

Morrison County
Little Falls, Minnesota

Organization Schedule
Morrison County
2022

| Office | Name | Term of Office | |
|-----------------------------------|-------------------------------|----------------|----------------|
| | | From | To |
| Commissioners | | | |
| 1st District | Mike LeMieur | January 2021 | January 2024 |
| 2nd District | Jeff Jelinski | January 2021 | January 2024 |
| 3rd District | Randy Winscher | January 2021 | January 2024 |
| 4th District | Mike Wilson | January 2019 | January 2023 |
| 5th District | Greg Blaine ¹ | January 2019 | January 2023 |
| Officers | | | |
| Elected | | | |
| Attorney | Brian Middendorf | January 2019 | January 2023 |
| Auditor-Treasurer | Chelsey Robinson ² | January 2019 | September 2022 |
| Interim Auditor-Treasurer | Debbie Symanietz | September 2022 | June 2023 |
| Recorder | Jenny Sanders | May 2021 | January 2023 |
| Sheriff | Shawn Larsen | January 2019 | January 2023 |
| Appointed | | | |
| Assessor | Jean Popp | January 2021 | December 2024 |
| Corrections | Nicole Kern | | Indefinite |
| County Administrator | Matt LeBlanc | | Indefinite |
| Court Administrator | Kim Peterson | | 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 | Anthony Hennen | December 2021 | May 2026 |
| Social Services Director | Brad Vold | | Indefinite |
| Veterans Service Officer | Kathy Marshik ³ | May 2018 | August 2022 |
| Interim Veterans Services Officer | Jim Segler | August 2022 | August 2023 |

¹Chair

²Resigned September 2022

³Resigned August 2022

Morrison County

Little Falls, Minnesota

Management's Discussion and Analysis

As of and for the Year Ended December 31, 2022

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, 2022. 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, 2022, and the prior year, 2021, is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2022 fiscal year include the following:

- County-wide net position increased 3.5 percent over the prior year.
- Overall fund level revenues totaled \$57,733,427 and were \$3,083,964 more than expenditures.
- General Fund revenues were \$1,942,904 more than budgeted.

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

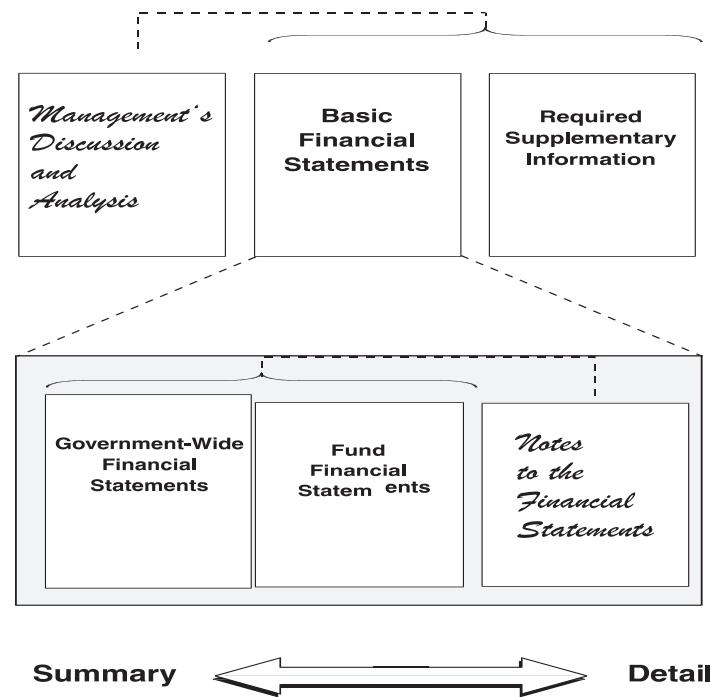


Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

| 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 aid 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 \$156,314,267 on December 31, 2022. (See Table A-1.)

Table A-1
Net Position

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| Assets | | |
| Current and other assets | \$ 55,223,358 | \$ 49,157,477 |
| Capital and noncurrent assets | <u>142,705,818</u> | <u>141,839,849</u> |
| Total Assets | \$ 197,929,176 | \$ 190,997,326 |
| Deferred Outflows of Resources | | |
| Deferred OPEB outflows | \$ 265,344 | \$ 247,500 |
| Deferred pension outflows | <u>10,524,315</u> | <u>8,708,768</u> |
| Total Deferred Outflows of Resources | \$ 10,789,659 | \$ 8,956,268 |
| Liabilities | | |
| Current liabilities | \$ 8,464,211 | \$ 6,159,744 |
| Long-term liabilities | <u>42,054,085</u> | <u>32,214,742</u> |
| Total Liabilities | \$ 50,518,296 | \$ 38,374,486 |
| Deferred Inflows of Resources | | |
| Deferred OPEB inflows | \$ 1,236,525 | \$ 637,649 |
| Deferred lease inflows | 59,170 | - |
| Deferred pension inflows | <u>590,577</u> | <u>11,232,527</u> |
| Total Deferred Inflows of Resources | \$ 1,886,272 | \$ 11,870,176 |
| Net Position | | |
| Net investment in capital assets | \$ 130,979,316 | \$ 129,641,736 |
| Restricted | 4,114,477 | 3,551,339 |
| Unrestricted | <u>21,220,474</u> | <u>16,515,857</u> |
| Total Net Position | \$ 156,314,267 | \$ 149,708,932 |

Change in Net Position

The total County-wide revenues on a full accrual basis were \$58,960,778 for the year ended December 31, 2022. Property taxes and intergovernmental revenues accounted for 76.3 percent of total revenues for the year. (See Table A-2.)

Table A-2
Change in Net Position

| | 2022 | 2021 |
|---------------------------------------|-----------------------|-----------------------|
| Revenues | | |
| Program revenues | | |
| Fees, charges, fines, and other | \$ 9,447,603 | \$ 8,772,263 |
| Operating grants and contributions | 19,795,488 | 18,881,700 |
| Capital grants and contributions | 3,089,210 | 2,950,082 |
| General revenues | | |
| Property taxes | 19,514,719 | 19,274,473 |
| Unrestricted grants and contributions | 2,747,654 | 2,765,227 |
| Investment earnings | 213,902 | 89,440 |
| Other | 4,152,202 | 2,849,388 |
| Total Revenues | <u>\$ 58,960,778</u> | <u>\$ 55,582,573</u> |
| Expenses | | |
| General government | \$ 9,665,353 | \$ 9,154,803 |
| Public safety | 9,502,885 | 6,621,299 |
| Highways and streets | 14,688,590 | 11,773,607 |
| Sanitation | 2,158,146 | 3,982,195 |
| Human services | 13,074,511 | 11,592,790 |
| Health | 2,365,024 | 2,245,982 |
| Culture and recreation | 1,006,030 | 942,111 |
| Conservation of natural resources | 741,090 | 758,465 |
| Economic development | 113,515 | 113,146 |
| Interest | 361,701 | 473,571 |
| Total Expenses | <u>\$ 53,676,845</u> | <u>\$ 47,657,969</u> |
| Increase in Net Position | <u>\$ 5,283,933</u> | <u>\$ 7,924,604</u> |
| Net Position – Beginning, as restated | <u>151,030,334</u> | <u>141,784,328</u> |
| Net Position – Ending | <u>\$ 156,314,267</u> | <u>\$ 149,708,932</u> |

Total revenues were more than expenses, increasing net position \$5,283,933 over the prior year.

The County-wide cost of all governmental activities this year was \$53,676,845.

- Some of the cost was paid by the users of the County's programs (\$9,447,603).
- The federal and state governments subsidized certain programs with grants and contributions (\$22,884,698).
- The remaining County costs (\$21,344,544), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$19,514,719 in property taxes, \$2,576,401 in transportation tax, \$2,747,654 of state aid, and \$1,789,703 of investment earnings and other general revenues.

Figure A-3
Sources of Revenues for Fiscal 2022

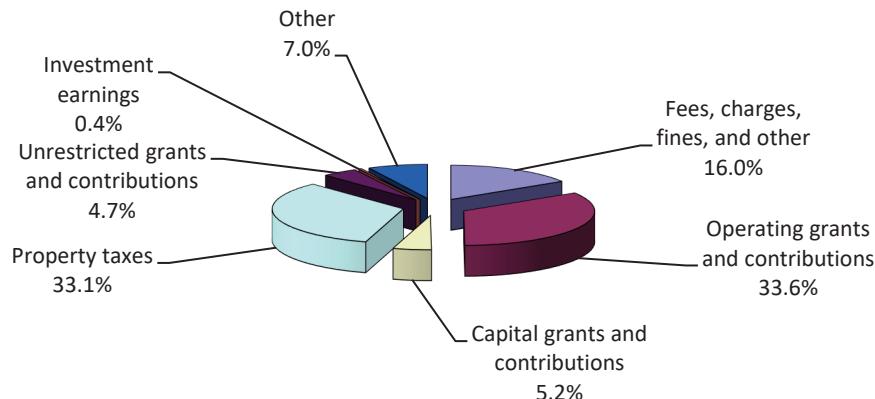


Figure A-4
Sources of Expenses for Fiscal 2022

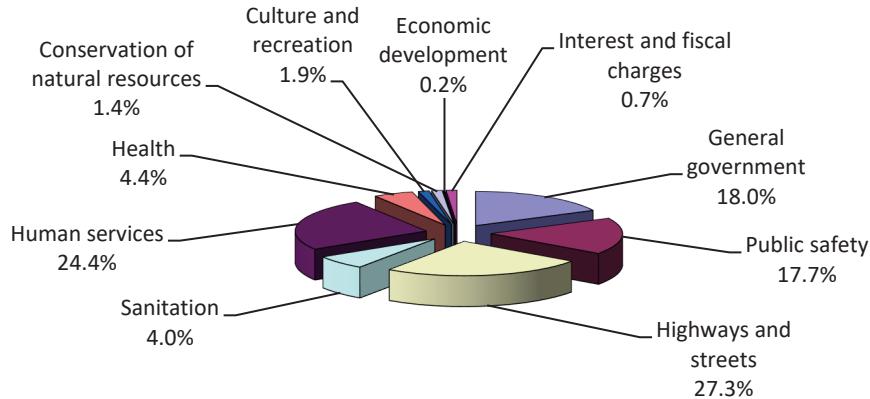


Table A-3
Cost of Services

| | 2022 | 2021 | Percent (%) Change | 2022 | 2021 | Percent (%) Change |
|-----------------------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|--------------------------|
| General government | \$ 9,665,353 | \$ 9,154,803 | 5.6 | \$ 7,064,510 | \$ 7,158,936 | (1.3) |
| Public safety | 9,502,885 | 6,621,299 | 43.5 | 7,787,926 | 4,903,400 | 58.8 |
| Highways and streets | 14,688,590 | 11,773,607 | 24.8 | 2,425,412 | 1,157,714 | 109.5 |
| Sanitation | 2,158,146 | 3,982,195 | (45.8) | (1,721,982) | 473,483 | (463.7) |
| Human services | 13,074,511 | 11,592,790 | 12.8 | 4,350,384 | 1,668,502 | 160.7 |
| Health | 2,365,024 | 2,245,982 | 5.3 | (404,468) | (146,526) | 176.0 |
| Culture and recreation | 1,006,030 | 942,111 | 6.8 | 709,919 | 643,267 | 10.4 |
| Conservation of natural resources | 741,090 | 758,465 | (2.3) | 657,627 | 608,431 | 8.1 |
| Economic development | 113,515 | 113,146 | 0.3 | 113,515 | 113,146 | 0.3 |
| Interest | 361,701 | 473,571 | (23.6) | 361,701 | 473,571 | (23.6) |
| Total | \$ 53,676,845 | \$ 47,657,969 | 12.6 | \$ 21,344,544 | \$ 17,053,924 | 25.2 |

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 \$42,272,492.

Revenues for the County's governmental funds were \$57,733,427, while total expenditures were \$54,649,463.

