,086
47,608	-	-	6,100	3,270,013
-	-	-	-	924,590
$ 6,725,708	**$ 974,661**	**$ 396,552**	**$ 1,259,463**	**$ 44,997,828**
$ 175,863	$ -	$ 2,148	$ 182	$ 910,419
2,668	-	-	-	727,010
-	-	169,157	-	545,565
-	-	-	-	47,086
4,569	-	-	-	68,543
-	-	-	-	460,971
$ 183,100	**$ -**	**$ 171,305**	**$ 182**	**$ 2,759,594**
$ 7,034	**$ 21,069**	**$ -**	**$ 7,120**	**$ 5,409,303**
$ -	$ -	$ -	$ -	$ 924,590
3,930,451	953,592	225,247	-	7,617,479
-	-	-	1,252,161	1,638,048
2,605,123	-	-	-	18,641,855
-	-	-	-	8,006,959
$ 6,535,574	**$ 953,592**	**$ 225,247**	**$ 1,252,161**	**$ 36,828,931**
$ 6,725,708	**$ 974,661**	**$ 396,552**	**$ 1,259,463**	**$ 44,997,828**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT 4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES DECEMBER 31, 2020

Fund balances – total governmental funds (Exhibit 3)			**$**	**36,828,931**
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.				137,154,167
Deferred outflows of resources are not available resources and, therefore, are not reported in the governmental funds.				
Deferred other postemployment benefits outflows	$	235,261		
Deferred pension outflows		2,742,625		2,977,886
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.				5,409,303
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.				
General obligation bonds, net of premium and discount	$	(15,330,205)		
Accrued interest payable		(160,909)		
Compensated absences		(2,251,331)		
Estimated liability for landfill closure/postclosure		(4,283,572)		
Other postemployment benefits liability		(1,800,022)		
Net pension liability		(13,940,897)		(37,766,936)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.				
Deferred other postemployment benefits inflows	$	(744,361)		
Deferred pension inflows		(2,074,662)		(2,819,023)
Net Position of Governmental Activities (Exhibit 1)			**$**	**141,784,328**

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

	General	Road and Bridge	Social Services
Revenues			
Taxes	$ 10,958,381	$ 4,894,194	$ 3,674,406
Special assessments	5,820	-	-
Licenses and permits	355,067	-	-
Intergovernmental	9,531,304	10,363,297	6,806,640
Charges for services	2,193,181	359,590	751,042
Fines and forfeits	6,255	-	-
Investment income	362,226	-	-
Miscellaneous	745,900	167,860	878,066
Total Revenues	**$ 24,158,134**	**$ 15,784,941**	**$ 12,110,154**
Expenditures			
Current			
General government	$ 9,284,901	$ -	$ -
Public safety	7,702,524	-	-
Highways and streets	-	13,098,502	-
Sanitation	-	-	-
Human services	-	-	11,462,056
Health	2,257,774	-	-
Culture and recreation	254,202	-	-
Conservation of natural resources	596,637	2,266	-
Economic development	113,464	-	-
Intergovernmental			
Highways and streets	-	608,131	-
Culture and recreation	506,845	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Administrative (fiscal) charges	-	-	-
Total Expenditures	**$ 20,716,347**	**$ 13,708,899**	**$ 11,462,056**
Excess of Revenues Over (Under) Expenditures	**$ 3,441,787**	**$ 2,076,042**	**$ 648,098**
Other Financing Sources (Uses)			
Transfers in	$ -	$ 46,211	$ 482,293
Transfers out	(554,537)	-	-
Total Other Financing Sources (Uses)	**$ (554,537)**	**$ 46,211**	**$ 482,293**
Net Change in Fund Balances	**$ 2,887,250**	**$ 2,122,253**	**$ 1,130,391**
Fund Balances – January 1	**12,691,474**	**5,704,503**	**3,337,896**
Increase (decrease) in inventories	**-**	**(11,410)**	**-**
Fund Balances – December 31	**$ 15,578,724**	**$ 7,815,346**	**$ 4,468,287**

The notes to the financial statements are an integral part of this statement.

Solid Waste	Debt Service	Capital Projects	Nonmajor Funds	Total
$ 243,589	$ 794,463	$ -	$ 290,376	$ 20,855,409
-	-	-	-	5,820
10,775	-	-	-	365,842
153,637	114,208	-	181,927	27,151,013
3,247,005	-	-	-	6,550,818
-	-	-	-	6,255
70,831	2,766	19,201	-	455,024
48,935	298,796	-	2,724	2,142,281
$ 3,774,772	**$ 1,210,233**	**$ 19,201**	**$ 475,027**	**$ 57,532,462**
$ -	$ -	$ -	$ 65,746	$ 9,350,647
-	-	-	-	7,702,524
-	-	-	-	13,098,502
4,668,603	-	-	-	4,668,603
-	-	-	-	11,462,056
-	-	-	-	2,257,774
-	-	-	144,674	398,876
-	-	-	-	598,903
-	-	-	-	113,464
-	-	-	-	608,131
-	-	-	-	506,845
-	-	2,869,790	-	2,869,790
-	-	579,535	-	579,535
-	695,000	-	-	695,000
-	500,229	-	-	500,229
-	1,490	-	-	1,490
$ 4,668,603	**$ 1,196,719**	**$ 3,449,325**	**$ 210,420**	**$ 55,412,369**
$ (893,831)	**$ 13,514**	**$ (3,430,124)**	**$ 264,607**	**$ 2,120,093**
$ 26,033	$ -	$ -	$ -	$ 554,537
-	-	-	-	(554,537)
$ 26,033	**$ -**	**$ -**	**$ -**	**$ -**
$ (867,798)	**$ 13,514**	**$ (3,430,124)**	**$ 264,607**	**$ 2,120,093**
7,403,372	**940,078**	**3,655,371**	**987,554**	**34,720,248**
-	**-**	**-**	**-**	**(11,410)**
$ 6,535,574	**$ 953,592**	**$ 225,247**	**$ 1,252,161**	**$ 36,828,931**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT 6

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances – total governmental funds (Exhibit 5)			**$**	**2,120,093**
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 unavailable revenue.				
Unavailable revenue – December 31	$	5,409,303		
Unavailable revenue – January 1		(6,419,508)		(1,010,205)
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. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets disposed of.				
Expenditures for general capital assets and infrastructure	$	14,510,952		
Net book value of capital asset disposals		(31,655)		
Current year depreciation		(6,043,365)		8,435,932
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums and discounts when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.				
Principal repayments				
General obligation bonds	$	695,000		
Current year amortization of premiums and discounts		16,865		711,865

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	$ 4,790	
Change in compensated absences	(144,037)	
Change in estimated liability for landfill closure/postclosure	(914,749)	
Change in other postemployment benefits liability	438,099	
Change in net pension liability	(2,237,172)	
Change in deferred other postemployment benefits outflows	206,950	
Change in deferred pension outflows	36,555	
Change in deferred other postemployment benefits inflows	(653,987)	
Change in deferred pension inflows	2,779,792	
Change in inventories	(11,410)	(495,169)
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 9,762,516**

EXHIBIT 7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	$ 24,151	$ 952,628
Due from other governments	-	282,290
Accounts receivable for other governments	-	167,960
Interest receivable for other governments	-	499
Taxes receivable for other governments	-	639,705
Total Assets	**$ 24,151**	**$ 2,043,082**
Liabilities		
Due to other governments	**$ -**	**$ 814,984**
Net Position		
Restricted for		
Individuals, organizations, other governments	**24,151**	**1,228,098**
Total Net Position	**$ 24,151**	**$ 1,228,098**

The notes to the financial statements are an integral part of this statement.

MORRISON COUNTY
LITTLE FALLS MINNESOTA

EXHIBIT 8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions from individuals	$ 251,997	$ 109,058
Investment earnings	1	1,217
Property tax collections for other governments	-	25,886,268
Tax forfeited land sales	-	6,574
Federal/State revenue	-	1,423,537
Other taxes collected for other governments	-	1,225,737
Fees collected for other governments	-	1,075,095
Mortgage foreclosure sales	-	457,416
Miscellaneous	34	10,000
Total Additions	**$ 252,032**	**$ 30,194,902**
Deductions		
Beneficiary payments to individuals	$ 241,051	$ 39,587
Payments of property tax to other governments	-	25,912,412
Payments to state	-	2,304,907
Administrative expense	-	410
Payments to other individuals/entities	-	2,043,969
Total Deductions	**$ 241,051**	**$ 30,301,285**
Change in net position	**$ 10,981**	**$ (106,383)**
Net Position – January 1, as restated (Note 1.E)	**13,170**	**1,334,481**
Net Position – December 31	**$ 24,151**	**$ 1,228,098**

The notes to the financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Morrison County was established February 23, 1855, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by GAAP, these financial statements present Morrison County (the primary government) and its component units for which the County is financially accountable. 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, who is appointed by the County Board, serves as its clerk.

Discretely Presented Component Units

The Morrison County Rural Development Finance Authority (RDFA) is a component unit of Morrison County and is reported in a separate column in the government-wide financial statements to emphasize that the RDFA is legally separate from Morrison County. The RDFA was established to promote economic development in rural areas in Morrison County. The RDFA's Board of Commissioners consists of seven members: two are Morrison County Commissioners, two are City of Little Falls Council members, two are appointed by the County Board of Commissioners, and one is appointed by the Little Falls City Council. The RDFA is reported as a component unit of the County because the County can significantly influence the operations of the RDFA.

The Housing and Redevelopment Authority (HRA) of Morrison County is a component unit of Morrison County and is reported in a separate column in the County's government-wide financial statements to emphasize that the HRA is legally separate from Morrison County. The HRA operates as a local government unit for the purpose of

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Discretely Presented Component Units (Continued)

providing housing and redevelopment services to Morrison County. The governing board consists of a five-member Board appointed by the Morrison County Commissioners. Although it is legally separate from the County, the activity is included as a discrete component unit because the County appoints the members and a financial burden exists. The financial statements included are as of and for the year ended December 31, 2020.

Complete financial statements of the HRA of Morrison County can be obtained by writing to the Housing and Redevelopment Authority of Morrison County, 304 Second Street Southeast, Little Falls, Minnesota 56345.

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures, which are described in Note 5.B. The County also participates in jointly-governed organizations, which are described in Note 5.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about 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 in a single column.

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis; and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

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

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 is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Solid Waste Special Revenue Fund is used to account for all funds to be used for solid waste. Financing comes primarily from fees.

The Debt Service Fund is used to account for the accumulation of resources for, and the payments of, principal, interest, and related costs of the County's long-term bonds.

The Capital Projects Fund is used to account for the financial resources to be used for renovation of the Government Center complex.

Additionally, the County reports the following fund type:

The Private Purpose Trust Fund accounts for funds in trust that the County is holding for individuals receiving social welfare assistance.

Custodial funds account for monies held in a fiduciary capacity on behalf of school districts, and special districts that use the County as a depository; property taxes and fees collected on behalf of other governments; individual inmate accounts from the County jail; monies held as a result of civil actions; and local and state contributions for the Morrison Todd Wadena Community Health Board, and the Morrison County Collaborative.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Morrison County considers all revenues as available if collected within 60 days after the end of the current

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools, which are measured at the 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 2020 were $362,226.

