MARTIN COUNTY
FAIRMONT, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

MARTIN COUNTY
FAIRMONT, MINNESOTA
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FAIRMONT, MINNESOTA
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INTRODUCTORY SECTION

MARTIN COUNTY
FAIRMONT, MINNESOTA
ORGANIZATION
DECEMBER 31, 2019

ORGANIZATION

Office	Name	Term Expires
Commissioners		
1st District	Elliot Belgard	January 2021
2nd District	Tom Mahoney	January 2023
3rd District	Kathy Smith*	January 2021
4th District	Richard Koons	January 2023
5th District	Steven Flohrs**	January 2021
Officers		
Elected		
Attorney	Terry Viesselman	January 2023
Auditor/Treasurer	Jessica Korte	January 2023
Judge	Michael D. Trushenski	January 2023
County Recorder	Diane Sanders	January 2023
Sheriff	Jeff Markquart	January 2023
Surveyor	Ben Madsen	January 2023
Appointed		
Assessor	Mike Sheplee	January 2023
Highway Engineer	Kevin Peyman	April 2022
Medical Examiner	Dr. Michael B McGee	Indefinite
Veterans Service Officer	Douglas Landsteiner	Indefinite
Librarian	Jennifer Trushenski	Indefinite
County Coordinator	Scott Higgins	Indefinite

* Chair
**Co-Chair

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FINANCIAL SECTION

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

JULIE BLAHA
STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

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(651) 296-4755 (Fax)
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Martin County
Fairmont, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Event

As discussed in Note 15 to the financial statements, subsequent to year-end, the World Health Organization declared the outbreak of a coronavirus (COVID-19) to be a pandemic. A reduction of calendar year 2021 County State Aid from state-collected gasoline tax revenue is expected to occur. In addition, it is expected that the County will experience an increase of expenditures as a result of this pandemic. The County also expects to use funds from the CARES Act. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) and Required Supplementary Information other than MD&A as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Martin County's basic financial statements. The Supplementary Information and Other Supplementary Information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information and Other Supplementary Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Other Supplementary Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of Martin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Martin County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Martin County's internal control over financial reporting and compliance.

JULIE BLAHA	DIANNE SYVERSON, CPA
STATE AUDITOR	DEPUTY STATE AUDITOR

December 22, 2020

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REQUIRED SUPPLEMENTARY INFORMATION

Martin County's (the County) Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the year ended December 31, 2019. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements (beginning on page 16). Certain comparative information between the current year, 2019, and the prior year, 2018, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2019 include the following:

- Governmental activities' total net position is $103,828,080 of which $73,587,323 is the net investment in capital assets, and $13,989,272 is restricted for specific purposes.
- Martin County's net position increased by $8,457,551.
- The net cost of governmental activities was $10,747,952 for the current fiscal year. The net cost was funded by general revenues and other items totaling $19,205,503.
- Governmental funds' fund balances increased by $3,574,692.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. Martin County's basic financial statements consist of three parts: Government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

There are two government-wide statements. The Statement of Net Position and the Statement of Activities (pages 16-18) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 19. These statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operation in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities

Our analysis of the County as a whole begins on page 16. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader to determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two financial statements report the County's net position and changes in it. You can think of the County's net position—the difference between the assets and deferred outflows and the liabilities and deferred inflows – as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities:

Governmental Activities—The County's basic services are reported here, including general government, highways and streets, human services, public safety, economic development, sanitation, culture and recreation, conservation of natural resources, and interest. Property taxes and state and federal grants finance most of these activities.

Fund Financial Statements

Our analysis of the County's major funds begins on page 19. The fund financial statements provide detailed information about the significant funds, not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds--governmental and fiduciary--use different accounting methods.

- Governmental Funds—The County's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation in a statement following each governmental fund financial statement.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- Fiduciary Funds—The County is the trustee, or fiduciary, over assets which can be used only for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in a separate Combining Statement of Changes in Assets and Liabilities (page 86). We excluded these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position

The County's net position was $103,828,080 on December 31, 2019 (see Table A-1).