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 | | Change | |
|------------------------------------|------------------------|----------------------|------------------------|----------------|
| | 2022 | 2021 | Increase (Decrease) | Percent (%) |
| Taxes and special assessments | \$ 11,180,466 | \$ 11,484,349 | \$ (303,883) | (2.6) |
| Licenses and permits | 238,547 | 367,832 | (129,285) | (35.1) |
| Intergovernmental | 4,697,299 | 5,045,249 | (347,950) | (6.9) |
| Charges for services | 1,426,681 | 2,513,979 | (1,087,298) | (43.3) |
| Investment income | 146,090 | 37,321 | 108,769 | 291.4 |
| Miscellaneous and other | 900,809 | 840,256 | 60,553 | 7.2 |
| Total General Fund Revenues | \$ 18,589,892 | \$ 20,288,986 | \$ (1,699,094) | (8.4) |

Total General Fund revenues decreased by \$1,699,094 or 8.4 percent, from the previous year. The decrease in revenues is largely due to combining the Public Health and Human Services Department, moving Public Health from the General Fund in 2021 to the Human Services Fund in 2022.

The following schedule presents a summary of General Fund expenditures.

Table A-5
General Fund Expenditures

| | Year Ended December 31 | | Amount of Increase (Decrease) | Percent (%) Increase (Decrease) |
|-----------------------------------|------------------------|----------------------|-------------------------------------|---------------------------------------|
| | 2022 | 2021 | | |
| General government | \$ 8,910,193 | \$ 8,211,444 | \$ 698,749 | 8.5 |
| Public safety | 8,459,269 | 8,187,187 | 272,082 | 3.3 |
| Health | - | 2,269,341 | (2,269,341) | (100.0) |
| Culture and recreation | 267,115 | 255,571 | 11,544 | 4.5 |
| Conservation of natural resources | 731,666 | 744,344 | (12,678) | (1.7) |
| Economic development | 113,515 | 113,146 | 369 | 0.3 |
| Intergovernmental | 491,598 | 503,001 | (11,403) | (2.3) |
| Debt Service | 38,164 | - | 38,164 | - |
| Total Expenditures | \$ 19,011,520 | \$ 20,284,034 | \$ (1,272,514) | (6.3) |

General Fund Budgetary Highlights

- Actual revenues were \$1,942,904 more than expected mainly due to an unexpected increase in intergovernmental funding and an increase in fees for services.
- The actual expenditures were \$714,717 more than budget. This was due to the County Board approving unbudgeted expenditures to use SLFRF – ARPA Loss Revenue funds, as well as expenditures using assigned and restricted fund balances.

Debt Service

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

Capital Assets

By the end of 2022, the County had invested over \$142.7 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 to the financial statements. Total depreciation and amortization expense for the year was \$7,377,116.

Table A-6
Capital Assets

| | 2022 | 2021, as Restated | Percent (%) Change |
|--|----------------|-------------------|--------------------|
| Land | \$ 4,539,912 | \$ 4,539,912 | - |
| Buildings | \$ 37,675,699 | \$ 37,675,699 | - |
| Machinery, furniture, and equipment | 14,254,271 | 13,302,319 | 7.2 |
| Infrastructure | 197,809,394 | 191,105,570 | 3.5 |
| Less: accumulated depreciation | (111,699,963) | (104,783,651) | 6.6 |
| Total capital assets depreciated, net | \$ 138,039,401 | \$ 137,299,937 | 0.5 |
| Leased machinery, furniture, and equipment | \$ 173,614 | \$ 84,699 | 105.0 |
| Less: accumulated amortization | (47,109) | | - |
| Total capital assets amortized, net | \$ 126,505 | \$ 84,699 | 49.4 |
| Total capital assets, net | \$ 142,705,818 | \$ 141,924,548 | 0.6 |

Long-Term Liabilities

At year-end, the County had \$42,054,085 in long-term liabilities outstanding.

Table A-7
Long-Term Liabilities

| | 2022 | 2021, as Restated | Percent (%) Change |
|---|---------------|-------------------|--------------------|
| General obligation bonds | \$ 11,145,000 | \$ 11,680,000 | (4.6) |
| Bond discounts | (1,776) | (1,887) | (5.9) |
| Leases payable | 124,207 | 84,699 | 46.6 |
| Compensated absences | 2,224,201 | 2,028,073 | 9.7 |
| OPEB obligation | 1,387,945 | 2,031,810 | (31.7) |
| Net pension liability | 23,569,995 | 9,383,174 | 151.2 |
| Estimated liability for landfill closure/postclosure care | 3,604,513 | 5,033,220 | (28.4) |
| Total | \$ 42,054,085 | \$ 30,239,089 | 39.1 |

Contracting 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 Curt Bryniarski, Chief Financial Officer, at (320) 632-0136.

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.

**Morrison County
Little Falls, Minnesota**

Exhibit 1

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

| | Primary Government Governmental Activities | Component Units | | |
|---|---|--|--|--|
| | | Housing and Redevelopment Authority | Rural Development Finance Authority | |
| <u>Assets</u> | | | | |
| Cash and pooled investments | \$ 47,438,711 | \$ 121,770 | \$ 545,011 | |
| Restricted cash | - | 12,642 | - | |
| Petty cash and change funds | 6,550 | - | - | |
| Departmental cash | 110,942 | - | - | |
| Taxes receivable | | | | |
| Delinquent | 445,242 | - | - | |
| Special assessments receivable | | | | |
| Noncurrent | 8,930 | - | - | |
| Accounts receivable – net of allowance | 2,166,182 | 7,530 | - | |
| Leases receivable | 59,170 | - | - | |
| Accrued interest receivable | 215,951 | - | - | |
| Due from other governments | 3,622,538 | - | 2,559 | |
| Loans receivable – net of allowance | 135,000 | - | 420,581 | |
| Inventories | 1,014,142 | - | - | |
| Capital assets | | | | |
| Non-depreciable and amortized | 4,539,912 | - | - | |
| Depreciable and amortized – net of accumulated depreciation and amortization | 138,165,906 | 5,343 | - | |
| Total Assets | \$ 197,929,176 | \$ 147,285 | \$ 968,151 | |
| <u>Deferred Outflows of Resources</u> | | | | |
| Deferred other postemployment benefits outflows | \$ 265,344 | \$ - | \$ - | |
| Deferred pension outflows | 10,524,315 | - | - | |
| Total Deferred Outflows of Resources | \$ 10,789,659 | \$ - | \$ - | |

**Morrison County
Little Falls, Minnesota**

Exhibit 1
(Continued)

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

| | Primary Government Governmental Activities | Component Units | | |
|--|---|--|--|----------|
| | | Housing and Redevelopment Authority | Rural Development Finance Authority | |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$ 850,811 | \$ 991 | \$ - | - |
| Salaries payable | 872,541 | 15,007 | - | - |
| Contracts payable | 459,070 | - | - | - |
| Due to other governments | 203,900 | - | - | - |
| Accrued interest payable | 147,721 | - | - | - |
| Unearned revenue | 5,930,168 | 24,369 | - | - |
| Noncurrent liabilities | | | | |
| Due within one year | 738,008 | 3,443 | - | - |
| Due in more than one year | 16,358,137 | 13,773 | - | - |
| Other postemployment benefits obligation | 1,387,945 | - | - | - |
| Net pension liability | 23,569,995 | - | - | - |
| Total Liabilities | \$ 50,518,296 | \$ 57,583 | \$ - | - |
| <u>Deferred Inflows of Resources</u> | | | | |
| Deferred other postemployment benefits inflows | \$ 1,236,525 | \$ - | \$ - | - |
| Deferred lease inflows | 59,170 | - | - | - |
| Deferred pension inflows | 590,577 | - | - | - |
| Total Deferred Inflows of Resources | \$ 1,886,272 | \$ - | \$ - | - |
| <u>Net Position</u> | | | | |
| Net investment in capital assets | \$ 130,979,316 | \$ 5,343 | \$ - | - |
| Restricted for | | | | |
| General government | 949,613 | - | - | - |
| Public safety | 117,603 | - | - | - |
| Highways and streets | 1,851,476 | - | - | - |
| Opioid remediation activities | 312,630 | - | - | - |
| Conservation of natural resources | 883,155 | - | - | - |
| Economic development | - | - | 968,151 | - |
| Housing assistance payments | - | 12,642 | - | - |
| Unrestricted | 21,220,474 | 71,717 | - | - |
| Total Net Position | \$ 156,314,267 | \$ 89,702 | \$ 968,151 | |

**Morrison County
Little Falls, Minnesota**

Exhibit 2

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

| | <u>Expenses</u> | <u>Fees, Charges, Fines, and Other</u> |
|--|-----------------------------|--|
| <u>Functions/Programs</u> | | |
| Primary government | | |
| Governmental activities | | |
| General government | \$ 9,665,353 | \$ 1,002,618 |
| Public safety | 9,502,885 | 503,126 |
| Highways and streets | 14,688,590 | 1,099,928 |
| Sanitation | 2,158,146 | 3,768,077 |
| Human services | 13,074,511 | 1,889,177 |
| Health | 2,365,024 | 1,119,364 |
| Culture and recreation | 1,006,030 | 58,009 |
| Conservation of natural resources | 741,090 | 7,304 |
| Economic development | 113,515 | - |
| Interest | 361,701 | - |
| Total Primary Government | <u>\$ 53,676,845</u> | <u>\$ 9,447,603</u> |
| Component units | | |
| Housing and Redevelopment Authority | <u>\$ 744,916</u> | <u>\$ 82,413</u> |
| Rural Development Finance Authority | <u>\$ 100,898</u> | <u>\$ -</u> |
| 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 | | |
| Insurance proceeds | | |
| Gain on sale of capital assets | | |
| Total general revenues | | |
| Change in net position | | |
| Net Position – Beginning, as previously reported | | |
| Change in accounting principles and prior period adjustment (Note 1) | | |
| Net Position – Beginning, as restated | | |
| Net Position – Ending | | |

Exhibit 2
(Continued)

**Morrison County
Little Falls, Minnesota**

Exhibit 3

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

| | <u>General</u> | <u>Road and Bridge</u> | <u>Social Services</u> |
|---|-----------------------------|-----------------------------|----------------------------|
| <u>Assets</u> | | | |
| Cash and pooled investments | \$ 20,817,039 | \$ 9,229,541 | \$ 6,080,155 |
| Petty cash and change funds | 6,125 | 175 | 250 |
| Departmental cash | 91,809 | - | - |
| Taxes receivable – delinquent | 255,197 | 68,500 | 91,490 |
| Special assessments receivable – noncurrent | 8,930 | - | - |
| Accounts receivable – net of allowance | 529,882 | 17,326 | 1,463,340 |
| Leases receivable | 59,170 | - | - |
| Accrued interest receivable | 178,697 | - | 19,115 |
| Due from other funds | 1,804 | - | - |
| Due from other governments | 121,916 | 2,433,994 | 1,023,849 |
| Loans receivable | - | 135,000 | - |
| Inventories | - | 1,014,142 | - |
| Total Assets | <u>\$ 22,070,569</u> | <u>\$ 12,898,678</u> | <u>\$ 8,678,199</u> |
| <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> | | | |
| Liabilities | | | |
| Accounts payable | \$ 148,948 | \$ 201,133 | \$ 356,159 |
| Salaries payable | 450,213 | 93,976 | 325,395 |
| Contracts payable | - | 459,070 | - |
| Due to other funds | - | 129 | 1,804 |
| Due to other governments | 9,422 | 4,035 | 185,739 |
| Unearned revenue | 5,930,168 | - | - |
| Total Liabilities | <u>\$ 6,538,751</u> | <u>\$ 758,343</u> | <u>\$ 869,097</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | \$ 784,632 | \$ 2,369,645 | \$ 1,390,874 |
| Deferred lease inflows | 59,170 | - | - |
| Total Deferred Inflows of Resources | <u>\$ 843,802</u> | <u>\$ 2,369,645</u> | <u>\$ 1,390,874</u> |
| Fund Balances (Note 3) | | | |
| Nonspendable | \$ - | \$ 1,014,142 | \$ - |
| Restricted | 1,950,371 | - | - |
| Committed | 385,887 | - | - |
| Assigned | 5,149,837 | 8,756,548 | 6,418,228 |
| Unassigned | 7,201,921 | - | - |
| Total Fund Balances | <u>\$ 14,688,016</u> | <u>\$ 9,770,690</u> | <u>\$ 6,418,228</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 22,070,569</u> | <u>\$ 12,898,678</u> | <u>\$ 8,678,199</u> |