Morrison 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.

2. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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."

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

1. Summary of Significant Accounting Policies

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

2. Receivables and Payables (Continued)

Property Taxes

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

Taxes receivable consist of uncollected taxes payable in the years 2014 through 2020. Taxes receivable are offset by unavailable revenue for the amount not collectible within 60 days of December 31 to indicate they are not available to pay current expenditures. No provision has been made for an estimated uncollectible amount.

Special Assessments

Special assessments receivable consist of delinquent special assessments payable in the years 2014 through 2020, and noncurrent special assessments payable in 2021 and after. No provision has been made for an estimated uncollectible amount.

Loans

Loans may be made to private enterprises or individuals as per the parameters of the specific programs. The Rural Development Finance Authority component unit provides loans to promote business expansion in the area. Loans receivable are reported as an asset in the amount of loan proceeds, less collections on principal. An allowance for uncollectible loans, which offsets the total gross loans receivable, is recognized for the amount of loans receivable for which collection is doubtful or questionable. This allowance is based on management’s expectation for collectability. Interest earned on the loans is recognized as revenue.

1. Summary of Significant Accounting Policies

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

3. Inventories

All inventories are valued at cost using the first-in/first-out method. The inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate that they do not constitute available spendable resources. Inventories at the government-wide level are recorded as expenses when consumed.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value (entry price) at 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:

Assets	Years
Buildings	25 to 50
Building improvements	40
Public domain infrastructure	50 to 75
Furniture, equipment, and vehicles	5 to 25

1. Summary of Significant Accounting Policies

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

5. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide financial statements.

The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of an amount based on a trend analysis of current usage of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave. The compensated absences liability is primarily liquidated by the General Fund, and the Road and Bridge and Social Services Special Revenue Funds.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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. Bond issuance costs are expensed entirely in the year the debt was issued.

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

1. Summary of Significant Accounting Policies

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

7. Deferred Outflows/Inflows of Resources and Unearned Revenue

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has three types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, and grants receivable for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also reports deferred pension and deferred OPEB inflows. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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

8. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from

1. Summary of Significant Accounting Policies

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

      8. Pension Plan (Continued)

PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The net pension liability is liquidated primarily by the General Fund, and the Road and Bridge and Social Services Special Revenue Funds.

      9. Classification of Net Position

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

Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

      10. Classification of Fund Balances

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are as follows:

1. Summary of Significant Accounting Policies

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

10. Classification of Fund Balances (Continued)

Nonspendable is the amount of fund balance that cannot be spent because it is either not in spendable form or is 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 is the amount of fund balance subject to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Committed is the amount of fund balance that can only be used 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 is the amount of fund balance the County intends to use for specific purposes that does 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. The County Board has also adopted a fund balance policy that delegates authority to assign fund balance to the County Administrator and the Accounting and Finance Manager.

Unassigned is 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, committed, or assigned.

Further detail on fund balance classifications is available in Note 3.D.

1. Summary of Significant Accounting Policies

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

10. Classification of Fund Balances (Continued)

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance amounts, 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.

The County has adopted a minimum fund balance policy for the General Fund, the Road and Bridge and Social Services Special Revenue Funds, and the Debt Service Fund, as follows:

General Fund – the County is to maintain a spendable, unassigned portion of fund balance in a range equal to 20 to 50 percent of the current year's General Fund operating expenditures.

Road and Bridge and Social Services Special Revenue Funds – the County is to maintain spendable, assigned portions of fund balance in a range equal to 20 to 50 percent of the subsequent year's budgeted expenditures.

Debt Service Fund – the County is to maintain a spendable, restricted portion of fund balance equal to the subsequent year's debt service payments.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

1. Summary of Significant Accounting Policies (Continued)

E. Change in Accounting Principles

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by recording the Social Welfare Private Purpose Trust Fund that was not previously reported, and including accruals and ending net position to custodial funds not previously required. Beginning net position has been restated to reflect this change.

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as previously reported	$ -	$ -
Change in accounting principles	13,170	1,334,481
Net Position, January 1, 2020, as restated	$ 13,170	$ 1,334,481

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following nonmajor governmental fund had expenditures in excess of budget for the year ended December 31, 2020:

	Expenditures		
Special Revenue Fund	Final Budget	Actual	Excess
County Parks			
Current			
Culture and recreation	$ 110,195	$ 144,674	$ 34,479

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position		
Governmental activities		
Cash and pooled investments	$	36,173,545
Petty cash and change funds		6,550
Departmental cash		12,251
Discretely presented component units		
Cash and pooled investments		448,047
Restricted cash		8,588
Statement of fiduciary net position		
Cash and pooled investments		976,779
Total Cash and Investments	$	37,625,760

a. Deposits

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

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

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

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. It is the County's policy to minimize custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. At December 31, 2020, none of the County's deposits were exposed to custodial credit risk.

b. Investments

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

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

(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;

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

(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.

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. It is the County's policy to minimize investment custodial credit risk by permitting brokers that obtained investments for Morrison County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to Morrison County's custodian. At December 31, 2020, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County does not have a policy on concentration of credit risk.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the County's policy to minimize its exposure to interest rate risk by investing 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.

3. Detailed Notes on All Funds

   A. Assets

      1. Deposits and Investments (Continued)

         The following table presents the County's deposit and investment balances at December 31, 2020, and information relating to potential investment risk:

Investment Type	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Concentration Risk: Over 5 Percent of Portfolio	Interest Rate Risk: Maturity Date	Carrying (Fair) Value
Primary government					
Negotiable certificates of deposit	N/A	N/A	38.90%	<1 yr. - 5 yrs.	$ 13,296,319
Investment pools/mutual funds					
MAGIC Fund	N/A	N/A	60.98%	N/A	20,841,055
Money market account with broker	N/A	N/A	-	N/A	39,690
Total investments					$ 34,177,064
Deposits					2,836,324
Petty cash and change funds					6,550
Departmental cash					12,251
Cash on hand					136,936
Total cash and investments – primary government					$ 37,169,125
Component units					
Deposits					456,635
Total Cash and Investments					$ 37,625,760

N/A – Not Applicable

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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

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

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

		Fair Value Measurements Using		
	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Negotiable certificates of deposit	$ 13,296,319	$ -	$ 13,296,319	$ -
Total Investments Included in the Fair Value Hierarchy	$ 13,296,319	$ -	$ 13,296,319	$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	$ 20,841,055			
Money market mutual funds	39,690			
Total Investments Measured at the NAV	$ 20,880,745			

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

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

- Negotiable certificates of deposit are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at 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 their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

The County invests in money market funds for the benefit of liquid investments that can be readily re-invested. Money market funds held by the County seek a constant NAV of $1.00 per share.

2. Receivables

Accounts Receivable

Accounts receivable include an allowance for doubtful accounts. The allowance for doubtful accounts for the year ended December 31, 2020, totaled $243,598. Amounts not scheduled for collection during the subsequent year were $2,363,587.

3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

Loans Receivable

The County entered into an agreement with Pierz Township to fund a road project. The original amount of the loan was $150,000 and is to be repaid over ten years with no interest. The balance of the loan at December 31, 2020, was $120,000. Payments equal to $15,000 are due on January 15 of each year with the last payment due in 2028.

The County entered into an agreement with Buckman Township to fund a road project. The original amount of the loan was $75,000 and is to be repaid over five years with no interest. The balance of the loan at December 31, 2020, was $75,000. Payments equal to $15,000 are due on January 15 of each year with the last payment due in 2025.

Loans receivable reported in the Rural Development Finance Authority component unit for the year ended December 31, 2020, net of an allowance for doubtful accounts, totaled $495,034. The amount due within one year is $44,504.

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land – infrastructure right-of-way	$ 2,033,000	$ 27,350	$ -	$ 2,060,350
Land	2,473,709	-	-	2,473,709
Construction in progress	7,977,854	2,785,485	-	10,763,339
Total capital assets not depreciated	$ 12,484,563	$ 2,812,835	$ -	$ 15,297,398
Capital assets depreciated				
Buildings	$ 24,573,798	$ 1,909,957	$ -	$ 26,483,755
Machinery, furniture, and equipment	12,449,479	1,205,101	536,341	13,118,239
Infrastructure	172,365,835	8,583,059	-	180,948,894
Total capital assets depreciated	$ 209,389,112	$ 11,698,117	$ 536,341	$ 220,550,888
Less: accumulated depreciation for				
Buildings	$ 12,419,673	$ 540,626	$ -	$ 12,960,299
Machinery, furniture, and equipment	8,011,464	1,015,414	504,686	8,522,192
Infrastructure	72,724,303	4,487,325	-	77,211,628
Total accumulated depreciation	$ 93,155,440	$ 6,043,365	$ 504,686	$ 98,694,119
Total capital assets depreciated, net	$ 116,233,672	$ 5,654,752	$ 31,655	$ 121,856,769
Governmental Activities Capital Assets, Net	$ 128,718,235	$ 8,467,587	$ 31,655	$ 137,154,167

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

Governmental activities	
General government	$ 388,201
Public safety	245,841
Highway and streets, including infrastructure assets	5,072,230
Sanitation	143,063
Human services	88,541
Health	37,337
Culture and recreation	68,152
Total Depreciation Expense – Governmental Activities	$ 6,043,365

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2020, was as follows:

Due To/From Other Funds

The Social Services Special Revenue Fund owed the General Fund for miscellaneous costs in the amount of $2,463. The General Fund owed the Road and Bridge Special Revenue Fund $44,623 for ditch related expenditures.

Transfers

The County transferred $46,211 from the General Fund to the Road and Bridge Fund; $482,293 from the General Fund to the Social Services Fund; and $26,033 from the General Fund to the Solid Waste Fund. These transfers were made to allocate CARES Act revenue to each fund that incurred related expenditures.

C. Liabilities

1. Payables

Payables at December 31, 2020, were as follows:

	Governmental Activities
Accounts	$ 910,419
Salaries	727,010
Contracts	545,565
Due to other governments	68,543
Accrued interest	160,909
Total Payables	$ 2,412,446

2. Unearned Revenue/Deferred Inflows of Resources

Unearned revenue and deferred inflows of resources consist of taxes and special assessments receivable, state grants not collected soon enough after year-end to pay liabilities of the current period, and state and federal grants received but not yet earned. Unearned revenue and deferred inflows of resources at December 31, 2020, are summarized by fund, as follows:

3. Detailed Notes on All Funds

C. Liabilities

2. Unearned Revenue/Deferred Inflows of Resources (Continued)

	Special Assessments	Taxes	Grants/Loans	Other	Total
Major governmental funds					
General	$ 7,865	$ 272,418	$ 460,971	$ 1,034,789	$ 1,776,043
Special Revenue					
Road and Bridge	-	75,095	1,298,385	195,000	1,568,480
Social Services	-	92,846	-	2,397,682	2,490,528
Solid Waste	850	6,184	-	-	7,034
Debt Service	-	21,069	-	-	21,069
Nonmajor governmental funds					
Special Revenue					
County Building	-	4,732	-	-	4,732
County Parks	-	2,388	-	-	2,388
Total	$ 8,715	$ 474,732	$ 1,759,356	$ 3,627,471	$ 5,870,274
Liability					
Unearned revenue	$ -	$ -	$ 460,971	$ -	$ 460,971
Deferred inflows of resources					
Unavailable revenue	8,715	474,732	1,298,385	3,627,471	5,409,303
Total	$ 8,715	$ 474,732	$ 1,759,356	$ 3,627,471	$ 5,870,274

3. Vacation and Sick Leave

County employees are granted paid time off, in varying amounts, depending on union/non-union status and length of service.