Exhibit 3
(Continued)

| Solid Waste | Opioid Settlement | Debt Service | Nonmajor Funds | Total |
|------------------------|------------------------------|-------------------------|---------------------------|----------------------|
| \$ 8,021,909 | \$ 311,940 | \$ 969,844 | \$ 2,008,283 | \$ 47,438,711 |
| - | - | - | - | 6,550 |
| 15,220 | 690 | 3,223 | - | 110,942 |
| 5,686 | - | 17,693 | 6,676 | 445,242 |
| - | - | - | - | 8,930 |
| 155,634 | - | - | - | 2,166,182 |
| - | - | - | - | 59,170 |
| 18,139 | - | - | - | 215,951 |
| 129 | - | - | - | 1,933 |
| 42,779 | - | - | - | 3,622,538 |
| - | - | - | - | 135,000 |
| - | - | - | - | 1,014,142 |
| \$ 8,259,496 | \$ 312,630 | \$ 990,760 | \$ 2,014,959 | \$ 55,225,291 |
| \$ 135,459 | \$ - | \$ - | \$ 9,112 | \$ 850,811 |
| 2,957 | - | - | - | 872,541 |
| - | - | - | - | 459,070 |
| - | - | - | - | 1,933 |
| 4,704 | - | - | - | 203,900 |
| - | - | - | - | 5,930,168 |
| \$ 143,120 | \$ - | \$ - | \$ 9,112 | \$ 8,318,423 |
| \$ 5,686 | \$ - | \$ 17,693 | \$ 6,676 | \$ 4,575,206 |
| - | - | - | - | 59,170 |
| \$ 5,686 | \$ - | \$ 17,693 | \$ 6,676 | \$ 4,634,376 |
| \$ - | \$ - | \$ - | \$ - | \$ 1,014,142 |
| 4,128,018 | 312,630 | 973,067 | - | 7,364,086 |
| - | - | - | 1,999,171 | 2,385,058 |
| 3,982,672 | - | - | - | 24,307,285 |
| - | - | - | - | 7,201,921 |
| \$ 8,110,690 | \$ 312,630 | \$ 973,067 | \$ 1,999,171 | \$ 42,272,492 |
| \$ 8,259,496 | \$ 312,630 | \$ 990,760 | \$ 2,014,959 | \$ 55,225,291 |

**Morrison County
Little Falls, Minnesota**

Exhibit 4

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

| | |
|---|------------------------------|
| Fund balances – total governmental funds (Exhibit 3) | \$ 42,272,492 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 142,705,818 |
| Deferred outflows of resources are not available resources and, therefore, are not reported in the governmental funds. | |
| Deferred other postemployment benefits outflows | \$ 265,344 |
| Deferred pension outflows | <u>10,524,315</u> |
| | 10,789,659 |
| Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds. | 4,575,206 |
| 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 | \$ (11,143,224) |
| Leases payable | (124,207) |
| Accrued interest payable | (147,721) |
| Compensated absences | (2,224,201) |
| Estimated liability for landfill closure/postclosure | (3,604,513) |
| Other postemployment benefits obligation | (1,387,945) |
| Net pension liability | <u>(23,569,995)</u> |
| | (42,201,806) |
| 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 | \$ (1,236,525) |
| Deferred pension inflows | <u>(590,577)</u> |
| | (1,827,102) |
| Net Position of Governmental Activities (Exhibit 1) | <u>\$ 156,314,267</u> |

**Morrison County
Little Falls, Minnesota**

Exhibit 5

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

| | <u>General</u> | <u>Road and General</u> | <u>Social General</u> |
|---|----------------------|-----------------------------|---------------------------|
| Revenues | | | |
| Taxes | \$ 11,180,466 | \$ 5,492,149 | \$ 4,078,264 |
| Licenses and permits | 238,547 | - | 152,818 |
| Intergovernmental | 4,697,299 | 10,517,318 | 8,717,568 |
| Charges for services | 1,426,681 | 336,195 | 1,798,266 |
| Fines and forfeits | 9,606 | - | - |
| Investment income | 146,090 | - | - |
| Miscellaneous | <u>891,203</u> | <u>857,233</u> | <u>1,329,163</u> |
| Total Revenues | \$ 18,589,892 | \$ 17,202,895 | \$ 16,076,079 |
| Expenditures | | | |
| Current | | | |
| General government | \$ 8,910,193 | \$ - | \$ - |
| Public safety | 8,459,269 | - | - |
| Highways and streets | - | 15,099,175 | - |
| Sanitation | - | - | - |
| Human services | - | - | 12,876,926 |
| Health | - | - | 2,270,280 |
| Culture and recreation | 267,115 | - | - |
| Conservation of natural resources | 731,666 | 12,060 | - |
| Economic development | 113,515 | - | - |
| Intergovernmental | | | |
| Highways and streets | - | 822,315 | - |
| Culture and recreation | 491,598 | - | - |
| Debt service | | | |
| Principal | 36,810 | - | 12,597 |
| Interest | 1,354 | - | 234 |
| Administrative (fiscal) charges | - | - | - |
| Total Expenditures | \$ 19,011,520 | \$ 15,933,550 | \$ 15,160,037 |
| Excess of Revenues Over (Under) Expenditures | \$ (421,628) | \$ 1,269,345 | \$ 916,042 |
| Other Financing Sources (Uses) | | | |
| Transfers in | \$ - | \$ - | \$ 200 |
| Transfers out | (200) | - | - |
| Proceeds from lease | 88,915 | - | - |
| Insurance proceeds | - | 1,024,415 | - |
| Total Other Financing Sources (Uses) | \$ 88,715 | \$ 1,024,415 | \$ 200 |
| Net Change in Fund Balances | \$ (332,913) | \$ 2,293,760 | \$ 916,242 |
| Fund Balances – January 1 | 15,020,929 | 7,397,847 | 5,501,986 |
| Increase (decrease) in inventories | - | 79,083 | - |
| Fund Balances – December 31 | \$ 14,688,016 | \$ 9,770,690 | \$ 6,418,228 |

Exhibit 5
(Continued)

| Solid General | Opioid Settlement | Debt Service | Nonmajor General | General |
|---------------------|----------------------|-------------------|---------------------|----------------------|
| \$ 241,689 | \$ - | \$ 791,816 | \$ 290,587 | \$ 22,074,971 |
| 14,950 | - | - | - | 406,315 |
| 146,655 | 311,721 | 111,816 | 116,048 | 24,618,425 |
| 3,737,772 | - | - | - | 7,298,914 |
| - | - | - | - | 9,606 |
| 57,098 | 909 | 9,916 | - | 214,013 |
| 15,355 | - | 43 | 18,186 | 3,111,183 |
| \$ 4,213,519 | \$ 312,630 | \$ 913,591 | \$ 424,821 | \$ 57,733,427 |
| \$ - | \$ - | \$ - | \$ 69,353 | \$ 8,979,546 |
| - | - | - | - | 8,459,269 |
| - 3,398,325 | - - | - | - | 15,099,175 |
| - - | - - | - | - | 3,398,325 |
| - - | - - | - | - | 12,876,926 |
| - - | - - | - | - | 2,270,280 |
| - - | - - | - | 174,877 | 441,992 |
| - - | - - | - | - | 743,726 |
| - - | - - | - | - | 113,515 |
| - - | - - | - | - | 822,315 |
| - - | - - | - | - | 491,598 |
| - - | - - | 535,000 | - | 584,407 |
| - - | - - | 362,556 | - | 364,144 |
| - - | - - | 4,245 | - | 4,245 |
| \$ 3,398,325 | \$ - | \$ 901,801 | \$ 244,230 | \$ 54,649,463 |
| \$ 815,194 | \$ 312,630 | \$ 11,790 | \$ 180,591 | \$ 3,083,964 |
| \$ - | \$ - | \$ - | \$ - | \$ 200 |
| - - | - - | - | - | (200) |
| - - | - - | - | - | 88,915 |
| - - | - - | - | - | 1,024,415 |
| \$ - | \$ - | \$ - | \$ - | \$ 1,113,330 |
| \$ 815,194 | \$ 312,630 | \$ 11,790 | \$ 180,591 | \$ 4,197,294 |
| 7,295,496 | - | 961,277 | 1,818,580 | 37,996,115 |
| - | - | - | - | 79,083 |
| \$ 8,110,690 | \$ 312,630 | \$ 973,067 | \$ 1,999,171 | \$ 42,272,492 |

**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, 2022**

| | |
|---|---------------------|
| Net change in fund balances – total governmental funds (Exhibit 5) | \$ 4,197,294 |
|---|---------------------|

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 | \$ 4,575,206 |
| Unavailable revenue – January 1, restated | <u>(4,333,113)</u> |
| | 242,093 |

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 and amortization expense. In the statement of activities, only the gains 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 | \$ 8,181,055 |
| Net book value of capital asset disposals | (22,671) |
| Current year depreciation and amortization | <u>(7,377,114)</u> |
| | 781,270 |

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.

| | |
|--|---------------------|
| Debt issued: | |
| Leases issued | \$ (88,915) |
| Principal repayments | |
| General obligation bonds | 535,000 |
| Leases | 49,407 |
| Current year amortization of premiums and discounts | <u>(111)</u> |
| | 495,381 |

**Morrison County
Little Falls, Minnesota**

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, 2022**

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 | \$ 6,688 |
| Change in compensated absences | (196,128) |
| Change in estimated liability for landfill closure/postclosure | 1,428,707 |
| Change in other postemployment benefits obligation | 643,865 |
| Change in net pension asset | (83,964) |
| Change in net pension liability | (14,186,821) |
| Change in deferred other postemployment benefits outflows | 17,844 |
| Change in deferred pension outflows | 1,815,547 |
| Change in deferred other postemployment benefits inflows | (598,876) |
| Change in deferred pension inflows | 10,641,950 |
| Change in inventories | 79,083 |
| | <hr/> |
| Change in Net Position of Governmental Activities (Exhibit 2) | \$ 5,283,933 |
| | <hr/> |

**Morrison County
Little Falls, Minnesota**

Exhibit 7

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

| | Social Welfare Private-Purpose Trust Fund | Custodial Funds |
|---|---|---------------------|
| <u>Assets</u> | | |
| Cash and pooled investments | \$ 17,296 | \$ 706,183 |
| Due from other governments | - | 530,791 |
| Accounts receivable for other governments | - | 183,128 |
| Interest receivable for other governments | - | 536 |
| Taxes and special assessments receivable for other governments | - | 670,608 |
| Total Assets | \$ 17,296 | \$ 2,091,246 |
| <u>Liabilities</u> | | |
| Due to other governments | \$ - | \$ 1,017,389 |
| <u>Net Position</u> | | |
| Restricted for Individuals, organizations, and other governments | \$ 17,296 | \$ 1,073,857 |

**Morrison County
Little Falls, Minnesota**

Exhibit 8

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

| | Social Welfare Private-Purpose Trust Fund | Custodial Funds |
|---|---|--------------------------|
| Additions | | |
| Contributions from individuals | \$ 106,144 | \$ 161,221 |
| Investment earnings | - | 2,187 |
| Property tax and special assessment collections for other governments | - | 27,736,289 |
| Tax-forfeited land sales | - | 18 |
| Federal/State revenue | - | 2,005,425 |
| Other taxes collected for other governments | - | 1,209,343 |
| Fees collected for other governments | - | 1,395,951 |
| Mortgage foreclosure sales | - | 649,414 |
| Miscellaneous | - | 10,000 |
| Total Additions | <u>106,144</u> | <u>33,169,848</u> |
| Deductions | | |
| Beneficiary payments to individuals | \$ 103,319 | \$ 52,492 |
| Payments of property tax and special assessments to other governments | - | 27,524,262 |
| Payments to state | - | 2,616,228 |
| Payments to other individuals/entities | - | 2,921,233 |
| Total Deductions | <u>103,319</u> | <u>33,114,215</u> |
| Change in net position | <u>2,825</u> | <u>55,633</u> |
| Net Position – January 1 | <u>14,471</u> | <u>1,018,224</u> |
| Net Position – December 31 | <u>17,296</u> | <u>1,073,857</u> |

Morrison County

Little Falls, Minnesota

Notes to the Financial Statements

As of and for the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

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 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, 2022.