The County pays unused accumulated paid time off to employees upon termination based on two different severance plans. Unvested paid time off, valued at $96,599 at December 31, 2020, is available to employees in the event of an absence but is not paid to them at termination.

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Long-Term Debt – Bonds

Information on individual bonds payable at December 31, 2020, was as follows:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
2019A G.O. Utility Improvement Refunding Plan Bonds	2033	$175,000 - $290,000	3.00 - 4.00	$ 3,285,000	$ 2,920,000
2011A G.O. Capital Equipment Notes	2021	$135,000 - $225,000	0.50 - 3.00	1,540,000	160,000
2017A G.O. Capital Improvement Bonds	2038	$345,000 - $875,000	2.00 - 3.50	12,735,000	12,040,000
Total General Obligation Bonds				$ 17,560,000	$ 15,120,000

5. Debt Service Requirements

Debt service requirements at December 31, 2020, were as follows:

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest
2021	$ 520,000	$ 428,731
2022	735,000	459,256
2023	750,000	434,981
2024	780,000	409,956
2025	810,000	383,906
2026 - 2030	4,430,000	1,510,106
2031 - 2035	4,560,000	789,731
2036 - 2040	2,535,000	134,678
Total	$ 15,120,000	$ 4,551,345

3. Detailed Notes on All Funds

C. Liabilities (Continued)

6. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 15,815,000	$ -	$ 695,000	$ 15,120,000	$ 520,000
Bond premiums	229,179	-	16,976	212,203	-
Bond discount	(2,109)	-	(111)	(1,998)	-
Compensated absences	2,107,294	1,908,649	1,764,612	2,251,331	136,344
Estimated liability for landfill closure/postclosure	3,368,823	914,749	-	4,283,572	-
Total Long-Term Liabilities	$ 21,518,187	$ 2,823,398	$ 2,476,477	$ 21,865,108	$ 656,344

7. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $4,283,572 landfill closure and postclosure care liability at December 31, 2020, represents the cumulative amount reported to date based on the use of 64.76 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of $1,509,531 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Actual costs may be higher due to inflation, or changes in technology or regulations.

3. Detailed Notes on All Funds

C. Liabilities

7. Landfill Closure and Postclosure Care Costs (Continued)

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and is currently making monthly payments for financial assurance to the Solid Waste Special Revenue Fund under financial hardship status. Hardship was granted based on the current Solid Waste Management Plan, which is based on a five-year planning period. In the spring of 1994, Morrison County received approval of its Solid Waste Management Plan, which granted Morrison County ten years of Certificate of Need for solid waste management.

At December 31, 2020, the County has restricted fund balance of $3,930,451 in the Solid Waste Special Revenue Fund to finance closure and postclosure care. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenues.

8. Other Postemployment Benefits (OPEB)

Plan Description

Morrison County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical and dental insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. For employees who were hired on or before March 1, 1986, who have at least 20 years of continuous service with the County at retirement, the County will pay $200 per month for ten years, or until the retiree's 65th birthday if earlier.

3. Detailed Notes on All Funds

C. Liabilities

8. Other Postemployment Benefits (OPEB)

Plan Description (Continued)

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.

Participants

Participants of the plan consisted of the following at January 1, 2020, the most recent actuarial valuation date:

Active employees	264
Retired employees	10
Total Plan Participants	274

Total OPEB Liability

The County's total OPEB liability of $1,800,022 was determined by an actuarial valuation as of January 1, 2020, and was rolled forward to a measurement date of December 31, 2020.

The total OPEB liability in the fiscal year-end December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	2.74 percent as of December 31, 2019 2.12 percent as of December 31, 2020
Payroll growth	3.25 percent
Health care cost trend	7.67 percent, decreasing 0.33 percent per year to an ultimate rate of 5.00 percent

Mortality rates were based on the RP-2014 employee mortality table for males or females, as appropriate, with adjustments for mortality improvements based on scale MP-2018.

3. Detailed Notes on All Funds

C. Liabilities

8. Other Postemployment Benefits (OPEB)

Total OPEB Liability (Continued)

The total OPEB obligations are generally liquidated by the General Fund, and the Road and Bridge and Social Services Special Revenue Funds.

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

The contribution requirements of the plan members and the County are established and may be amended by the Morrison County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy.

	Total OPEB Liability
Balance at December 31, 2020	$ 2,238,121
Changes for the year	
Service cost	$ 122,352
Interest	95,271
Difference between expected and actual experience	(764,023)
Changes in assumptions	170,542
Benefit payments	(62,241)
Net change	$ (438,099)
Balance at December 31, 2020	$ 1,800,022

OPEB Liability Sensitivity

The following table 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:

3. Detailed Notes on All Funds

C. Liabilities

8. Other Postemployment Benefits (OPEB)

OPEB Liability Sensitivity (Continued)

	Discount Rate	Total OPEB Liability
1% Decrease	1.12%	$ 1,933,766
Current	2.12	1,800,022
1% Increase	3.12	1,672,452

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

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	6.67% decreasing to 4.00%	$ 1,615,512
Current	7.67% decreasing to 5.00%	1,800,022
1% Increase	8.67% decreasing to 6.00%	2,018,803

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

For the year ended December 31, 2020, the County recognized OPEB expense of $334,573. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 667,405
Changes in actuarial assumptions	180,698	76,956
Contributions paid to the OPEB plan subsequent to the measurement date	54,563	-
Total	$ 235,261	$ 744,361

3. Detailed Notes on All Funds

C. Liabilities

8. Other Postemployment Benefits (OPEB)

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

The $54,563 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2021	$ (81,769)
2022	(81,769)
2023	(81,769)
2024	(81,769)
2025	(83,546)
Thereafter	(153,041)

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions that occurred in 2020.

9. Contract Commitment

The Capital Projects Fund has contract commitments of $269,385 at December 31, 2020, related to the courthouse building remodel project. In addition, at December 31, 2020, the Road and Bridge Special Revenue Fund has active road construction projects with remaining commitments of $508,904.

3. Detailed Notes on All Funds (Continued)

D. Fund Balance

1. Nonspendable Fund Balance

The detail of nonspendable fund balance at December 31, 2020, is as follows:

Road and Bridge Special Revenue Fund inventory	$ 924,590

2. Restricted Fund Balance

The detail of restricted fund balance at December 31, 2020, is as follows:

	General	Solid Waste	Debt Service	Capital Projects
Recorder's technology	$ 330,006	$ -	$ -	$ -
Recorder's compliance	540,371	-	-	-
State deed grant	658,535	-	-	-
Landfill closure/postclosure	-	3,930,451	-	-
Law library	58,669	-	-	-
Prosecutorial purposes	68,922	-	-	-
Law enforcement	41,552	-	-	-
DARE	35,004	-	-	-
Enhanced 911 programs	2,501	-	-	-
Aquatic invasive species	496,569	-	-	-
Riparian protection aid	276,060	-	-	-
Debt service	-	-	953,592	-
Capital projects	-	-	-	225,247
Total Restricted	$ 2,508,189	$ 3,930,451	$ 953,592	$ 225,247

3. Committed Fund Balance

The detail of committed fund balance at December 31, 2020, is as follows:

	General	County Building	County Parks
Park projects	$ -	$ -	$ 270,848
County building projects	-	981,313	-
Insurance	385,887	-	-
Total Committed	$ 385,887	$ 981,313	$ 270,848

3. Detailed Notes on All Funds

D. Fund Balance (Continued)

4. Assigned Fund Balance

The detail of assigned fund balance at December 31, 2020, is as follows:

	General	Road and Bridge	Social Services	Solid Waste
800 megahertz project	$ 81,337	$ -	$ -	$ -
General government	191,785	-	-	-
Revolving loan	114,525	-	-	-
Septic program	-	-	-	-
Jail inmate programs	164,130	-	-	-
Jail upgrades	1,728,045	-	-	-
Sentencing to Service programs	53,327	-	-	-
Corrections	282,504	-	-	-
Sheriff's programs	704,398	-	-	-
Technology upgrades	175,229	-	-	-
Veterans' programs	60,905	-	-	-
Jail PX	147,859	-	-	-
Human services	-	-	4,468,287	-
Attorney's contingency	19,566	-	-	-
Solid waste	-	-	-	2,605,123
Boat and water	47,202	-	-	-
Capital equipment	694,621	-	-	-
Election programs	212,256	-	-	-
Highways and streets	-	6,890,756	-	-
Total Assigned	$ 4,677,689	$ 6,890,756	$ 4,468,287	$ 2,605,123

4. Pension Plans

A. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of Morrison County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government

4. Pension Plans

A. Defined Benefit Pension Plans

1. Plan Description (Continued)

Correctional Service Retirement Plan (the Correctional 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 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 Morrison County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

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

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

2. 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. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan’s funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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.

4. Pension Plans

A. Defined Benefit Pension Plans

2. Benefits Provided (Continued)

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

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

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

3. 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. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2020.

In 2020, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	17.70
Correctional Plan	8.75

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2019.

The County's contributions for the year ended December 31, 2020, to the pension plans were:

General Employees Plan	$	1,029,491
Police and Fire Plan		302,209
Correctional Plan		97,271

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

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of $11,721,118 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.1955 percent. It was 0.1810 percent measured as of June 30, 2019. The County recognized pension expense of $867,955 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized $31,467 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	$ 11,721,118
State of Minnesota's proportionate share of the net pension liability associated with the County	361,566
Total	$ 12,082,684

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

General Employees Plan (Continued)

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 98,979	$ 44,347
Changes in actuarial assumptions	-	417,443
Difference between projected and actual investment earnings	272,971	-
Changes in proportion	660,306	47,155
Contributions paid to PERA subsequent to the measurement date	518,869	-
Total	$ 1,551,125	$ 508,945

The $518,869 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	$ (361,817)
2022	179,966
2023	421,974
2024	283,188

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2020, the County reported a liability of $2,078,655 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.1615 percent. It was 0.1529 percent measured as of June 30, 2019. The County recognized pension expense of $274,878 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed $13.5 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2020. The contribution consisted of $4.5 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 required the State of Minnesota to pay direct state aid of $4.5 million on October 1, 2019, and to pay $9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional $15,074 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	$	2,078,655
State of Minnesota's proportionate share of the net pension liability associated with the County		48,995
Total	$	2,127,650

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute $9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized $14,193 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 87,446	$ 85,132
Changes in actuarial assumptions	600,746	1,141,767
Difference between projected and actual investment earnings	96,297	-
Changes in proportion	173,137	1,894
Contributions paid to PERA subsequent to the measurement date	149,750	-
Total	$ 1,107,376	$ 1,228,793

The $149,750 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Police and Fire Plan (Continued)

Year Ended December 31	Pension Expense Amount
2021	$ (78,958)
2022	(444,878)
2023	128,245
2024	114,435
2025	9,989

Correctional Plan

At December 31, 2020, the County reported a liability of $141,124 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.5201 percent. It was 0.4974 percent measured as of June 30, 2019. The County recognized pension expense of ($291,969) for its proportionate share of the Correctional Plan's pension expense.