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. The County also participates in jointly governed organizations, which are described in Note 5.

Morrison County

Little Falls, Minnesota

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported 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 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. The County does not allocate indirect expenses to functions within the financial statements.

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.

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

Morrison County Little Falls, Minnesota

The Opioid Settlement Special Revenue Fund is used to retain and account for the County's share of settlement proceeds from the national settlement agreement of the state and national litigation related to the opioid industry.

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.

Additionally, the County reports the following fund types:

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.

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 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 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.

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

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, 2022. 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 2022 were \$214,013.

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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.

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.

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 2016 through 2022. 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 consists of delinquent special assessments payable in the years 2016 through 2022, and noncurrent special assessments payable in 2023 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 County reports loans receivable in the Road and Bridge Special Revenue fund for loans to Pierz and Buckman Townships. These loans were for the portion of the Townships’ costs associated with road construction projects that the County paid for on behalf of the Townships. The Townships are responsible for paying back the loans in five to ten years with no interest. 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.

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

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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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing arrangements 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, while right-to-use assets are amortized over the shorter of the underlying asset's estimated useful life or the lease term:

Estimated Useful Lives of Capital Assets

| Assets | Years |
|---|----------|
| Buildings | 25 to 50 |
| Building improvements | 40 |
| Public domain infrastructure | 50 to 75 |
| Furniture, equipment, and vehicles | 5 to 25 |
| Right-to-use machinery, furniture and equipment | 1 to 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.

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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.

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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time. 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, they are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Currently, the County has four types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, loans 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 reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease term. These amounts arise under both the modified accrual and full accrual basis of accounting and are reported in both the governmental fund balance sheet and statement of net position. 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.

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 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

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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.

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 amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

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

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

Classification of Fund Balances

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:

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.

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

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.

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.

Change in Accounting Principles

During the year ended December 31, 2022, the County adopted new accounting guidance by implementing provisions of GASB Statement No. 87, *Leases*, which establishes criteria for the accounting and financial reporting for leases. The implementation of this statement resulted in changing the presentation of the government-wide financial statements by increasing the beginning balances of the right-to-use capital assets and the beginning balances of the lease liability by \$84,699.

During the year ended December 31, 2022, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 91, *Conduit Debt Obligations*, which clarifies criteria for identifying and reporting conduit debt. The implementation of this statement has resulted in changing the presentation of the financial statements by removing general obligation debt of \$2,720,000 and related premiums of \$195,227 that were previously reported.

During the year ended December 31, 2022, the County restated beginning net position by (\$1,593,825) as a result of an overstatement of the opioid settlement receivable at December 31, 2021. The receivable previously recorded was eliminated, which resulted in beginning net position decreasing. Funds received in connection with this settlement should not be considered funds of the County until each annual distribution is made.

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Restatement of Net Position

| Net Position | Governmental Activities |
|---|-------------------------|
| Net Position, January 1, 2022, as previously reported | \$ 149,708,932 |
| Change in accounting principles | <u>1,321,402</u> |
| Net Position, January 1, 2022, as restated | <u>\$ 151,030,334</u> |

Prior Period Audit Adjustment

The Rural Development Finance Authority recognized a prior period adjustment in the current year that affected cash. The cash and beginning net position balances were adjusted by \$49,625 due to an incorrect calculation of cash in the prior period.

Note 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, 2022:

| Excess of Expenditures Over Budget | | | | |
|------------------------------------|--------------|--------------|-----------|--|
| Special Revenue Fund | Expenditures | Final Budget | Excess | |
| County Parks | | | | |
| Current | | | | |
| Culture and recreation | \$ 174,877 | \$ 163,622 | \$ 11,255 | |

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Note 3 – Detailed Notes

Assets

Deposits and Investments

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

| Reconciliation of the County's Total Cash and Investments to the Basic Financial Statements as of December 31, 2022 | | |
|--|----|-------------------|
| Government-wide statement of net position | | |
| Governmental activities | | |
| Cash and pooled investments | \$ | 47,438,711 |
| Petty cash and change funds | | 6,550 |
| Departmental cash | | 110,942 |
| Discretely presented component units | | |
| Cash and pooled investments | | 666,781 |
| Restricted cash | | 12,642 |
| Statement of fiduciary net position | | |
| Cash and pooled investments | | <u>723,479</u> |
| Total Cash and Investments | \$ | <u>48,959,105</u> |

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.

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, 2022, none of the County's deposits were exposed to custodial credit risk.

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Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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, 2022, 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.

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.

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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.

The following table presents the County's deposit and investment balances at December 31, 2022, and information relating to potential investment risk:

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

| Investment Type | Credit Risk | | Concentration Risk Over 5 Percent of Portfolio | Interest Rate Risk Maturity Date | Carrying (Fair) Value |
|---|---------------|---------------|---|--|--------------------------|
| | Credit Rating | Rating Agency | | | |
| Primary government | | | | | |
| Fixed Income – FHLB | AAA/AA+ | Moody's/S&P | - | <1 yr.-5 yrs. | \$ 664,104 |
| U.S. Treasury Notes | AAA/Aaa | Moody | 11.72% | <1yr.-3 yrs. | 4,844,655 |
| U.S. Treasury Bills | N/A | N/A | N/A | <1yr. | 498,760 |
| Municipal Bonds | AA- | S&P | - | 2 yrs. | 730,843 |
| Negotiable certificates of deposit | N/A | N/A | 21.23% | <1 yr.-5 yrs. | 8,962,398 |
| Investment pools/mutual funds | | | | | |
| MAGIC fund – Portfolio and Term | N/A | N/A | N/A | N/A | 25,608,656 |
| Money market account with broker | N/A | N/A | N/A | N/A | 20,295 |
| Total investments | | | | | \$ 41,329,711 |
| Deposits | | | | | 2,904,800 |
| Non-negotiable certificates of deposit | | | | | 3,454,679 |
| MAGIC certificates of deposit | | | | | 473,000 |
| Petty cash and change funds | | | | | 6,550 |
| Departmental cash | | | | | 110,942 |
| Total cash and investments – primary government | | | | | \$ 48,279,682 |
| Component units | | | | | |
| Deposits | | | | | 679,423 |
| Total Cash and Investments | | | | | \$ 48,959,105 |

N/A – Not Applicable

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.

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At December 31, 2022, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2022

| | December 31, 2022 | Fair Value Measurements Using | | |
|---|----------------------|---|---|---|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Debt securities | | | | |
| U.S. government agency securities | \$ 6,007,519 | \$ - | \$ 6,007,519 | \$ - |
| Municipal securities | 730,843 | - | 730,843 | - |
| Money market funds | 20,295 | - | 20,295 | - |
| Negotiable certificates of deposit | 8,962,398 | - | 8,962,398 | - |
| Total Investments Included in the Fair Value Hierarchy | \$ 15,721,055 | \$ - | \$ 15,721,055 | \$ - |
| Investments measured at the net asset value (NAV) | | | | |
| MAGIC Portfolio | \$ 23,608,656 | | | |
| MAGIC Term | 2,000,000 | | | |
| Total Investments Measured at the NAV | \$ 25,608,656 | | | |
| Total Investments | \$ 41,329,711 | | | |

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

- U.S. government agency securities and municipal securities are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active; and
- money market funds and 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 the redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely, they must provide notice at least seven days prior to premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield, less such

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share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

Receivables

Accounts receivable include an allowance for doubtful accounts. The total allowance for doubtful accounts for the year ended December 31, 2022, is \$215,868. Amounts not scheduled for collection during the subsequent year were as follows:

Governmental Activities' Receivables as of December 31, 2022

| | Total Receivables – Net | Amounts Not Scheduled for Collection During the Subsequent Year |
|----------------------------------|----------------------------|---|
| Taxes – delinquent | \$ 445,242 | - |
| Special assessments – noncurrent | 8,930 | - |
| Accounts | 2,166,182 | 787,862 |
| Leases | 59,170 | 28,672 |
| Accrued interest | 215,951 | - |
| Due from other governments | 3,622,538 | - |
| Loans | 135,000 | 105,000 |

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, 2022, was \$90,000. 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, 2022, was \$45,000. 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, 2022, were \$420,581. The amount due within one year is \$54,120.

Leases Receivable

As lessor, the County entered into various lease arrangements for building space. Under GASB Statement 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources. The lease terms range from two to three years. The lease receivable was calculated based on the tax-exempt municipal bond rate applicable for the period, which ranged from 0.2 percent to 2.5 percent. During 2022, the County recognized \$29,692 of lease revenue under these leases.

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Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

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

| | Beginning Balance, as Restated* | Increase | Decrease | Ending Balance |
|---|---------------------------------------|--------------------------|-------------------------|------------------------------|
| Capital assets not depreciated | | | | |
| Land – infrastructure right-of-way | \$ 2,066,203 | \$ - | \$ - | \$ 2,066,203 |
| Land | 2,473,709 | - | - | 2,473,709 |
| Total capital assets not depreciated | <u>\$ 4,539,912</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,539,912</u> |
| Capital assets depreciated | | | | |
| Buildings | \$ 37,675,699 | \$ - | \$ - | \$ 37,675,699 |
| Machinery, furniture, and equipment | 13,302,319 | 1,388,316 | 436,364 | 14,254,271 |
| Infrastructure | 191,105,570 | 6,703,824 | - | 197,809,394 |
| Total capital assets depreciated | <u>\$ 242,083,588</u> | <u>\$ 8,092,140</u> | <u>\$ 436,364</u> | <u>\$ 249,739,364</u> |
| Less: accumulated depreciation for | | | | |
| Buildings | \$ 13,763,086 | \$ 873,307 | \$ - | \$ 14,636,393 |
| Machinery, furniture, and equipment | 8,920,718 | 1,100,845 | 413,693 | 9,607,870 |
| Infrastructure | 82,099,847 | 5,355,853 | - | 87,455,700 |
| Total accumulated depreciation | <u>\$ 104,783,651</u> | <u>\$ 7,330,005</u> | <u>\$ 413,693</u> | <u>\$ 111,699,963</u> |
| Total capital assets depreciated, net | <u>\$ 137,299,937</u> | <u>\$ 762,135</u> | <u>\$ 22,671</u> | <u>\$ 138,039,401</u> |
| Governmental activities capital assets, net | <u>\$ 141,839,849</u> | <u>\$ 762,135</u> | <u>\$ 22,671</u> | <u>\$ 142,579,313</u> |
| Capital assets amortized | | | | |
| Leased machinery, furniture, and equipment | \$ 84,699 | \$ 88,915 | \$ - | \$ 173,614 |
| Less: accumulated amortization for | | | | |
| Leased machinery, furniture, and equipment | - | 47,109 | - | 47,109 |
| Total capital assets amortized, net | <u>\$ 84,699</u> | <u>\$ 41,806</u> | <u>\$ -</u> | <u>\$ 126,505</u> |
| Total Capital Assets, Net | <u><u>\$ 141,924,548</u></u> | <u><u>\$ 803,941</u></u> | <u><u>\$ 22,671</u></u> | <u><u>\$ 142,705,818</u></u> |

*See Change in Accounting Principles in Note 1.