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

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Correctional Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,230	$ 51,720
Changes in actuarial assumptions	-	266,536
Difference between projected and actual investment earnings	30,061	-
Changes in proportion	3,476	18,668
Contributions paid to PERA subsequent to the measurement date	49,357	-
Total	$ 84,124	$ 336,924

The $49,357 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	$ (323,743)
2022	(12,505)
2023	8,632
2024	25,459

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was $850,864.

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

5. Actuarial Assumptions

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the RP-2014 mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2020, 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 August 30, 2016. The experience study for the Correctional Plan was dated February 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan.

The long-term expected rate of return on pension plan investments is 7.50 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

4. Pension Plans

A. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50%	5.10%
International equity	17.50	5.30
Fixed income	20.00	0.75
Private markets	25.00	5.90
Cash equivalents	2.00	0.00

6. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2020, which remained consistent with 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- 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.

4. Pension Plans

A. Defined Benefit Pension Plans

7. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The changes result 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.

4. Pension Plans

   A. Defined Benefit Pension Plans

      7. Changes in Actuarial Assumptions and Plan Provisions

         General Employees Plan (Continued)

         - 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.

         Police and Fire Plan

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

         Correctional Plan

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

      8. 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:

4. Pension Plans

A. Defined Benefit Pension Plans

8. Pension Liability Sensitivity (Continued)

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	$ 18,784,887	6.50%	$ 4,143,058	6.50%	$ 877,071
Current	7.50	11,721,118	7.50	2,078,655	7.50	141,124
1% Increase	8.50	5,894,077	8.50	370,723	8.50	(448,113)

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

B. Defined Contribution Plan

Five employees of Morrison 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.

4. Pension Plans

B. Defined Contribution Plan (Continued)

Total contributions by dollar amount and percentage of covered payroll made by Morrison County during the year ended December 31, 2020, were:

	Employee	Employer
Contribution amount	$ 8,221	$ 8,221
Percentage of covered payroll	5.00%	5.00%

5. Summary of Significant Contingencies and Other Items

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. 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 other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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.

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

B. Joint Ventures

1. Little Falls-Morrison County Airport Commission

The Little Falls-Morrison County Airport Commission was established in 1965, under the authority of Minn. Stat. § 360.042, for the purpose of constructing, operating, and maintaining an airport facility. The City of Little Falls maintains the accounting records of the Commission. The financial activity of the Commission is reported as the Airport Special Revenue Fund, a blended component unit, in the City of Little Falls' annual financial report.

The governing board is composed of six members: three members appointed by the City of Little Falls and three members appointed by Morrison County. The Commission is financed through federal and state grants, earnings from concessions, leases, and charges made for the use of airport facilities. The City and the County share the remainder of the costs equally.

In the event of dissolution of the Commission, all property acquired, including surplus funds, will be divided between the City and the County as follows:

a. All assets, other than capital improvement assets, will be disposed of in any manner agreed upon by the City of Little Falls and Morrison County. If no agreement is reached within three months after termination, the County Board will appoint an individual as its representative, and the City Council will appoint an individual, who may be a City official, as its representative. The Minnesota Commissioner of Aeronautics will appoint a third person who, together with the City and County appointees, will constitute an advisory board on disposition of the airport property. This board will, as soon as possible, prepare and recommend to the City Council and County Board a complete plan for the disposition of the property. The plan will provide for the continuation of the use of the property as a public airport, if practicable.

b. If the agreement is terminated by action of Morrison County, all capital improvement assets will belong to the City of Little Falls free and clear of any claim by the County.

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

1. Little Falls-Morrison County Airport Commission (Continued)

c. If the agreement is terminated by action of the City of Little Falls, all capital improvement assets jointly owned by the City and County will belong to the City of Little Falls, provided the City pays the County 50 percent of the depreciated value of the capital improvement assets.

Morrison County provided $60,814 in funding to the Commission during 2020. Financial information for the Commission can be obtained from:

Little Falls-Morrison County Airport Commission
Little Falls City Hall
100 Northeast 7th Avenue
Little Falls, Minnesota 56345

2. Morrison-Todd-Wadena Community Health Services Board

The County Boards of Cass, Morrison, Todd, and Wadena Counties formed a Board of Health in 1977, via a joint powers agreement, for the purpose of maintaining an integrated system of community health services under Minn. Stat. ch. 145. On January 1, 2006, Cass County withdrew from the Board of Health, and Morrison County became the new fiscal agent. The full Board of Health is composed of five County Commissioners from each of the three counties. The Board appoints an executive committee of two County Commissioners from each of the three counties. An advisory committee composed of three representatives from each of the single county advisory committees makes recommendations to the Board of Health throughout the year. An administrative task force of the three public health directors meets on a monthly basis.

The three counties share responsibility to provide secretarial and financial services and to carry out the administrative requirements of the Board of Health. The three public health directors rotate the administrator position each year. Separate financial information is not available.

5. Summary of Significant Contingencies and Other Items

   B. Joint Ventures (Continued)

      3. Morrison County Interagency Coordinating Council

         The Morrison County Interagency Coordinating Council (MCICC) was established pursuant to Minn. Stat. § 124D.23. Participants include Mid-State Education District 6979; Tri-County Community Action; Morrison County Public Health; Morrison County Social Services; Morrison County Corrections; and Independent School Districts 482, 484, 485, 486, and 487.

         The purpose of the MCICC is to strengthen the network of prevention, early identification, and intervention services for children, youth, and families in Morrison County.

         Control of the MCICC is vested in a governing board composed of the Morrison County Social Services Director, the Morrison County Public Health Director, a Morrison County Corrections representative, and the Mid-State Education District Director. Morrison County Social Services is the fiscal agent for the MCICC. Financial information for the MCICC is accounted for in the Local Collaborative Agency Fund of Morrison County.

         Morrison County provided $2,350 in funding to the Council during 2020. Financial information for the Council can be obtained by calling 320-632-0246.

      4. Central Minnesota Emergency Medical Services Region

         The Central Minnesota Emergency Medical Services Region was established in 2001, under Minn. Stat. § 471.59, to improve access, delivery, and effectiveness of the emergency medical services system; promote systematic and cost-effective delivery of services; and identify and address system needs within the member counties, which include Benton, Cass, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Stearns, Todd, Wadena, and Wright Counties. The Region established a Board comprising one Commissioner from each member county. The Region's Board has financial responsibility, and Stearns County is the fiscal agent.

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

5. Central Minnesota Violent Offender Task Force

Benton, Morrison, Sherburne, Stearns, and Todd Counties, and the Cities of Little Falls, Sartell, Sauk Rapids, St. Cloud, St. Joseph, and Waite Park, have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota.

The Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations; Morrison County provided no cash funding to this organization during 2020.

Control of the Task Force is vested in a Board of Directors. The members of the Board comprise the Sheriff of each member county; a County Attorney from a member party as the legal advisor to the Task Force; the Chief of Police for the Little Falls Police Department; the Chief of Police for the City of St. Cloud; and one representative from among the Chiefs of Police of Sartell, Sauk Rapids, St. Joseph, and Waite Park, selected annually by a majority vote of the Chiefs of Police.

Complete financial information can be obtained from:

City of St. Cloud Police Department
101 – 11th Avenue North
PO Box 1616
St. Cloud, Minnesota 56303

6. Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

6. Central Minnesota Emergency Services Board (Continued)

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from the City appointed by the City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

In the event of dissolution of the Central Minnesota Emergency Services Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city or county that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent they shared in the original expense.

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants.

Complete financial information can be obtained from:

Central Minnesota Emergency Services Board
St. Cloud City Hall
Office of the Mayor
400 Second Street South
St. Cloud, Minnesota 56303

7. Great River Regional Library

On September 25, 1969, the Great River Regional Library was formed under a joint powers agreement, creating a regional public library system with Benton, Morrison, Stearns, and Wright Counties. It has expanded to include library services in Sherburne and Todd Counties.

5. Summary of Significant Contingencies and Other Items

   B. Joint Ventures

      7. Great River Regional Library (Continued)

         The Board of Directors consists of 15 members, representing all six of the member counties. Morrison County provided $506,845 to this organization during 2020.

         Separate financial information can be obtained from:

         Great River Regional Library
         1300 West St. Germain Street
         St. Cloud, Minnesota 56301

      8. Mississippi Headwaters Board

         The Mississippi Headwaters Board was established on February 22, 1980, by Aitkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties, pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to prepare, adopt, and implement a comprehensive land use plan designed to protect and enhance the Mississippi River and related shoreland areas within the counties.

         The Mississippi Headwaters Board consists of eight members, one appointed from each participating county. Funding is obtained through federal, state, local, and private sources. Crow Wing County maintains the accounting records of the Board. Morrison County provided $1,500 to this organization during 2020.

         Complete financial information can be obtained from:

         Mississippi Headwaters Board
         Land Services Building
         322 Laurel Street
         Brainerd, Minnesota 56401

         Email: mhb@co.crow-wing.mn.us

5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

9. Rural Minnesota Concentrated Employment Programs, Inc., (Workforce Investment Act – Rural Minnesota Workforce Service Area 2)

The Rural Minnesota Concentrated Employment Programs, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in North Central and West Central Minnesota. The agency was incorporated in 1968 to operate employment and training programs which include Workforce Investment Act (WIA) services. The RMCEP was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

Morrison County provided $230,721 to this organization in 2020.

C. Jointly-Governed Organizations

1. Community Health Information Collaborative

The Community Health Information Collaborative (CHIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Morrison County did not contribute to the CHIC during 2020.

2. Region Four – West Central Minnesota Homeland Security Emergency Management Organization

The Region Four – West Central Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. Control is vested in the Board, which is composed of representatives appointed by each Board of County Commissioners. Morrison County's responsibility does not extend beyond making this appointment.

5. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

3. Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Morrison County paid the MCCC $212,556 for services provided.

4. Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Morrison County made no payments to the Network.

5. Sentencing to Service

Morrison County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) Program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) Program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations, and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS Program. Although Morrison County has no operational or financial control over the STS Program, Morrison County budgets for a percentage of this program.

The STS Program is a joint effort of Morrison County and the Minnesota Departments of Corrections and Natural Resources. It is designed to have a positive effect by helping inmates meet their court orders and by providing work projects, which improve the management of the state's natural resources. The Morrison County STS Program will enter into agreements with entities qualified as non-profit 501(c)(3) to provide labor for projects.

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

D. Tax Abatements

The County is subject to tax abatements granted by cities and other districts within the County, pursuant to Minn. Stat. §§ 469.174-.1794, through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the city or other district. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

The pay-as-you-go note provides for payment to the developer of a percentage of all tax increment received in the prior six months. The payment reimburses the developer for certain public improvements. During 2020, Morrison County had 15 pay-as-you-go notes within the County. The tax increment taxes collected during 2020 totaled $88,918 for the County and $48,195 for the Morrison County RDFA component unit. The County's portion of the captured tax capacity and related property taxes was approximately 54 percent.

6. Housing and Redevelopment Authority of Morrison County

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity

The Housing and Redevelopment Authority (HRA) of Morrison County is a component unit of Morrison County and is reported in a separate column in the County's financial statements to emphasize that the HRA is a legally separate entity from Morrison County. The HRA of Morrison County operates as a local government unit for the purpose of providing housing and redevelopment services to the local area. The governing body consists of a five-member Board appointed by the County. The financial statements included are as of and for the year ended December 31, 2020.

2. Budget Information

The HRA adopts estimated revenue and expense budgets. Comparisons of estimated revenues and budgeted expenses to actual are not presented in the financial statements. Amendments to the original budget require Board approval. Appropriations lapse at year-end. The HRA does not use encumbrance accounting.

6. Housing and Redevelopment Authority of Morrison County

   A. Summary of Significant Accounting Policies (Continued)

      3. Assets, Liabilities, and Equity Accounts

         Cash and Cash Equivalents

         All checking, savings, certificates of deposit, and cash on hand are included in cash for the cash flow statement. Cash equivalents are considered to be short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

         Restricted Cash

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

         Capital Assets

         Capital assets include property, buildings, and furniture and equipment. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment. Depreciation is recorded using the straight-line method over the various lives of the assets, which range from three to ten years.

         Liabilities

         All liabilities are recorded as incurred.

         Compensated Absences

         Under the HRA's personnel policies, employees are granted vacation and sick leave in varying amounts based on status and length of service. Vacation amounts range from one day to two days per month. Unpaid vacation pay is generally paid at the time of separation from employment. Sick leave is earned at a rate of up to two days per month, with a maximum accumulation of 100 days. Maximum accumulation for vacation is 24 days.

6. Housing and Redevelopment Authority of Morrison County

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Equity Accounts (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the HRA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position is reported as unrestricted when the funds do not meet the definition of restricted or net investment in capital assets.

Use of Estimates

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

B. Detailed Notes

1. Deposits and Investments

The HRA is authorized by Minnesota statutes to designate a depository for public funds and to invest in certificates of deposit. The HRA is required by Minnesota statutes to protect HRA 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.

6. Housing and Redevelopment Authority of Morrison County

B. Detailed Notes

1. Deposits and Investments (Continued)

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

Custodial credit risk is the risk that, in the event of a financial institution failure, the HRA’s deposits may not be returned to it. As of December 31, 2020, the HRA’s deposits were not exposed to custodial credit risk.

As of and during the year ended December 31, 2020, the HRA did not own any investments that required disclosure regarding interest rate risk, credit risk, custodial credit risk, or concentration of credit risk.

As of December 31, 2020, the book balance of the HRA’s deposits totaled $51,185 and the bank balance totaled $46,538.

The HRA maintains restricted cash in the amount of housing assistance payments equity as required by the grantor. As of December 31, 2020, the restricted cash was $8,588.

2. Capital Assets

A summary of the HRA’s capital assets at December 31, 2020, follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Equipment and other	$ 2,748	$ 2,140	$ -	$ 4,888
Less: accumulated depreciation	1,355	441	-	1,796
Capital Assets, Net	$ 1,393	$ 1,699	$ -	$ 3,092

6. Housing and Redevelopment Authority of Morrison County

B. Detailed Notes

2. Capital Assets (Continued)

Depreciation expense was charged to Housing Choice Vouchers in the amount of $131, and State/Local Program in the amount of $310.

3. Liabilities

Liabilities at December 31, 2020, consisted of the following:

Current liabilities		
Accounts payable (less than 90 days)	$	197
Accrued wage/payroll tax payable		5,617
Accrued compensated absences – current portion		4,786
Unearned revenue		7,792
Total Current Liabilities	$	18,392
Noncurrent liabilities		
Accrued compensated absences – noncurrent portion	$	11,168

4. Compensated Absences

Changes in compensated absences for the year ended December 31, 2020, were as follows:

Balance – January 1, 2020	$	13,057
Net change in compensated absences		2,897
Balance – December 31, 2020	$	15,954

5. Risk Management

The HRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property and casualty and workers' compensation liabilities are insured. The HRA retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the basic financial statements.

6. Housing and Redevelopment Authority of Morrison County

   B. Detailed Notes (Continued)

      6. Pension Plan

         Eligible employees participate in a defined benefit pension plan. Contributions to the plan for the year ended December 31, 2020, were as follows:

Covered Wages	$ 59,399	
Employer contribution	$ 4,752	8.0%
Employee contribution	2,970	5.0%
Total	$ 7,722	13.0%

      7. Economic Dependency

         The HRA is economically dependent on annual contributions and grants from HUD. The HRA operates at a loss prior to receiving contributions and grants from HUD.

REQUIRED SUPPLEMENTARY INFORMATION

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT A-1

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 10,943,539	$ 10,943,539	$ 10,958,381	$ 14,842
Special assessments	-	-	5,820	5,820
Licenses and permits	312,100	312,100	355,067	42,967
Intergovernmental	4,267,960	4,267,960	9,531,304	5,263,344
Charges for services	2,114,062	2,114,062	2,193,181	79,119
Fines and forfeits	2,000	2,000	6,255	4,255
Investment income	325,000	325,000	362,226	37,226
Miscellaneous	462,750	462,750	745,900	283,150
Total Revenues	**$ 18,427,411**	**$ 18,427,411**	**$ 24,158,134**	**$ 5,730,723**
Expenditures				
Current				
General government				
Commissioners	$ 313,590	$ 313,590	$ 278,083	$ 35,507
Courts	105,000	105,000	129,807	(24,807)
Law library	35,000	35,000	48,692	(13,692)
Administrator	616,206	616,206	611,509	4,697
Risk management administration	292,000	292,000	292,050	(50)
Auditor-treasurer	930,837	930,837	1,003,719	(72,882)
Motor vehicle/license bureau	465,301	465,301	443,576	21,725
Information services	707,489	707,489	678,464	29,025
Attorney	1,051,964	1,051,964	1,044,215	7,749
Recorder	446,247	446,247	450,288	(4,041)
Surveyor	2,400	2,400	1,575	825
Planning and zoning	1,262,958	1,262,958	1,211,316	51,642
Buildings and plant	943,891	943,891	869,529	74,362
Veterans service officer	208,047	208,047	218,939	(10,892)
Appropriations – airport	60,000	60,000	149,623	(89,623)
Other general government	-	-	1,853,516	(1,853,516)
Total general government	**$ 7,440,930**	**$ 7,440,930**	**$ 9,284,901**	**$ (1,843,971)**
Public safety				
Sheriff	$ 4,142,396	$ 4,142,396	$ 4,194,001	$ (51,605)
Boat and water safety	15,874	15,874	22,045	(6,171)
Coroner	76,500	76,500	21,700	54,800
E-911 system	112,000	112,000	136,163	(24,163)
County jail	2,269,659	2,269,659	2,123,823	145,836
Civil defense	86,487	86,487	112,394	(25,907)
Community corrections	987,610	987,610	968,933	18,677
Other public safety	98,516	98,516	123,465	(24,949)
Total public safety	**$ 7,789,042**	**$ 7,789,042**	**$ 7,702,524**	**$ 86,518**

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

EXHIBIT A-1
(Continued)

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Health				
Nursing service	**$ 2,463,764**	**$ 2,463,764**	**$ 2,257,774**	**$ 205,990**
Culture and recreation				
Historical society	$ 54,000	$ 54,000	$ 53,835	$ 165
Other	40,275	40,275	200,367	(160,092)
Total culture and recreation	**$ 94,275**	**$ 94,275**	**$ 254,202**	**$ (159,927)**
Conservation of natural resources				
County extension	$ 207,494	$ 207,494	$ 188,398	$ 19,096
Soil and water conservation	124,000	124,000	127,820	(3,820)
Agricultural society	30,000	30,000	29,958	42
Water planning	20,627	20,627	7,170	13,457
Ditch	-	-	44,623	(44,623)
Other	335,178	335,178	198,668	136,510
Total conservation of natural resources	**$ 717,299**	**$ 717,299**	**$ 596,637**	**$ 120,662**
Economic development				
Community development	**$ 112,650**	**$ 112,650**	**$ 113,464**	**$ (814)**
Intergovernmental				
Culture and recreation				
Library	**$ 506,845**	**$ 506,845**	**$ 506,845**	**$ -**
Total Expenditures	**$ 19,124,805**	**$ 19,124,805**	**$ 20,716,347**	**$ (1,591,542)**
Excess of Revenues Over (Under) Expenditures	**$ (697,394)**	**$ (697,394)**	**$ 3,441,787**	**$ 4,139,181**
Other Financing Sources (Uses)				
Transfers out	-	-	(554,537)	(554,537)
Net Change in Fund Balance	**$ (697,394)**	**$ (697,394)**	**$ 2,887,250**	**$ 3,584,644**
Fund Balance – January 1	**12,691,474**	**12,691,474**	**12,691,474**	**-**
Fund Balance – December 31	**$ 11,994,080**	**$ 11,994,080**	**$ 15,578,724**	**$ 3,584,644**

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

EXHIBIT A-2

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 4,332,127	$ 4,332,127	$ 4,894,194	$ 562,067
Intergovernmental	9,362,978	9,362,978	10,363,297	1,000,319
Charges for services	140,000	140,000	359,590	219,590
Miscellaneous	-	-	167,860	167,860
Total Revenues	**$ 13,835,105**	**$ 13,835,105**	**$ 15,784,941**	**$ 1,949,836**
Expenditures				
Current				
Highways and streets				
Administration	$ 431,261	$ 431,261	$ 457,816	$ (26,555)
Maintenance	3,148,874	3,148,874	2,830,131	318,743
Construction	8,789,938	8,789,938	8,325,978	463,960
Equipment maintenance and shop	1,452,866	1,452,866	1,484,577	(31,711)
Total highways and streets	**$ 13,822,939**	**$ 13,822,939**	**$ 13,098,502**	**$ 724,437**
Conservation of natural resources				
Agricultural inspector	**$ 12,166**	**$ 12,166**	**$ 2,266**	**$ 9,900**
Intergovernmental				
Highways and streets	**$ -**	**$ -**	**$ 608,131**	**$ (608,131)**
Total Expenditures	**$ 13,835,105**	**$ 13,835,105**	**$ 13,708,899**	**$ 126,206**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 2,076,042**	**$ 2,076,042**
Other Financing Sources (Uses)				
Transfers in	**-**	**-**	**46,211**	**46,211**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 2,122,253**	**$ 2,122,253**
Fund Balance – January 1	**5,704,503**	**5,704,503**	**5,704,503**	**-**
Increase (decrease) in inventories	**-**	**-**	**(11,410)**	**(11,410)**
Fund Balance – December 31	**$ 5,704,503**	**$ 5,704,503**	**$ 7,815,346**	**$ 2,110,843**