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

| Depreciation Expense Charged to Functions/Programs | | |
|---|----|------------------|
| Governmental activities | | |
| General government | \$ | 738,643 |
| Public safety | | 291,680 |
| Highways and streets, including infrastructure assets | | 5,958,804 |
| Sanitation | | 195,065 |
| Human services | | 105,377 |
| Health | | 15,105 |
| Culture and recreation | | <u>72,440</u> |
| Total Depreciation and Amortization Expense – Governmental Activities | \$ | <u>7,377,114</u> |

Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022, was as follows:

Due To/From Other Funds

The Social Services Special Revenue Fund owed the General Fund \$1,804, and the Road and Bridge Fund owed the Solid Waste Fund \$129 for miscellaneous operating costs.

Transfers

The County transferred \$200 from the General Fund to the Social Services Fund. This transfer was made to maintain the petty cash balance for Public Health.

Liabilities

Payables

Payables at December 31, 2022, were as follows:

Governmental Activities' Payables as of December 31, 2022

| | Governmental Activities |
|--------------------------|----------------------------|
| Accounts | \$ 850,811 |
| Salaries | 872,541 |
| Contracts | 459,070 |
| Due to other governments | 203,900 |
| Accrued interest | <u>147,721</u> |
| Total Payables | <u>\$ 2,534,043</u> |

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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, 2022, are summarized by fund, as follows:

Governmental Activities' Unearned/Deferred Inflows of Resources as of December 31, 2022

| | Special Assessments | Taxes | Grants/Loans | Other | Total |
|------------------------------------|------------------------|-------------------|---------------------|---------------------|----------------------|
| Major governmental funds | | | | | |
| General | \$ 8,930 | \$ 255,197 | \$ 5,930,168 | \$ 520,505 | \$ 6,714,800 |
| Special Revenue | | | | | |
| Road and Bridge | - | 68,500 | 2,166,145 | 135,000 | 2,369,645 |
| Social Services | - | 91,490 | - | 1,299,384 | 1,390,874 |
| Solid Waste | - | 5,686 | - | - | 5,686 |
| Debt Service | - | 17,693 | - | - | 17,693 |
| Nonmajor governmental funds | | | | | |
| Special Revenue | | | | | |
| County Building | - | 4,431 | - | - | 4,431 |
| County Parks | - | 2,245 | - | - | 2,245 |
| Total | \$ 8,930 | \$ 445,242 | \$ 8,096,313 | \$ 1,954,889 | \$ 10,505,374 |
| Liabilities | | | | | |
| Unearned revenue | \$ - | \$ - | \$ 5,930,168 | \$ - | \$ 5,930,168 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue | 8,930 | 445,242 | 2,166,145 | 1,954,889 | 4,575,206 |
| Total | \$ 8,930 | \$ 445,242 | \$ 8,096,313 | \$ 1,954,889 | \$ 10,505,374 |

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 \$54,756 at December 31, 2022, is available to employees in the event of an absence but is not paid to them at termination.

Leases

The County has entered into lease agreements as lessee for copier leases for various departments as well as a postage machine. Leases are for five years. These leases have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund and the Social Services Special Revenue Fund.

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Future Minimum Lease Obligations and Net Present Value of Minimum Lease Payments as of December 31, 2022

| Year Ending December 31 | Principal | Interest |
|----------------------------|-------------------|-----------------|
| 2023 | \$ 43,074 | \$ 1,088 |
| 2024 | 39,293 | 641 |
| 2025 | 21,162 | 328 |
| 2026 | 19,157 | 126 |
| 2027 | 1,521 | 1 |
| Total | \$ 124,207 | \$ 2,184 |

Long-Term Debt – Bonds

Information on individual bonds payable at December 31, 2022, was as follows:

Bonds Payable as of December 31, 2022

| Type of Indebtedness | Final Maturity | Installment Amounts | Interest Rate (%) | Original Issue Amount | Outstanding Balance December 31, 2022 |
|---|-------------------|-------------------------|----------------------|--------------------------|--|
| 2017A G.O. Capital Improvement Bonds | 2038 | \$345,000- \$875,000 | 2.00-3.50 | \$ 12,375,000 | \$ 11,145,000 |

Debt Service Requirements

Debt service requirements at December 31, 2022, were as follows:

Debt Service Requirements as of December 31, 2022

| Year Ending December 31 | General Obligation Bonds | | |
|----------------------------|--------------------------|---------------------|--|
| | Principal | Interest | |
| 2023 | \$ 550,000 | \$ 346,281 | |
| 2024 | 565,000 | 329,556 | |
| 2025 | 585,000 | 312,306 | |
| 2026 | 600,000 | 294,531 | |
| 2027 | 620,000 | 276,231 | |
| 2028-2032 | 3,395,000 | 1,085,131 | |
| 2033-2037 | 3,955,000 | 498,459 | |
| 2038 | 875,000 | 15,313 | |
| Total | \$ 11,145,000 | \$ 3,157,808 | |

Conduit Debt

The County has issued 2019A series general obligation utility revenue refunding bonds on behalf of Rich Prairie Sewer and Water District. The bond repayments are paid directly by Rich Prairie Sewer and Water District. Although Morrison County has pledged its full faith, credit, and taxing powers for these bonds, Rich Prairie Sewer and Water District is primarily obligated to pay the debt and, therefore, the bonds are not reported as liabilities in the accompanying financial statements.

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As of December 31, 2022, there were bonds outstanding with an aggregate principal payment amount of \$2,520,000.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

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

| | Beginning Balance as Restated* | Additions | Reductions | Ending Balance | Due Within One Year |
|---|--------------------------------------|---------------------|---------------------|----------------------|------------------------|
| General obligation bonds | \$ 11,680,000 | \$ - | \$ 535,000 | \$ 11,145,000 | \$ 550,000 |
| Bond discount | (1,887) | - | (111) | (1,776) | - |
| Leases payable | 84,699 | 88,915 | 49,407 | 124,207 | 43,074 |
| Compensated absences | 2,028,073 | 2,087,466 | 1,891,338 | 2,224,201 | 144,934 |
| Estimated liability for landfill closure/postclosure | 5,033,220 | - | 1,428,707 | 3,604,513 | - |
| Total Long-Term Liabilities | \$ 18,824,105 | \$ 2,176,381 | \$ 3,904,341 | \$ 17,096,145 | \$ 738,008 |

*See Change in Accounting Principles in Note 1.

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 \$3,604,513 landfill closure and postclosure care liability at December 31, 2022, represents the cumulative amount reported to date based on the use of 70.71 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,493,030 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2022. Actual costs may be higher due to inflation or changes in technology or regulations.

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, 2022, the County has restricted fund balance of \$4,128,018 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.

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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.

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, 2022, the most recent actuarial valuation date:

| Employees Covered by the OPEB Benefit Terms As of the January 1, 2022, Actuarial Valuation | |
|---|------------|
| Active employees | 235 |
| Retired employees | 6 |
| Total | <u>241</u> |

Total OPEB Liability

The County's total OPEB liability of \$1,387,945 was determined by an actuarial valuation as of January 1, 2022, and rolled forward to a measurement date of December 31, 2022. The total OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

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

OPEB Actuarial Assumptions and Other Inputs

| | |
|------------------------|--|
| Discount rate | 2.06 percent, as of December 31, 2022 |
| Payroll growth rate | N/A |
| General inflation rate | 2.50 percent |
| Health care cost trend | 6.20 percent, decreasing each year to an ultimate rate of 3.90 percent |

Mortality rates were based on the most recent experience studies from PERA.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation as of January 1, 2022.

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

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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.

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

| | Total OPEB Liability |
|---|-------------------------|
| Balance at December 31, 2021 | <u>\$ 2,031,810</u> |
| Changes for the year | |
| Service cost | \$ 176,579 |
| Interest | 46,273 |
| Difference between expected and actual experience | (281,040) |
| Changes of assumptions | (534,391) |
| Benefit payments | <u>(51,286)</u> |
| Net change | <u>\$ (643,865)</u> |
| Balance at December 31, 2022 | <u>\$ 1,387,945</u> |

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:

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

| | Discount Rate | Total OPEB Liability |
|-------------|---------------|----------------------|
| 1% Decrease | 1.06% | \$ 1,471,623 |
| Current | 2.06% | 1,387,945 |
| 1% Increase | 3.06% | 1,304,676 |

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:

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

| | Health Care Trend Rate | Total OPEB Liability |
|-------------|---------------------------|----------------------|
| 1% Decrease | 5.20% decreasing to 2.90% | \$ 1,237,193 |
| Current | 6.20% decreasing to 3.90% | 1,387,945 |
| 1% Increase | 7.20% decreasing to 4.90% | 1,566,818 |

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

For the year ended December 31, 2022, the County recognized OPEB expense of (\$62,833). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 721,506 |
| Changes in actuarial assumptions | 192,951 | 515,019 |
| Contributions paid to OPEB plan subsequent to measurement date | <u>72,393</u> | - |
| Total | <u>\$ 265,344</u> | <u>\$ 1,236,525</u> |

The \$72,393 reported as a deferred outflow of resources relating to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023.

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

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

| Year Ended December 31 | OPEB Expense Amount |
|------------------------|------------------------|
| 2023 | \$ (176,645) |
| 2024 | (176,645) |
| 2025 | (178,422) |
| 2026 | (179,793) |
| 2027 | (163,000) |
| Thereafter | (169,069) |

Changes in Actuarial Assumptions

- The medical trend was updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate was updated from 2.12 percent to 2.06 percent based on recent municipal bond index rates.
- Withdrawal, retirement, mortality, disability, and salary scale assumptions were updated to those included in the recently published PERA actuarial valuations.

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- For regular retirees, eligible for the \$200 per month County-paid subsidy, future retiree participation rates were updated from 100 percent to 70 percent based on analysis of past plan experience.
- For all other regular retirees, future retiree participation rates were updated from 65 percent to 50 percent based on analysis of past plan experience.
- Future retiree spouse participation rates were updated from 40 percent for PERA Coordinated Plan, 60 percent for the PERA Police and Fire Plan, and 50 percent for the PERA Correctional Plan to 40 percent based on analysis of past plan experience.
- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

Contract Commitment

As of December 31, 2022, the Road and Bridge Special Revenue Fund has active road construction projects with remaining commitments of \$4,290,146.

Fund Balance

Nonspendable Fund Balance

The detail of nonspendable fund balance at December 31, 2022, is as follows:

Nonspendable Fund Balance as of December 31, 2022

| | |
|--|---------------------|
| Road and Bridge Special Revenue Fund inventory | \$ <u>1,014,142</u> |
|--|---------------------|

Restricted Fund Balance

The detail of restricted fund balance at December 31, 2022, is as follows:

Restricted Fund Balance as of December 31, 2022

| | General | Solid Waste | Opioid Settlement | Debt Service |
|--|---------------------|---------------------|-------------------|-------------------|
| Recorder's technology | \$ 302,937 | \$ - | \$ - | \$ - |
| Recorder's compliance | 480,143 | - | - | - |
| Landfill closure/postclosure | - | 4,128,018 | - | - |
| Law library | 95,097 | - | - | - |
| Attorney's forfeited property | 71,436 | - | - | - |
| Sheriff's contingency | 46,937 | - | - | - |
| DARE | 41,428 | - | - | - |
| Enhanced 911 programs | 29,238 | - | - | - |
| Aquatic invasive species | 514,275 | - | - | - |
| Buffer enforcement - Riparian Protection Act | 368,880 | - | - | - |
| Debt service | - | - | - | 973,067 |
| Opioid remediation programs | - | - | 312,630 | - |
| Total Restricted | \$ 1,950,371 | \$ 4,128,018 | \$ 312,630 | \$ 973,067 |

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Committed Fund Balance

The detail of committed fund balance at December 31, 2022, is as follows:

Committed Fund Balance as of December 31, 2022

| | General | County Building | | County Parks | |
|--------------------------|-------------------|---------------------|-------------------|--------------|---|
| Park projects | \$ - | \$ - | \$ - | \$ 236,507 | |
| County building projects | - - | | 1,762,664 | | - |
| Insurance | 385,887 | | - | | - |
| Total Committed | \$ 385,887 | \$ 1,762,664 | \$ 236,507 | | |

Assigned Fund Balance

The detail of assigned fund balance at December 31, 2022, is as follows:

Assigned Fund Balance as of December 31, 2022

| | General | Road and Bridge | Social Services | Solid Waste |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| 800-megahertz project | \$ 100,709 | \$ - | \$ - | \$ - |
| General government | 143,768 | - | - | - |
| Revolving loan | 114,525 | - | - | - |
| Septic program | 14,875 | - | - | - |
| Jail inmate programs | 236,630 | - | - | - |
| Jail upgrades | 1,943,714 | - | - | - |
| Sentencing to Service programs | 77,315 | - | - | - |
| Corrections | 294,485 | - | - | - |
| Sheriff's programs | 644,132 | - | - | - |
| Technology upgrades | 246,631 | - | - | - |
| Veterans' programs | 65,234 | - | - | - |
| Jail PX | 143,928 | - | - | - |
| Human services | - | - | 6,418,228 | - |
| Attorney's contingency | 25,318 | - | - | - |
| Solid waste | - | - | - | 3,982,672 |
| Boat and water | 39,402 | - | - | - |
| Capital equipment | 876,331 | - | - | - |
| Election programs | 182,840 | - | - | - |
| Highways and streets | - | 8,756,548 | - | - |
| Total Assigned | \$ 5,149,837 | \$ 8,756,548 | \$ 6,418,228 | \$ 3,982,672 |

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Pension Plans

Defined Benefit Pension Plans

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 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 the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No 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 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.

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,

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or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2021.

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Member and Employer Required Contribution Rates

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

Employer Contributions for the Year Ended December 31, 2022

| | |
|------------------------|--------------|
| General Employees Plan | \$ 1,092,595 |
| Police and Fire Plan | 338,428 |
| Correctional Plan | 96,508 |

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

Pension Costs

General Employees Plan

At December 31, 2022, the County reported a liability of \$15,214,383 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.1921 percent. It was 0.1944 percent measured as of June 30, 2021. The County recognized pension expense of \$2,214,446 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$66,638 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

| | |
|--|-----------------------------|
| The County's proportionate share of the net pension liability | \$ 15,214,383 |
| State of Minnesota's proportionate share of the net pension liability associated with the County | <u>445,968</u> |
| Total | <u><u>\$ 15,660,351</u></u> |

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

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 127,082 | \$ 164,554 |
| Changes in actuarial assumptions | 3,483,271 | 62,975 |
| Difference between projected and actual investment earnings | 203,159 | - |
| Changes in proportion | 200,418 | 106,640 |
| Contributions paid to PERA subsequent to the measurement date | 545,171 | - |
| Total | \$ 4,559,101 | \$ 334,169 |

The \$545,171 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

| Year Ended December 31 | Pension Expense |
|------------------------|-----------------|
| | Amount |
| 2023 | \$ 1,487,619 |
| 2024 | 1,348,833 |
| 2025 | (532,606) |
| 2026 | 1,375,915 |

Police and Fire Plan

At December 31, 2022, the County reported a liability of \$6,623,143 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.1522 percent. It was 0.1401 percent measured as of June 30, 2021. The County recognized pension expense of \$662,451 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

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Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$56,142 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

| | |
|--|----------------------------|
| The County's proportionate share of the net pension liability | \$ 6,623,143 |
| State of Minnesota's proportionate share of the net pension liability associated with the County | <u>289,429</u> |
| Total | <u><u>\$ 6,912,572</u></u> |

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 \$13,698 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:

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 394,714 | \$ - |
| Changes in actuarial assumptions | 3,788,921 | 39,958 |
| Difference between projected and actual investment earnings | 240,938 | - |
| Changes in proportion | 148,537 | 154,658 |
| Contributions paid to PERA subsequent to the measurement date | <u>170,197</u> | <u>-</u> |
| Total | <u><u>\$ 4,743,307</u></u> | <u><u>\$ 194,616</u></u> |

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The \$170,197 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

| Year Ended December 31 | Pension Expense |
|------------------------|-----------------|
| | Amount |
| 2023 | \$ 877,305 |
| 2024 | 863,496 |
| 2025 | 759,050 |
| 2026 | 1,312,017 |
| 2027 | 566,626 |

Correctional Plan

At December 31, 2022, the County reported a liability of \$1,732,469 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.5212 percent. It was 0.5111 percent measured as of June 30, 2021. The County recognized pension expense of \$601,360 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:

Correctional Plan
Deferred Outflows of Resources and Deferred Inflows of Resources
As of December 31, 2022

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ - | \$ 56,894 |
| Changes in actuarial assumptions | 1,115,071 | 2,571 |
| Difference between projected and actual investment earnings | 58,610 | - |
| Changes in proportion | 786 | 2,327 |
| Contributions paid to PERA subsequent to the measurement date | 47,440 | - |
| Total | \$ 1,221,907 | \$ 61,792 |

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The \$47,440 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

| Year Ended December 31 | Pension Expense |
|------------------------|-----------------|
| | Amount |
| 2023 | \$ 500,360 |
| 2024 | 517,187 |
| 2025 | (44,052) |
| 2026 | 139,180 |

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2022, was \$3,478,257.

Actuarial Assumptions

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

Actuarial Assumptions for the Year Ended June 30, 2022

| | General Employees Fund | Police and Fire Fund | Correctional Fund |
|------------------------------|---------------------------|-------------------------|-------------------|
| Inflation | 2.25% per year | 2.25% per year | 2.25% per year |
| Active Member Payroll Growth | 3.00% per year | 3.00% per year | 3.00% per year |
| Investment Rate of Return | 6.50% | 6.50% | 6.50% |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan per year through December 31, 2054, and 1.50 percent per year thereafter. For the Police and Fire Plan, cost-of-living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2022, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated July 12, 2022, was utilized.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Plan and Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060, and June 30, 2061, respectively. Beginning in fiscal year ended June 30, 2061, for the Police and Fire Plan and June 30, 2062, for the Correctional Plan, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent, based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. An equivalent single discount rate of 5.40 percent for the Police and Fire Plan and 5.42 percent for the Correctional Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits to the point of asset depletion and 3.69 percent thereafter.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2022:

General Employees Plan

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

Police and Fire Plan

- The single discount rate changed from 6.50 percent to 5.40 percent.

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

Correctional Plan

- The single discount rate changed from 6.50 percent to 5.42 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054, and 1.50 percent per annum thereafter.

Pension Liability Sensitivity

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

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

| | Proportionate Share of the | | | | | |
|-------------|----------------------------|--------------------------|----------------------|--------------------------|-------------------|--------------------------|
| | General Employees Plan | | Police and Fire Plan | | Correctional Plan | |
| | Discount Rate | Net Pension Liability | Discount Rate | Net Pension Liability | Discount Rate | Net Pension Liability |
| 1% Decrease | 5.50% | \$ 24,031,916 | 4.40% | \$ 10,023,277 | 4.42% | \$ 3,051,657 |
| Current | 6.50% | 15,214,383 | 5.40% | 6,623,143 | 5.42% | 1,732,469 |
| 1% Increase | 7.50% | 7,982,646 | 6.40% | 3,874,338 | 6.42% | 695,291 |

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.

Defined Contribution Plan

Five County Commissioners 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

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Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

**Total Contributions by Dollar Amount and
Percentage of Covered Payroll Made by the Employer
For the Year Ended December 31, 2022**

| | Employee | Employer |
|-------------------------------|----------|----------|
| Contribution amount | \$ 8,835 | \$ 8,835 |
| Percentage of covered payroll | 5.00% | 5.00% |

Note 4 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors 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 2022 and 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

Note 5 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

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

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Joint Ventures

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.
- 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 \$60,865 in funding to the Commission during 2022. Financial information for the Commission can be obtained from the Little Falls-Morrison County Airport Commission, Little Falls City Hall, 100 Northeast 7th Avenue, Little Falls, Minnesota 56345.

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.

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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.

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 Custodial Fund of Morrison County.

Morrison County did not contribute to the MCICC during 2022. Financial information for the MCICC can be obtained by calling 320-632-0246.

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. Morrison County provided no cash funding to this organization during 2022.

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 2022.

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.

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Complete financial information can be obtained from the City of St. Cloud Police Department, 101 – 11th Avenue North, PO Box 1616, St. Cloud, Minnesota 56303.

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.

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. Morrison County provided no cash funding to this organization during 2022.

Complete financial information can be obtained from the Central Minnesota Emergency Services Board, St. Cloud City Hall, Office of the Mayor, 400 Second Street South, St. Cloud, Minnesota 56303.

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.

The Board of Directors consists of 15 members, representing all six of the member counties. Morrison County provided \$491,598 to this organization during 2022.

Separate financial information can be obtained from the Great River Regional Library, 1300 West St. Germain Street, St. Cloud, Minnesota 56301.

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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 2022.

Complete financial information can be obtained from the Mississippi Headwaters Board, Land Services Building, 322 Laurel Street, Brainerd, Minnesota 56401; Email: mhb@co.crow-wing.mn.us.

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 \$192,020 to this organization in 2022.

Jointly-Governed Organizations

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 2022.

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.

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 \$337,375 for services provided.

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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.

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.

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 2022, Morrison County had 12 pay-as-you-go notes within the County. The tax increment taxes collected during 2022 totaled \$215,339 for the County and \$48,475 for the Morrison County RDFA component unit. The County's portion of the captured tax capacity and related property taxes was approximately 54 percent.

Opioid Settlement

Morrison County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The County is expected to receive approximately \$1,593,825 over the next 18 years. The majority of the funds are intended for opioid abatement. The Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA) identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA, the County created a special revenue fund. Funds are restricted until expended. The MOA requires that the County recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the County does not record a receivable for the settlement.

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For the year ended December 31, 2022, the County received \$311,721 as part of the settlement.

Note 6 – Housing and Redevelopment Authority of Morrison County

Summary of Significant Accounting Policies

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, 2022.

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.

Assets, Liabilities, and Equity Accounts

Cash and Cash Equivalents

The HRA's cash and cash equivalents are considered to be cash on hand, negotiable certificates of deposit, money market funds, savings accounts, demand deposits, share accounts, and short-term investments with original maturities of three months or less.

Investments are stated at fair value, except for non-negotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost. The fair value of investments is based on quoted market prices. Short-term investments are valued at cost, which approximates fair value.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts.

Prepaid Items

Certain payments made for insurance reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Cash

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

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[Capital Assets](#)

Capital assets include 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 fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments greater than \$500 are capitalized. 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 in the appropriate program.

[Unearned Revenue](#)

Unearned revenues arise when resources are received by the HRA before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the HRA has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position, and the revenue is recognized.

[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 leave accruals vary from one day to two days per month with a maximum carryover of 30 days.

All unused vacation pay is generally paid at the time of separation from employment. Sick leave accruals vary from eight to ten hours per month based on years of service. If an employee terminates employment due to retirement, death, or resignation and has worked for the HRA for five years, one-half of sick leave (if accrued) shall be paid, not to exceed \$1,000.

[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 consist 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 generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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Prior Period Adjustments

The HRA recognized a prior period adjustment in the current year that affected the housing assistance payments and unrestricted net position balances. The housing assistance payments balance was adjusted by (\$4,086) and the unrestricted net position balance was adjusted by (\$4,086) due to an incorrect calculation in the housing assistance payments balance in the prior period.

The HRA recognized a prior period adjustment in the current year that affected the unearned revenue and the unrestricted net position balances. The unearned revenue balance was adjusted by \$31,702 and the unrestricted net position balance was adjusted by \$31,702 due to a change in recording method for the unearned revenue balance in the prior period.

Detailed Notes

Deposits and Investments

The HRA's cash and cash equivalents at December 31, 2022, were comprised of demand deposits, savings accounts, and money market accounts. The HRA had no investments as of December 31, 2022.

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the HRA's deposits may not be returned to it. The HRA's deposits must be collateralized as required by Minnesota statutes for an amount exceeding FDIC or NCUA coverage. As of December 31, 2022, the HRA's bank balances of \$141,942 were not exposed to custodial credit risk and were fully collateralized.