EXHIBIT A-3

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,662,010	$ 3,662,010	$ 3,674,406	$ 12,396
Intergovernmental	6,750,290	6,750,290	6,806,640	56,350
Charges for services	692,300	692,300	751,042	58,742
Miscellaneous	595,300	595,300	878,066	282,766
Total Revenues	**$ 11,699,900**	**$ 11,699,900**	**$ 12,110,154**	**$ 410,254**
Expenditures				
Current				
Human services				
Income maintenance	$ 3,888,350	$ 3,888,350	$ 3,683,489	$ 204,861
Social services	7,811,550	7,811,550	7,778,567	32,983
Total Expenditures	**$ 11,699,900**	**$ 11,699,900**	**$ 11,462,056**	**$ 237,844**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ -**	**$ 648,098**	**$ 648,098**
Other Financing Sources (Uses)				
Transfers in	**-**	**-**	**482,293**	**482,293**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 1,130,391**	**$ 1,130,391**
Fund Balance – January 1	**3,337,896**	**3,337,896**	**3,337,896**	**-**
Fund Balance – December 31	**$ 3,337,896**	**$ 3,337,896**	**$ 4,468,287**	**$ 1,130,391**

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

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT A-4

BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 243,242	$ 243,242	$ 243,589	$ 347
Licenses and permits	13,000	13,000	10,775	(2,225)
Intergovernmental	140,577	140,577	153,637	13,060
Charges for services	2,643,800	2,643,800	3,247,005	603,205
Investment income	-	-	70,831	70,831
Miscellaneous	101,500	101,500	48,935	(52,565)
Total Revenues	**$ 3,142,119**	**$ 3,142,119**	**$ 3,774,772**	**$ 632,653**
Expenditures				
Current				
Sanitation				
Solid waste	**4,433,469**	**4,433,469**	**4,668,603**	**(235,134)**
Excess of Revenues Over (Under) Expenditures	**$ (1,291,350)**	**$ (1,291,350)**	**$ (893,831)**	**$ 397,519**
Other Financing Sources (Uses)				
Transfers in	**-**	**-**	**26,033**	**26,033**
Net Change in Fund Balance	**$ (1,291,350)**	**$ (1,291,350)**	**$ (867,798)**	**$ 423,552**
Fund Balance – January 1	**7,403,372**	**7,403,372**	**7,403,372**	**-**
Fund Balance – December 31	**$ 6,112,022**	**$ 6,112,022**	**$ 6,535,574**	**$ 423,552**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT A-5

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 122,352	$ 161,331	$ 147,236
Interest	95,271	79,392	79,545
Differences between expected and actual experience	(764,023)	-	-
Changes of assumption or other inputs	170,542	(103,792)	51,823
Benefit payments	(62,241)	(90,795)	(87,488)
Net change in total OPEB liability	**$ (438,099)**	**$ 46,136**	**$ 191,116**
Total OPEB Liability – Beginning, as restated	**2,238,121**	**2,191,985**	**2,000,869**
Total OPEB Liability – Ending	**$ 1,800,022**	**$ 2,238,121**	**$ 2,191,985**
Covered-employee payroll	$ 16,000,000	$ 15,100,000	$ 14,500,000
Total OPEB liability (asset) as a percentage of covered-employee payroll	11.25%	14.82%	15.12%

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

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT A-6

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Morrison County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.1955 %	$ 11,721,118	$ 361,566	$ 12,082,684	$ 13,943,942	84.06 %	79.06 %
2019	0.1810	10,007,085	310,986	10,318,071	12,806,819	78.14	80.23
2018	0.1827	10,135,447	332,473	10,467,920	12,281,974	82.52	79.53
2017	0.1790	11,427,242	143,718	11,570,960	11,534,045	99.07	75.90
2016	0.1728	14,030,503	183,184	14,213,687	10,721,283	130.87	68.91
2015	0.1761	9,126,416	N/A	9,126,416	10,350,204	88.18	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

EXHIBIT A-7

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	$ 1,029,491	$ 1,029,491	$ -	$ 13,726,554	7.50 %
2019	987,642	987,642	-	13,168,565	7.50
2018	980,549	980,549	-	13,073,990	7.50
2017	887,535	887,535	-	11,833,810	7.50
2016	835,107	835,107	-	11,134,758	7.50
2015	789,631	789,631	-	10,528,415	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.

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT A-8

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Morrison County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.1615 %	$ 2,078,655	$ 48,995	$ 2,127,650	$ 1,781,440	116.68 %	87.19 %
2019	0.1529	1,627,775	N/A	1,627,775	1,615,149	100.78	89.26
2018	0.1440	1,534,892	N/A	1,534,892	1,517,285	101.16	88.84
2017	0.1380	1,863,164	N/A	1,863,164	1,412,986	131.86	85.43
2016	0.1360	5,457,917	N/A	5,457,917	1,369,334	398.58	63.88
2015	0.1370	1,556,641	N/A	1,556,641	1,256,015	123.93	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.

EXHIBIT A-9

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	$ 302,209	$ 302,209	$ -	$ 1,707,394	17.70 %
2019	284,462	284,462	-	1,678,241	16.95
2018	266,790	266,790	-	1,646,849	16.20
2017	233,204	233,204	-	1,439,532	16.20
2016	221,832	221,832	-	1,369,333	16.20
2015	204,151	204,151	-	1,260,189	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.

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT A-10

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.5201 %	$ 141,124	$ 1,131,783	12.47 %	96.67 %
2019	0.4974	68,865	1,083,945	6.35	98.17
2018	0.4838	79,571	988,078	8.05	97.64
2017	0.5100	1,453,505	1,011,741	143.66	67.89
2016	0.5500	2,009,227	1,036,779	193.80	58.16
2015	0.5400	83,484	969,324	8.61	96.95

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

EXHIBIT A-11

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	$ 97,271	$ 97,271	$ -	$ 1,111,665	8.75 %
2019	94,846	94,846	-	1,083,945	8.75
2018	93,839	93,839	-	1,072,439	8.75
2017	85,604	85,604	-	978,321	8.75
2016	90,808	90,808	-	1,037,943	8.75
2015	86,792	86,792	-	991,903	8.75

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

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

1. Budgetary Information

The County Board adopts annual budgets for the General Fund and all special revenue funds. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Debt Service Fund or the Capital Projects Fund.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Administrator each year. After review, analysis, and discussions with the departments, the County Administrator's proposed budget is presented to the County Board for review. The County Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control—the level at which expenditures may not legally exceed appropriations—is the function level. Budgets may be amended during the year with proper approval.

2. Excess of Expenditures Over Budget

The following major governmental funds had expenditures in excess of budget at the function level for the year ended December 31, 2020:

	Expenditures		
	Actual	Final Budget	Excess
General Fund			
Current			
General government	$ 9,284,901	$ 7,440,930	$ 1,843,971
Culture and recreation	254,202	94,275	159,927
Economic development	113,464	112,650	814
Road and Bridge Special Revenue Fund			
Intergovernmental			
Highways and streets	608,131	-	608,131
Solid Waste Special Revenue Fund			
Current			
Sanitation	4,668,603	4,433,469	235,134

3. Other Postemployment Benefits Funding Status

In 2018, Morrison County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Note 3.C.8 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

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.

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

There were no changes in plan provisions, cost allocation procedures, contribution allocation procedures, or methods from the previous measurement. There were no adjustments of prior measurements or use of approximations which would materially impact the results.

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 year ended June 30:

General Employees Retirement Plan

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.
- 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.

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

General Employees Retirement Plan

2020 (Continued)

- 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.

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

General Employees Retirement Plan (Continued)

2019

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.

- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Contribution stabilizer provisions were repealed.

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

- 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.

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

General Employees Retirement Plan (Continued)

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.

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

Public Employees Police and Fire Plan

2020

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

2019

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

2018

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

- 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.

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

Public Employees Police and Fire Plan (Continued)

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.

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

Public Employees Police and Fire Plan

2017 (Continued)

- 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.

Public Employees Local Government Correctional Service Retirement Plan

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.

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

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

Public Employees Local Government Correctional Service Retirement Plan

2018 (Continued)

- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).

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

Public Employees Local Government Correctional Service Retirement Plan

2017 (Continued)

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.

- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.

- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

NONMAJOR FUNDS

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

County Building – to account for funds accumulated for the repair of buildings used for County administration. Financing is provided primarily by an annual property tax levy.

County Parks – to account for the operation, maintenance, and development of the County's park system, including acquisition of land, park development, park maintenance, and administration of park activities. Financing is provided primarily by an annual property tax levy, and state and federal grants.

CUSTODIAL FUNDS

The custodial funds are used to account for assets held by the County as an agent for other governmental units, individuals, or private organizations.

Taxes and Penalties – to account for the collection and distribution of taxes and penalties to the various taxing districts.

Jail Inmate – to account for the collection and payment of monies on behalf of individuals held in the Morrison County jail.

Forfeited Land – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota and other taxing districts.

Local Collaborative – to account for the collection and payment of amounts due to the Morrison County Interagency Coordinating Council.

Morrison Todd Wadena Board of Health – to account for the activity of grants and expenditures on behalf of the Morrison Todd Wadena Board of Health.

State Taxes and Fees – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota.

Civil Action – to account for the collection and payment of monies collected through civil law procedures on behalf of external entities.

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds		
	County Building	County Parks	Total
Assets			
Cash and pooled investments	$ 981,313	$ 264,930	$ 1,246,243
Delinquent taxes receivable	4,732	2,388	7,120
Due from other governments	-	6,100	6,100
Total Assets	**$ 986,045**	**$ 273,418**	**$ 1,259,463**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	**$ -**	**$ 182**	**$ 182**
Deferred Inflows of Resources			
Unavailable revenue	**$ 4,732**	**$ 2,388**	**$ 7,120**
Fund Balances			
Committed			
Park projects	$ -	$ 270,848	$ 270,848
County building projects	981,313	-	981,313
Total Fund Balances	**$ 981,313**	**$ 270,848**	**$ 1,252,161**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 986,045**	**$ 273,418**	**$ 1,259,463**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT B-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds		
	County Building	County Parks	Total
Revenues			
Taxes	$ 192,380	$ 97,996	$ 290,376
Intergovernmental	99,094	82,833	181,927
Miscellaneous	-	2,724	2,724
Total Revenues	**$ 291,474**	**$ 183,553**	**$ 475,027**
Expenditures			
Current			
General government	$ 65,746	$ -	$ 65,746
Culture and recreation	-	144,674	144,674
Total Expenditures	**$ 65,746**	**$ 144,674**	**$ 210,420**
Net Change in Fund Balances	**$ 225,728**	**$ 38,879**	**$ 264,607**
Fund Balances – January 1	**755,585**	**231,969**	**987,554**
Fund Balances – December 31	**$ 981,313**	**$ 270,848**	**$ 1,252,161**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT B-3

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 192,273	$ 192,273	$ 192,380	$ 107
Intergovernmental	27,727	27,727	99,094	71,367
Total Revenues	**$ 220,000**	**$ 220,000**	**$ 291,474**	**$ 71,474**
Expenditures				
Current				
General government	**220,000**	**220,000**	**65,746**	**154,254**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 225,728**	**$ 225,728**
Fund Balance – January 1	**755,585**	**755,585**	**755,585**	**-**
Fund Balance – December 31	**$ 755,585**	**$ 755,585**	**$ 981,313**	**$ 225,728**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT B-4