Restricted Assets

The HRA maintains restricted cash in the amount of housing assistance payments equity as required by the grantor. As of December 31, 2022, the restricted cash was \$12,642.

Capital Assets

A summary of the HRA's capital assets at December 31, 2022, follows:

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

| | Beginning Balance | Increase | Decrease | Ending Balance |
|--------------------------------|----------------------|------------|----------|----------------|
| Capital assets depreciated | | | | |
| Equipment and other | \$ 10,187 | \$ - | \$ - | \$ 10,187 |
| Less: accumulated depreciation | (2,948) | (1,896) | - | (4,844) |
| Capital Assets, Net | \$ 7,239 | \$ (1,896) | \$ - | \$ 5,343 |

Depreciation expense was charged to Housing Choice Vouchers in the amount of \$526 and State/Local Program in the amount of \$1,370.

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Long-Term Obligations

The summary of long-term obligation transactions for the year-ended December 31, 2022, is as follows:

Long-Term Obligations for Year Ended December 31, 2022

| Description | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|----------------------|-------------------|-----------|-----------|----------------|---------------------|
| Compensated absences | \$ 16,105 | \$ 3,616 | \$ 2,505 | \$ 17,216 | \$ 3,443 |

Employees Retirement Plan

The HRA has established a 401(a), defined contribution retirement plan. Currently there is one eligible employee. The HRA pays a contribution of 8.00 percent, and the employee must pay 5.50 percent of the gross wages. Employer contributions for the year ended December 31, 2022, were \$4,178.

Risk Management

The HRA is exposed to various risks of loss 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 general-purpose financial statements.

Contingencies

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the HRA expects such amounts, if any, to be immaterial.

Economic Dependency

The HRA is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development. The HRA operates at a loss prior to receiving contributions and grants from HUD.

**Morrison County
Little Falls, Minnesota**

Exhibit A-1

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------|-------------------------|----------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 11,211,047 | \$ 11,211,047 | \$ 11,180,466 | \$ (30,581) |
| Licenses and permits | 226,500 | 226,500 | 238,547 | 12,047 |
| Intergovernmental | 3,321,339 | 3,321,339 | 4,697,299 | 1,375,960 |
| Charges for services | 1,037,002 | 1,037,002 | 1,426,681 | 389,679 |
| Fines and forfeits | 2,000 | 2,000 | 9,606 | 7,606 |
| Investment income | 400,000 | 400,000 | 146,090 | (253,910) |
| Miscellaneous | 449,100 | 449,100 | 891,203 | 442,103 |
| Total Revenues | \$ 16,646,988 | \$ 16,646,988 | \$ 18,589,892 | \$ 1,942,904 |
| Expenditures | | | | |
| Current | | | | |
| General government | | | | |
| Commissioners | \$ 329,748 | \$ 329,748 | \$ 299,337 | \$ 30,411 |
| Courts | 130,000 | 130,000 | 188,895 | (58,895) |
| Law library | 35,000 | 35,000 | 28,523 | 6,477 |
| Administrator | 705,844 | 705,844 | 657,063 | 48,781 |
| Risk management administration | 295,000 | 295,000 | 303,727 | (8,727) |
| Auditor-treasurer | 1,012,781 | 1,012,781 | 1,082,609 | (69,828) |
| Motor vehicle/license bureau | 511,396 | 511,396 | 482,258 | 29,138 |
| Information services | 860,643 | 860,643 | 661,418 | 199,225 |
| Attorney | 1,143,864 | 1,143,864 | 1,122,921 | 20,943 |
| Recorder | 455,313 | 455,313 | 379,235 | 76,078 |
| Surveyor | 2,400 | 2,400 | - | 2,400 |
| Planning and zoning | 1,310,404 | 1,310,404 | 1,314,358 | (3,954) |
| Buildings and plant | 997,079 | 997,079 | 1,055,847 | (58,768) |
| Veterans service officer | 232,685 | 232,685 | 224,609 | 8,076 |
| Other general government | 90,000 | 90,000 | 1,109,393 | (1,019,393) |
| Total general government | \$ 8,112,157 | \$ 8,112,157 | \$ 8,910,193 | \$ (798,036) |
| Public safety | | | | |
| Sheriff | \$ 4,859,687 | \$ 4,859,687 | \$ 4,535,657 | \$ 324,030 |
| Boat and water safety | 15,874 | 15,874 | 8,100 | 7,774 |
| Coroner | 76,500 | 76,500 | 59,800 | 16,700 |
| E-911 system | 112,000 | 112,000 | 196,565 | (84,565) |
| County jail | 2,395,815 | 2,395,815 | 2,435,986 | (40,171) |
| Civil defense | 96,349 | 96,349 | 110,222 | (13,873) |
| Community corrections | 1,043,671 | 1,043,671 | 1,008,459 | 35,212 |
| Other public safety | 110,680 | 110,680 | 104,480 | 6,200 |
| Total public safety | \$ 8,710,576 | \$ 8,710,576 | \$ 8,459,269 | \$ 251,307 |

**Morrison County
Little Falls, Minnesota**

Exhibit A-1
(Continued)

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget | | |
|---|------------------------------|------------------------------|-----------------------------|---------------------------------------|--|--|
| | Original | Final | | | | |
| Expenditures | | | | | | |
| Current (Continued) | | | | | | |
| Culture and recreation | | | | | | |
| Historical society | \$ 64,000 | \$ 64,000 | \$ 63,713 | \$ 287 | | |
| Other | <u>40,300</u> | <u>40,300</u> | <u>203,402</u> | <u>(163,102)</u> | | |
| Total culture and recreation | <u>\$ 104,300</u> | <u>\$ 104,300</u> | <u>\$ 267,115</u> | <u>\$ (162,815)</u> | | |
| Conservation of natural resources | | | | | | |
| County extension | \$ 215,222 | \$ 215,222 | \$ 197,878 | \$ 17,344 | | |
| Soil and water conservation | <u>124,000</u> | <u>124,000</u> | <u>122,484</u> | <u>1,516</u> | | |
| Agricultural society | 30,000 | 30,000 | 29,988 | 12 | | |
| Water planning | 20,779 | 20,779 | 7,170 | 13,609 | | |
| Ditch | - | - | 40,232 | (40,232) | | |
| Other | <u>375,521</u> | <u>375,521</u> | <u>333,914</u> | <u>41,607</u> | | |
| Total conservation of natural resources | <u>\$ 765,522</u> | <u>\$ 765,522</u> | <u>\$ 731,666</u> | <u>\$ 33,856</u> | | |
| Economic development | | | | | | |
| Community development | \$ 112,650 | \$ 112,650 | \$ 113,515 | \$ (865) | | |
| Intergovernmental | | | | | | |
| Culture and recreation | | | | | | |
| Library | \$ 491,598 | \$ 491,598 | \$ 491,598 | \$ - | | |
| Debt service | | | | | | |
| Principal retirements | \$ - | \$ - | \$ 36,810 | \$ (36,810) | | |
| Interest | <u>-</u> | <u>-</u> | <u>1,354</u> | <u>(1,354)</u> | | |
| Total debt service | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,164</u> | <u>\$ (38,164)</u> | | |
| Total Expenditures | <u>\$ 18,296,803</u> | <u>\$ 18,296,803</u> | <u>\$ 19,011,520</u> | <u>\$ (714,717)</u> | | |
| Excess of Revenues Over (Under) Expenditures | | | | | | |
| | <u>\$ (1,649,815)</u> | <u>\$ (1,649,815)</u> | <u>\$ (421,628)</u> | <u>\$ 1,228,187</u> | | |
| Other Financing Sources (Uses) | | | | | | |
| Transfers out | \$ - | \$ - | \$ (200) | \$ (200) | | |
| Proceeds from lease | <u>-</u> | <u>-</u> | <u>88,915</u> | <u>88,915</u> | | |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 88,715</u> | <u>\$ 88,715</u> | | |
| Net Change in Fund Balance | <u>\$ (1,649,815)</u> | <u>\$ (1,649,815)</u> | <u>\$ (332,913)</u> | <u>\$ 1,316,902</u> | | |
| Fund Balance – January 1 | <u>15,020,929</u> | <u>15,020,929</u> | <u>15,020,929</u> | <u>-</u> | | |
| Fund Balance – December 31 | <u>\$ 13,371,114</u> | <u>\$ 13,371,114</u> | <u>\$ 14,688,016</u> | <u>\$ 1,316,902</u> | | |

**Morrison County
Little Falls, Minnesota**

Exhibit A-2

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

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|---|-------------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 4,920,101 | \$ 4,920,101 | \$ 5,492,149 | \$ 572,048 |
| Intergovernmental | 9,659,117 | 9,659,117 | 10,517,318 | 858,201 |
| Charges for services | 220,000 | 220,000 | 336,195 | 116,195 |
| Miscellaneous | - | - | 857,233 | 857,233 |
| Total Revenues | \$ 14,799,218 | \$ 14,799,218 | \$ 17,202,895 | \$ 2,403,677 |
| Expenditures | | | | |
| Current | | | | |
| Highways and streets | | | | |
| Administration | \$ 455,405 | \$ 455,405 | \$ 436,417 | \$ 18,988 |
| Maintenance | 3,199,052 | 3,199,052 | 3,346,660 | (147,608) |
| Construction | 10,504,916 | 10,504,916 | 9,256,886 | 1,248,030 |
| Equipment maintenance and shop | 1,422,679 | 1,422,679 | 2,059,212 | (636,533) |
| Total highways and streets | \$ 15,582,052 | \$ 15,582,052 | \$ 15,099,175 | \$ 482,877 |
| Conservation of natural resources | | | | |
| Agricultural inspector | 12,166 | 12,166 | 12,060 | 106 |
| Intergovernmental | | | | |
| Highways and streets | - | - | 822,315 | (822,315) |
| Total Expenditures | \$ 15,594,218 | \$ 15,594,218 | \$ 15,933,550 | \$ (339,332) |
| Excess of Revenues Over (Under) Expenditures | | | | |
| | \$ (795,000) | \$ (795,000) | \$ 1,269,345 | \$ 2,064,345 |
| Other Financing Sources (Uses) | | | | |
| Insurance proceeds | - | - | 1,024,415 | 1,024,415 |
| Net Change in Fund Balance | \$ (795,000) | \$ (795,000) | \$ 2,293,760 | \$ 3,088,760 |
| Fund Balance – January 1 | 7,397,847 | 7,397,847 | 7,397,847 | - |
| Increase (decrease) in inventories | - | - | 79,083 | 79,083 |
| Fund Balance – December 31 | \$ 6,602,847 | \$ 6,602,847 | \$ 9,770,690 | \$ 3,167,843 |

**Morrison County
Little Falls, Minnesota**

Exhibit A-3

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-------------------------|----------------------|---------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 4,088,290 | \$ 4,088,290 | \$ 4,078,264 | \$ (10,026) |
| Licenses and permits | 105,000 | 105,000 | 152,818 | 47,818 |
| Intergovernmental | 8,179,424 | 8,179,424 | 8,717,568 | 538,144 |
| Charges for services | 1,972,011 | 1,972,011 | 1,798,266 | (173,745) |
| Miscellaneous | 752,300 | 752,300 | 1,329,163 | 576,863 |
| Total Revenues | \$ 15,097,025 | \$ 15,097,025 | \$ 16,076,079 | \$ 979,054 |
| Expenditures | | | | |
| Current | | | | |
| Human services | | | | |
| Income maintenance | \$ 4,295,700 | \$ 4,295,700 | \$ 4,166,736 | \$ 128,964 |
| Social services | 8,198,000 | 8,198,000 | 8,710,190 | (512,190) |
| Total human services | \$ 12,493,700 | \$ 12,493,700 | \$ 12,876,926 | \$ (383,226) |
| Health | | | | |
| Nursing service | \$ 2,603,325 | \$ 2,603,325 | \$ 2,270,280 | \$ 333,045 |
| Debt service | | | | |
| Principal retirements | \$ - | \$ - | \$ 12,597 | \$ (12,597) |
| Interest | - | - | 234 | (234) |
| Total debt service | \$ - | \$ - | \$ 12,831 | \$ (12,831) |
| Total Expenditures | \$ 15,097,025 | \$ 15,097,025 | \$ 15,160,037 | \$ (63,012) |
| Excess of Revenues Over (Under) Expenditures | \$ - | \$ - | \$ 916,042 | \$ 916,042 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 200 | 200 |
| Net Change in Fund Balance | \$ - | \$ - | \$ 916,242 | \$ 916,242 |
| Fund Balance – January 1 | 5,501,986 | 5,501,986 | 5,501,986 | - |
| Fund Balance – December 31 | \$ 5,501,986 | \$ 5,501,986 | \$ 6,418,228 | \$ 916,242 |