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 96,307	$ 96,307	$ 97,996	$ 1,689
Intergovernmental	13,888	13,888	82,833	68,945
Miscellaneous	-	-	2,724	2,724
Total Revenues	**$ 110,195**	**$ 110,195**	**$ 183,553**	**$ 73,358**
Expenditures				
Current				
Culture and recreation				
Parks	110,195	110,195	144,674	(34,479)
Net Change in Fund Balance	**$ -**	**$ -**	**$ 38,879**	**$ 38,879**
Fund Balance – January 1	**231,969**	**231,969**	**231,969**	**-**
Fund Balance – December 31	**$ 231,969**	**$ 231,969**	**$ 270,848**	**$ 38,879**

FIDUCIARY FUNDS

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

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

	Taxes and Penalties	Jail Inmate	Forfeited Land
Assets			
Cash and pooled investments	$ 445,585	$ 5,428	$ 6,574
Due from other governments	-	-	-
Accounts receivable for other governments	-	-	-
Interest receivable for other governments	-	-	-
Taxes receivable for other governments	639,705	-	-
Total Assets	**$ 1,085,290**	**$ 5,428**	**$ 6,574**
Liabilities			
Due to other governments	**$ 445,531**	**$ -**	**$ 6,574**
Net Position			
Restricted for			
Individuals, organizations, other governments	**$ 639,759**	**$ 5,428**	**$ -**
Total Net Position	**$ 639,759**	**$ 5,428**	**$ -**

EXHIBIT C-1

Custodial Funds				
Local Collaborative	**Morrison Todd Wadena Board of Health**	**State Taxes and Fees**	**Civil Action**	**Total Custodial Funds**
$ 209,887	$ 93,189	$ 191,965	$ -	$ 952,628
27,615	254,675	-	-	282,290
-	-	167,960	-	167,960
499	-	-	-	499
-	-	-	-	639,705
$ 238,001	**$ 347,864**	**$ 359,925**	**$ -**	**$ 2,043,082**
$ -	**$ 168,062**	**$ 194,817**	**$ -**	**$ 814,984**
$ 238,001	**$ 179,802**	**$ 165,108**	**$ -**	**$ 1,228,098**
$ 238,001	**$ 179,802**	**$ 165,108**	**$ -**	**$ 1,228,098**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Taxes and Penalties	Jail Inmate	Forfeited Land
Additions			
Contributions from individuals	$ -	$ 109,058	$ -
Investment earnings	-	-	-
Property tax collections for other governments	25,886,268	-	-
Tax forfeited land sales	-	-	6,574
Federal/State revenue	79,042	-	-
Other taxes collected for other governments	-	-	-
Fees collected for other governments	-	-	-
Mortgage foreclosure sales	-	-	-
Miscellaneous	-	-	-
Total Additions	**$ 25,965,310**	**$ 109,058**	**$ 6,574**
Deductions			
Beneficiary payments to individuals	$ -	$ 39,587	$ -
Payments of property tax to other governments	25,906,248	-	6,164
Payments to state	-	-	-
Administrative expense	-	-	410
Payments to other individuals/entities	145,858	69,714	-
Total Deductions	**$ 26,052,106**	**$ 109,301**	**$ 6,574**
Change in net position	**$ (86,796)**	**$ (243)**	**$ -**
Net Position – January 1, as restated (Note 1.E)	**726,555**	**5,671**	**-**
Net Position – December 31	**$ 639,759**	**$ 5,428**	**$ -**

EXHIBIT C-2

Custodial Funds					
Local Collaborative	Morrison Todd Wadena Board of Health	State Taxes and Fees	Civil Action	Total Custodial Funds
$ -	$ -	$ -	$ -	$ 109,058
1,217	-	-	-	1,217
-	-	-	-	25,886,268
-	-	-	-	6,574
113,764	1,230,731	-	-	1,423,537
-	-	1,225,737	-	1,225,737
-	-	1,075,095	-	1,075,095
-	-	-	457,416	457,416
10,000	-	-	-	10,000
$ 124,981	**$ 1,230,731**	**$ 2,300,832**	**$ 457,416**	**$ 30,194,902**
$ -	$ -	$ -	$ -	$ 39,587
-	-	-	-	25,912,412
-	-	2,304,907	-	2,304,907
-	-	-	-	410
151,308	1,219,673	-	457,416	2,043,969
$ 151,308	**$ 1,219,673**	**$ 2,304,907**	**$ 457,416**	**$ 30,301,285**
$ (26,327)	**$ 11,058**	**$ (4,075)**	**$ -**	**$ (106,383)**
264,328	**168,744**	**169,183**	**-**	**1,334,481**
$ 238,001	**$ 179,802**	**$ 165,108**	**$ -**	**$ 1,228,098**

OTHER SCHEDULES

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT D-1

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

Shared Revenue		
State		
Highway users tax	$	8,052,648
County program aid		2,053,625
Market value credit – real property		582,156
PERA state aid		59,666
Disparity reduction aid		29,096
Aquatic invasive species		127,110
Riparian protection aid		121,944
Police aid		199,259
SCORE		95,003
Enhanced 911		111,082
Total shared revenue	**$**	**11,431,589**
Reimbursement for Services		
Minnesota Department of Human Services	**$**	**1,410,676**
Payments – Local		
Local grants	$	138,078
Local share of construction		83,924
Payments in lieu of taxes		179,179
Total payments – local	**$**	**401,181**
Grants		
State		
Minnesota Department/Board of		
Corrections	$	630,898
Public Safety		71,254
Employment and Economic Development		658,535
Health		430,369
Veterans Affairs		10,000
Natural Resources		288,284
Human Services		2,281,867
Labor and Industry		8,844
Revenue		304
Water and Soil Resources		22,545
Pollution Control Agency		49,742
Secretary of State		66,545
Trial Courts		86,139
Peace Officer Standards and Training Board		22,582
Total state	**$**	**4,627,908**

EXHIBIT D-1
(Continued)

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

Grants (Continued)	
Federal	
Department of	
Agriculture	$ 533,536
Justice	10,200
Transportation	1,738,316
Treasury	4,196,222
Education	2,062
Election Assistance Commission	30,423
Health and Human Services	2,741,123
Homeland Security	27,777
Total federal	**$ 9,279,659**
Total state and federal grants	**$ 13,907,567**
Total Intergovernmental Revenue	**$ 27,151,013**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT D-2

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	$ 187,082	$ -
WIC Grants to States (WGS)	10.578	202MN004W5413	62,943	-
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202MN101S2514	283,511	-
Total U.S. Department of Agriculture			**$ 533,536**	**$ -**
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607		**$ 10,200**	**$ -**
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	00049	$ 1,718,387	$ -
Passed Through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	18X9204020MN17	15,260	-
State and Community Highway Safety	20.600	A-ENFRC20-2020-MORRISSO-006	3,473	3,226
(Total State and Community Highway Safety 20.600 $18,733)				
National Priority Safety Programs	20.616	A-ENFRC20-2020-MORRISSO-006	1,196	629
Total U.S. Department of Transportation			**$ 1,738,316**	**$ 3,855**
U.S. Department of Treasury				
Passed Through Minnesota Department of Corrections				
COVID-19 – Coronavirus Relief Fund	21.019	181735	$ 638	$ -
(Total COVID-19 – Coronavirus Relief Fund 21.019 $4,196,222)				
Passed Through Minnesota Management and Budget				
COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	4,195,584	984,873
(Total COVID-19 – Coronavirus Relief Fund 21.019 $4,196,222)				
Total U.S. Department of Treasury			**$ 4,196,222**	**$ 984,873**

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

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT D-2
(Continued)

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	B04MC32551	**$ 2,062**	**$ -**
U.S. Election Assistance Commission				
Passed Through Minnesota Secretary of State				
COVID-19 – 2018 HAVA Election Security Grants	90.404	181517	**$ 30,423**	**$ -**
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPSS	$ 6,137	$ -
(Total Promoting Safe and Stable Families 93.556 $7,330)				
Temporary Assistance for Needy Families	93.558	2001MNTANF	259,402	-
(Total Temporary Assistance for Needy Families 93.558 $301,800)				
Child Support Enforcement	93.563	2001MNCSES	125,486	-
Child Support Enforcement	93.563	2001MNCEST	514,395	-
(Total Child Support Enforcement 93.563 $639,881)				
Refugee and Entrant Assistance – State Administered Programs	93.566	2001MNRCMA	352	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	10,212	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2001MNCCDF	5,570	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	4,950	-
Foster Care – Title IV-E	93.658	2001MNFOST	197,275	-
Social Services Block Grant	93.667	2001MNSOSR	184,969	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	27,625	-
Children's Health Insurance Program	93.767	2005MN5021	668	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	1,245,505	-
Medical Assistance Program	93.778	2005MN5MAP	30,561	-
(Total Medical Assistance Program 93.778 $1,276,066)				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	NU90TP922026	19,304	-
Early Hearing Detection and Intervention	93.251	H61MC0035	675	-
Temporary Assistance for Needy Families	93.558	2001MNTANF	42,398	-
(Total Temporary Assistance for Needy Families 93.558 $301,800)				
Maternal and Child Health Services Block Grant to the States	93.994	B04MC32551	41,122	-
Passed Through Becker County, Minnesota				
Promoting Safe and Stable Families	93.556	2001MNFPSS	1,193	-
(Total Promoting Safe and Stable Families 93.556 $7,330)				
Total U.S. Department of Health and Human Services			**$ 2,717,799**	**$ -**

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

EXHIBIT D-2
(Continued)

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29G70CGFFY19	$ 4,495	$ -
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	MORRISCO-051	23,282	-
Total U.S. Department of Homeland Security			**$ 27,777**	**$ -**
Total Federal Awards			**$ 9,256,335**	**$ 988,728**

Totals by Cluster	
Total expenditures for SNAP Cluster	$ 283,511
Total expenditures for Highway Planning and Construction Cluster	1,718,387
Total expenditures for Highway Safety Cluster	19,929
Total expenditures for CCDF Cluster	5,570
Total expenditures for Medicaid Cluster	1,276,066

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Morrison County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include $535,070 in federal awards expended by the Housing and Redevelopment Authority of Morrison County component unit, which was audited by other auditors.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Morrison County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of 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 Morrison County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Morrison County.

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

2. De Minimis Cost Rate

Morrison County has elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$	9,279,659
Grants not to be included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2020, as instructed by the federal grantor		
Provider Relief Fund (CFDA No. 93.498)		(23,324)
Expenditures Per Schedule of Expenditures of Federal Awards	$	9,256,335

MORRISON COUNTY
RURAL DEVELOPMENT FINANCE AUTHORITY

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT E-1

GENERAL FUND BALANCE SHEET
AND GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
MORRISON COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY
DECEMBER 31, 2020

	General Fund	Reconciliation	Governmental Activities
Assets			
Current assets			
Cash	$ 405,450	$ -	$ 405,450
Due from other governments	2,602	-	2,602
Loans receivable	495,034	-	495,034
Total Assets	**$ 903,086**	**$ -**	**$ 903,086**
Deferred Inflows of Resources and Fund Balance/Net Position			
Deferred Inflows of Resources			
Unavailable revenue	$ 495,034	$ (495,034)	$ -
Fund Balance			
Restricted for economic development	408,052	(408,052)	
Net Position			
Restricted for economic development		903,086	903,086
Total Deferred Inflows of Resources and Fund Balance/Net Position	**$ 903,086**	**$ -**	**$ 903,086**

Reconciliation of the General Fund Balance to Net Position	
Fund Balance – General Fund	$ 408,052
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	495,034
Net Position – Governmental Activities	**$ 903,086**

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

EXHIBIT E-2

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES MORRISON COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Reconciliation	Governmental Activities
Revenues			
Taxes	$ 95,422	$ -	$ 95,422
Intergovernmental			
Federal revenues	470,000	-	470,000
State-shared revenues	2,748	-	2,748
Investment earnings	23,119	-	23,119
Insurance dividends	88	-	88
Miscellaneous	28,621	94,380	123,001
Total Revenues	**$ 619,998**	**$ 94,380**	**$ 714,378**
Expenditures/Expenses			
Current			
Economic development	711,677	-	711,677
Net Change in Fund Balance/Change in Net Position	**$ (91,679)**	**$ 94,380**	**$ 2,701**
Fund Balance/Net Position – January 1	**499,731**	**400,654**	**900,385**
Fund Balance/Net Position – December 31	**$ 408,052**	**$ 495,034**	**$ 903,086**

Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Net Change in Fund Balance	$ (91,679)
In the fund, 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 and expenses between the fund statement and the statement of activities is the increase or decrease in unavailable revenue.	94,380
Change in Net Position of Governmental Activities	**$ 2,701**

Management and Compliance Section

MORRISON COUNTY

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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
Morrison County
Little Falls, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morrison County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 25, 2021. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Authority of Morrison County, a discretely presented 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 Morrison County Rural Development Finance Authority component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Section.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material

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weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

Morrison County's Response to Findings

Morrison County's response to the internal control finding identified in our audit is described in the 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	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

August 25, 2021

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Board of County Commissioners
Morrison County
Little Falls, Minnesota

Report on Compliance for the Major Federal Program

We have audited Morrison County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2020. Morrison County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Morrison County's basic financial statements include the operations of the Housing and Redevelopment Authority (HRA) of Morrison County component unit, which expended $535,070 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards during the year ended December 31, 2020. Our audit, described below, did not include the operations of the HRA of Morrison County because the HRA of Morrison County was audited by other auditors.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for Morrison County's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

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referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Morrison County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program
In our opinion, Morrison County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Morrison County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 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 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 the attention of those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

August 25, 2021

MORRISON COUNTY
LITTLE FALLS, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over the major 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**

The major federal program is:

COVID-19 – Coronavirus Relief Fund	CFDA No. 21.019

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

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

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

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 1996

Segregation of Duties

Criteria: A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

Condition: Several County departments that collect fees lack proper segregation of duties, including the Attorney, Land Services, Public Health, Sheriff, and Extension Departments. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts, as well as reconciling bank accounts.

Context: Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Morrison County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County informed us it does not have the economic resources needed to hire additional qualified accounting staff in order to segregate duties in every department.

Recommendation: We recommend the County's elected officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

View of Responsible Official: Acknowledged

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. PREVIOUSLY REPORTED ITEM RESOLVED

2019-002 Property and Evidence Room

MORRISON COUNTY
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REPRESENTATION OF MORRISON COUNTY
LITTLE FALLS, MINNESOTA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2020-001
Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Chelsey Robinson, County Auditor-Treasurer

Corrective Action Planned:

Morrison County management is aware of this situation and will continue to periodically review its internal control procedures and modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Anticipated Completion Date:

Management and departments are aware of and continue to monitor the situation. Due to limited staffing levels, the anticipated completion date is ongoing

* * * * * * * * * *

MORRISON COUNTY
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REPRESENTATION OF MORRISON COUNTY
LITTLE FALLS, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2019-001
Repeat Finding Since: 1996
Finding Title: Segregation of Duties

Summary of Condition: Several County departments that collect fees lack proper segregation of duties, including the Attorney, Land Services, Public Health, Sheriff and Extension Departments. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts, as well as reconciling bank accounts.

Summary of Corrective Action Previously Reported: Morrison County management is aware of this situation and will continue to periodically review its internal control procedures and modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Status: Not Corrected. The County's limited staff in many departments prevents complete segregation of duties. The County periodically reviews its internal control processes and implements compensating controls as needed to address the lack of segregation of duties. Please see Corrective Action Plan for further information.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

* * * * * * * * * *

Finding Number: 2019-002
Repeat Finding Since: 2015
Finding Title: Property and Evidence Room

Summary of Condition: The following issues were noted during review of the County's property and evidence room procedures: 1) an excessive number of individuals have direct access to certain items located in the property and evidence facilities; 2) there are no surveillance cameras in either of the evidence rooms or the evidence storage shed to record the activity of those entering the facilities, and; 3) there is no periodic monitoring of the property and evidence rooms to verify an item is where it should be or was properly disposed of.

Summary of Corrective Action Previously Reported: Only the Sheriff, Chief Deputy, and the two investigators have access effective in 2019. They will also be doing random checks for evidence. The Auditor advised the Chief Deputy that this would be fine until the remodel, which should be completed in 2020.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2015-001
Repeat Finding Since: 2015
Finding Title: Eligibility
Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the case files tested for compliance with eligibility requirements, not all documentation was available, updated, or input correctly to support participant eligibility.

Summary of Corrective Action Previously Reported: Results of the audit will continue to be reviewed with staff at quarterly unit meetings. The rules and regulations regarding federal requirements were also reviewed with staff at the unit meetings. Staff will be informed of all verifications and documents received that must be entered in the MAXIS case. Staff will review SPAN in MAXIS and use a checklist to ensure all updates are made. A peer review program has been implemented to assure that required documentation is present and that MAXIS panels are completed. Peer reviews will be completed monthly and submitted to their direct supervisor. Results will be shared with the eligibility worker. The supervisor will send a unit e-mail identifying specific errors to serve as a reminder to the entire staff. The Department will mandate the Health Care refresher courses for all staff in train link to be completed. Morrison County Social Services actively seeks to ensure that ALL the aforementioned is executed.

Status: Fully Corrected. Corrective action was taken.

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

Yes _______ No ___X___

Finding Number: 2017-002
Repeat Finding Since: 2017
Finding Title: Procurement, Suspension, and Debarment
Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: Neither of the two Small Purchase threshold vendors tested for compliance with federal regulations had sufficient documentation to meet the requirements of the history of procurement or full and open competition. Additionally, one of the two items tested had no documentation showing verification procedures had been performed to determine the vendor was not debarred or suspended or whether other exclusions existed.

Summary of Corrective Action Previously Reported: SHI International is the primary vendor used by the County to purchase computer hardware. When the County changes vendors, they look at the Minnesota IT Services website to see who has contracts with the State and will honor the pricing. Regarding En Pointe, the County has a three-year contract with them regarding Microsoft, which ends in 2020. Once that contract ends, the County is planning to switch to SHI.

As the County begin to update its contracts in 2020, language will be placed in contracts that are well-established indicating whether or not they were procured and if not, why. Morrison County Social Services and Public Health will follow the Morrison County procurement policy when developing contracts for new services or providers where a competitive process is required.

Status: Not Corrected. The County continues to address these issues as new contracts are entered into.

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

Yes _______ No ___X___

MORRISON COUNTY
RURAL DEVELOPMENT FINANCE AUTHORITY

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

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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
Morrison County Rural Development Finance Authority
Little Falls, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Morrison County, Minnesota, which include as supplementary information, the financial statements of the Morrison County Rural Development Finance Authority (RDFA), a discretely presented component unit, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Morrison County RDFA's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the RDFA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the RDFA'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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the RDFA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

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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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Recommendations as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morrison County RDFA'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 Morrison County RDFA failed to comply with the provisions of the deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing 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 RDFA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Morrison County RDFA's Response to Findings

The Morrison County RDFA's response to the internal control finding identified in our audit is described in the Corrective Action Plan. The RDFA'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 RDFA'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 RDFA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

August 25, 2021

MORRISON COUNTY
RURAL DEVELOPMENT FINANCE AUTHORITY
LITTLE FALLS, MINNESOTA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 2011

Segregation of Duties

Criteria: Management is responsible for developing and monitoring its internal controls. A good system of internal controls provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion. Monitoring of internal controls is necessary to determine controls are in place and operating effectively.

Condition: The accounting functions over cash handling and receipting of the Morrison County Rural Development Finance Authority (RDFA) lack proper segregation of duties. The RDFA has one individual responsible for receipting, recording, and depositing receipts, as well as reconciling bank accounts. In addition, bank reconciliations are not reviewed by someone independent of the process in a timely manner.

Context: In September 2020, the RDFA hired an independent CPA firm to perform the accounting and bookkeeping for the RDFA. Prior to that, the Morrison County Auditor/Treasurer was responsible for it.

Effect: Inadequate segregation of duties and lack of monitoring of internal controls could adversely affect the RDFA's ability to detect misstatements in amounts that would be material in relation to the financial statements.

MORRISON COUNTY
RURAL DEVELOPMENT FINANCE AUTHORITY
LITTLE FALLS, MINNESOTA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Cause: The RDFA informed us that a review of financial statements and bank reconciliations is done as part of the Board meetings. However, since the Board does not meet on a monthly basis, it is not done regularly or in a timely manner.

Recommendation: We recommend the RDFA's officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being monitored in a timely manner. We further recommend that documentation of financial statement and bank reconciliation reviews be maintained as evidence of the monitoring procedures performed.

View of Responsible Official: Acknowledged

MORRISON COUNTY
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County Auditor-Treasurer
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REPRESENTATION OF MORRISON COUNTY
RURAL DEVELOPMENT FINANCE AUTHORITY
LITTLE FALLS, MINNESOTA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2020-001
Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Chelsey Robinson, County Auditor-Treasurer

Corrective Action Planned:

Management is aware of this situation and will continue to periodically review its internal control procedures and modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Anticipated Completion Date:

August 5, 2021. Once bank statements and the monthly reconciliation are completed by RTO, I will send the bank statements and financial statement to the RDFA Treasurer to review and approve.

* * * * * * * * * *

MORRISON COUNTY
"HOME OF LINDBERGH"

County Auditor-Treasurer
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REPRESENTATION OF MORRISON COUNTY
RURAL DEVELOPMENT FINANCE AUTHORITY
LITTLE FALLS, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2019-001
Repeat Finding Since: 2011
Finding Title: Segregation of Duties

Summary of Condition: The accounting functions over cash handling and receipting of the Morrison County Rural Development Finance Authority (RDFA) lack proper segregation of duties. The RDFA has one individual responsible for receipting, recording, and depositing receipts as well as reconciling bank accounts.

Summary of Corrective Action Previously Reported: Management is aware of this situation and will continue to periodically review its internal control procedures and modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Status: Not Corrected. The Authority's limited staff prevents complete segregation of duties. Please see Corrective Action Plan for further information.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

* * * * * * * * * *