**Morrison County
Little Falls, Minnesota**

Exhibit A-4

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 243,910 | \$ 243,910 | \$ 241,689 | \$ (2,221) |
| Licenses and permits | 14,000 | 14,000 | 14,950 | 950 |
| Intergovernmental | 139,909 | 139,909 | 146,655 | 6,746 |
| Charges for services | 3,264,400 | 3,264,400 | 3,737,772 | 473,372 |
| Investment income | - | - | 57,098 | 57,098 |
| Miscellaneous | <u>140,000</u> | <u>140,000</u> | <u>15,355</u> | <u>(124,645)</u> |
| Total Revenues | \$ 3,802,219 | \$ 3,802,219 | \$ 4,213,519 | \$ 411,300 |
| Expenditures | | | | |
| Current | | | | |
| Sanitation | | | | |
| Solid waste | <u>3,802,219</u> | <u>3,802,219</u> | <u>3,398,325</u> | <u>403,894</u> |
| Net Change in Fund Balance | \$ - | \$ - | \$ 815,194 | \$ 815,194 |
| Fund Balance – January 1 | <u>7,295,496</u> | <u>7,295,496</u> | <u>7,295,496</u> | <u>-</u> |
| Fund Balance – December 31 | <u>\$ 7,295,496</u> | <u>\$ 7,295,496</u> | <u>\$ 8,110,690</u> | <u>\$ 815,194</u> |

**Morrison County
Little Falls, Minnesota**

Exhibit B-1

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

| | Special Revenue Funds | | |
|---|------------------------------|--------------------------|----------------------------|
| | County Building | County Parks | Total |
| <u>Assets</u> | | | |
| Cash and pooled investments | \$ 1,771,498 | \$ 236,785 | \$ 2,008,283 |
| Delinquent taxes receivable | <u>4,431</u> | <u>2,245</u> | <u>6,676</u> |
| Total Assets | <u>\$ 1,775,929</u> | <u>\$ 239,030</u> | <u>\$ 2,014,959</u> |
| <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> | | | |
| Liabilities | | | |
| Accounts payable | \$ 8,834 | \$ 278 | \$ 9,112 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | <u>\$ 4,431</u> | <u>\$ 2,245</u> | <u>\$ 6,676</u> |
| Fund Balances | | | |
| Committed | | | |
| Park projects | \$ - | \$ 236,507 | \$ 236,507 |
| County building projects | <u>1,762,664</u> | <u>-</u> | <u>1,762,664</u> |
| Total Fund Balances | <u>\$ 1,762,664</u> | <u>\$ 236,507</u> | <u>\$ 1,999,171</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,775,929</u> | <u>\$ 239,030</u> | <u>\$ 2,014,959</u> |

**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, 2022**

| | Special Revenue Funds | | |
|------------------------------------|------------------------------|--------------------------|----------------------------|
| | County Building | County Parks | Total |
| Revenues | | | |
| Taxes | \$ 192,502 | \$ 98,085 | \$ 290,587 |
| Intergovernmental | 27,190 | 88,858 | 116,048 |
| Miscellaneous | <u>17,099</u> | <u>1,087</u> | <u>18,186</u> |
| Total Revenues | <u>\$ 236,791</u> | <u>\$ 188,030</u> | <u>\$ 424,821</u> |
| Expenditures | | | |
| Current | | | |
| General government | \$ 69,353 | \$ - | \$ 69,353 |
| Culture and recreation | <u>-</u> | <u>174,877</u> | <u>174,877</u> |
| Total Expenditures | <u>\$ 69,353</u> | <u>\$ 174,877</u> | <u>\$ 244,230</u> |
| Net Change in Fund Balances | <u>\$ 167,438</u> | <u>\$ 13,153</u> | <u>\$ 180,591</u> |
| Fund Balances – January 1 | <u>1,595,226</u> | <u>223,354</u> | <u>1,818,580</u> |
| Fund Balances – December 31 | <u>\$ 1,762,664</u> | <u>\$ 236,507</u> | <u>\$ 1,999,171</u> |

**Morrison County
Little Falls, Minnesota**

Exhibit B-3

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|----------------------------|----------------------------|----------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 192,810 | \$ 192,810 | \$ 192,502 | \$ (308) |
| Intergovernmental | 27,190 | 27,190 | 27,190 | - |
| Miscellaneous | - | - | 17,099 | 17,099 |
| Total Revenues | \$ 220,000 | \$ 220,000 | \$ 236,791 | \$ 16,791 |
| Expenditures | | | | |
| Current | | | | |
| General government | <u>220,000</u> | <u>220,000</u> | <u>69,353</u> | <u>150,647</u> |
| Net Change in Fund Balance | \$ - | \$ - | \$ 167,438 | \$ 167,438 |
| Fund Balance – January 1 | <u>1,595,226</u> | <u>1,595,226</u> | <u>1,595,226</u> | <u>-</u> |
| Fund Balance – December 31 | <u>\$ 1,595,226</u> | <u>\$ 1,595,226</u> | <u>\$ 1,762,664</u> | <u>\$ 167,438</u> |

**Morrison County
Little Falls, Minnesota**

Exhibit B-4

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-----------------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 100,015 | \$ 100,015 | \$ 98,085 | \$ (1,930) |
| Intergovernmental | 63,607 | 63,607 | 88,858 | 25,251 |
| Miscellaneous | - | - | 1,087 | 1,087 |
| Total Revenues | \$ 163,622 | \$ 163,622 | \$ 188,030 | \$ 24,408 |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Parks | <u>163,622</u> | <u>163,622</u> | <u>174,877</u> | <u>(11,255)</u> |
| Net Change in Fund Balance | \$ - | \$ - | \$ 13,153 | \$ 13,153 |
| Fund Balance – January 1 | <u>223,354</u> | <u>223,354</u> | <u>223,354</u> | <u>-</u> |
| Fund Balance – December 31 | <u>\$ 223,354</u> | <u>\$ 223,354</u> | <u>\$ 236,507</u> | <u>\$ 13,153</u> |

**Morrison County
Little Falls, Minnesota**

Exhibit C-1

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

| | <u>Taxes and Penalties</u> | <u>Special Districts</u> | <u>Jail Inmate</u> |
|---|--------------------------------|------------------------------|------------------------|
| <u>Assets</u> | | | |
| Cash and pooled investments | \$ 391,149 | \$ 2,019 | \$ 13,555 |
| Due from other governments | - | - | - |
| Accounts receivable for other governments | - | - | - |
| Interest receivable for other governments | - | - | - |
| Taxes and special assessments receivable for other governments | <u>670,608</u> | <u>-</u> | <u>-</u> |
| Total Assets | \$ 1,061,757 | \$ 2,019 | \$ 13,555 |
| <u>Liabilities</u> | | | |
| Due to other governments | \$ 391,149 | \$ 2,019 | \$ - |
| <u>Net Position</u> | | | |
| Restricted for Individuals, organizations, and other governments | <u>\$ 670,608</u> | <u>\$ -</u> | <u>\$ 13,555</u> |

Exhibit C-1*(Continued)*

| Forfeited Land | Local Collaborative | Morrison-Todd-Wadena Board of Health | State Taxes and Fees | Civil Action | Total Custodial Funds |
|----------------|---------------------|--------------------------------------|----------------------|--------------|-----------------------|
| \$ 18 | \$ 172,385 | \$ - | \$ 127,057 | \$ - | \$ 706,183 |
| - | 38,224 | 492,567 | - | - | 530,791 |
| - | - | - | 183,128 | - | 183,128 |
| - | 536 | - | - | - | 536 |
| - | - | - | - | - | 670,608 |
| \$ 18 | \$ 211,145 | \$ 492,567 | \$ 310,185 | \$ - | \$ 2,091,246 |
| | | | | | |
| \$ 18 | \$ - | \$ 492,567 | \$ 131,636 | \$ - | \$ 1,017,389 |
| | | | | | |
| \$ - | \$ 211,145 | \$ - | \$ 178,549 | \$ - | \$ 1,073,857 |

**Morrison County
Little Falls, Minnesota**

Exhibit C-2

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

| | Taxes and Penalties | Special Districts | Jail Inmate |
|--|--------------------------------|------------------------------|------------------------|
| Additions | | | |
| Contributions from individuals | \$ - | \$ - | \$ 161,221 |
| Investment earnings | - - | - - | - - |
| Property tax and special assessment collections for other governments | 27,545,506 | 190,783 | - - |
| Tax-forfeited land sales | - - | - - | - - |
| Federal/State revenue | 77,439 | - - | - - |
| Other taxes collected for other governments | - - | - - | - - |
| Fees collected for other governments | - - | - - | - - |
| Mortgage foreclosure sales | - - | - - | - - |
| Miscellaneous | - - | - - | - - |
| Total Additions | \$ 27,622,945 | \$ 190,783 | \$ 161,221 |
| Deductions | | | |
| Beneficiary payments to individuals | \$ - | \$ - | \$ 52,492 |
| Payments of property tax and special assessments to other governments | 27,333,461 | 190,783 | - - |
| Payments to state | - - | - - | - - |
| Payments to other individuals/entities | 223,441 | - - | 103,001 |
| Total Deductions | \$ 27,556,902 | \$ 190,783 | \$ 155,493 |
| Change in net position | \$ 66,043 | \$ - | \$ 5,728 |
| Net Position – January 1 | \$ 604,565 | \$ - | \$ 7,827 |
| Net Position – December 31 | \$ 670,608 | \$ - | \$ 13,555 |

Exhibit C-2*(Continued)*

| Forfeited Land | Local Collaborative | Morrison-Todd-Wadena Board of Health | State Taxes and Fees | Civil Action | Total Custodial Funds |
|----------------|---------------------|--------------------------------------|----------------------|-------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 161,221 |
| | | 2,187 | | | 2,187 |
| - | - | - | - | - | 27,736,289 |
| 18 | - | - | - | - | 18 |
| - | 130,787 | 1,797,199 | - | - | 2,005,425 |
| - | - | - | 1,209,343 | - | 1,209,343 |
| - | - | - | 1,395,951 | - | 1,395,951 |
| - | - | - | - | 649,414 | 649,414 |
| - | 10,000 | - | - | - | 10,000 |
| \$ 18 | \$ 142,974 | \$ 1,797,199 | \$ 2,605,294 | \$ 649,414 | \$ 33,169,848 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 52,492 |
| 18 | - | - | - | - | 27,524,262 |
| - | - | - | 2,616,228 | - | 2,616,228 |
| - | 148,178 | 1,797,199 | - | 649,414 | 2,921,233 |
| \$ 18 | \$ 148,178 | \$ 1,797,199 | \$ 2,616,228 | \$ 649,414 | \$ 33,114,215 |
| \$ - | \$ (5,204) | \$ - | \$ (10,934) | \$ - | \$ 55,633 |
| - | 216,349 | - | 189,483 | - | 1,018,224 |
| \$ - | \$ 211,145 | \$ - | \$ 178,549 | \$ - | \$ 1,073,857 |

Minnesota State Law – Chapter 156 of the Session Laws of 2005 – Requires that “a city or county with a population of more than 15,000 must annually notify its residents of the positions and base salaries of its three highest paid employees.” For Morrison County, titles and salaries as of July 1, 2022 are as follows:

County Attorney \$141,024

County Sheriff \$135,595

Health & Human Services Director \$135,595

Date of Publication: November 12, 2023