Table A-1
The County's Net Position

	Governmental Activities		
	2019	2018	Change
Current and Other Assets	$ 55,625,596	$ 46,384,173	19.9 %
Capital Assets	74,965,503	74,340,283	0.8
Total Assets	130,591,099	120,724,456	8.2
Deferred Outflows of Resources	1,586,203	2,726,334	(41.8)
Current Liabilities	3,698,783	3,197,579	15.7
Long-Term Liabilities	21,790,687	21,031,892	3.6
Total Liabilities	25,489,470	24,229,471	5.2
Deferred Inflows of Resources	2,859,752	3,850,790	(25.7)
Net Position			
Net Investment in Capital Assets	73,587,323	73,103,659	0.7
Restricted	13,989,272	10,950,011	27.8
Unrestricted	16,251,485	11,316,859	43.6
Total Net Position, as reported	$ 103,828,080	$ 95,370,529	8.9

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

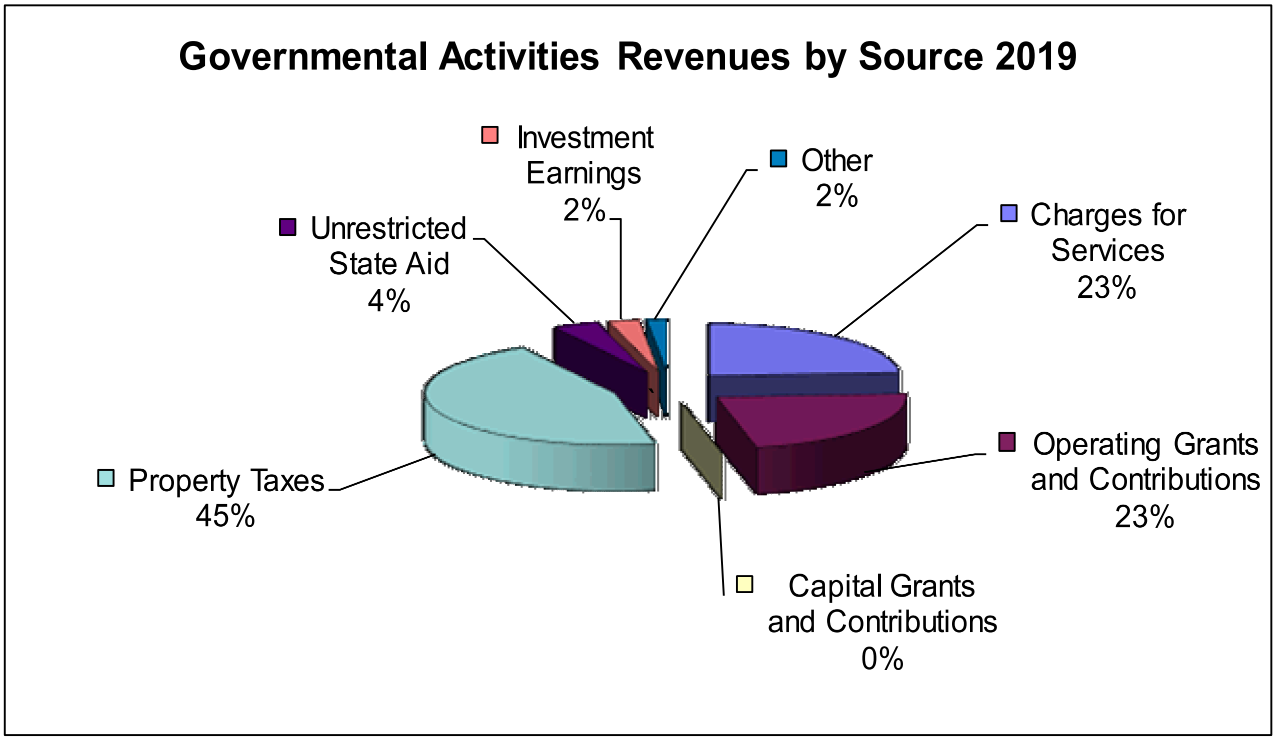
Changes in Net Position

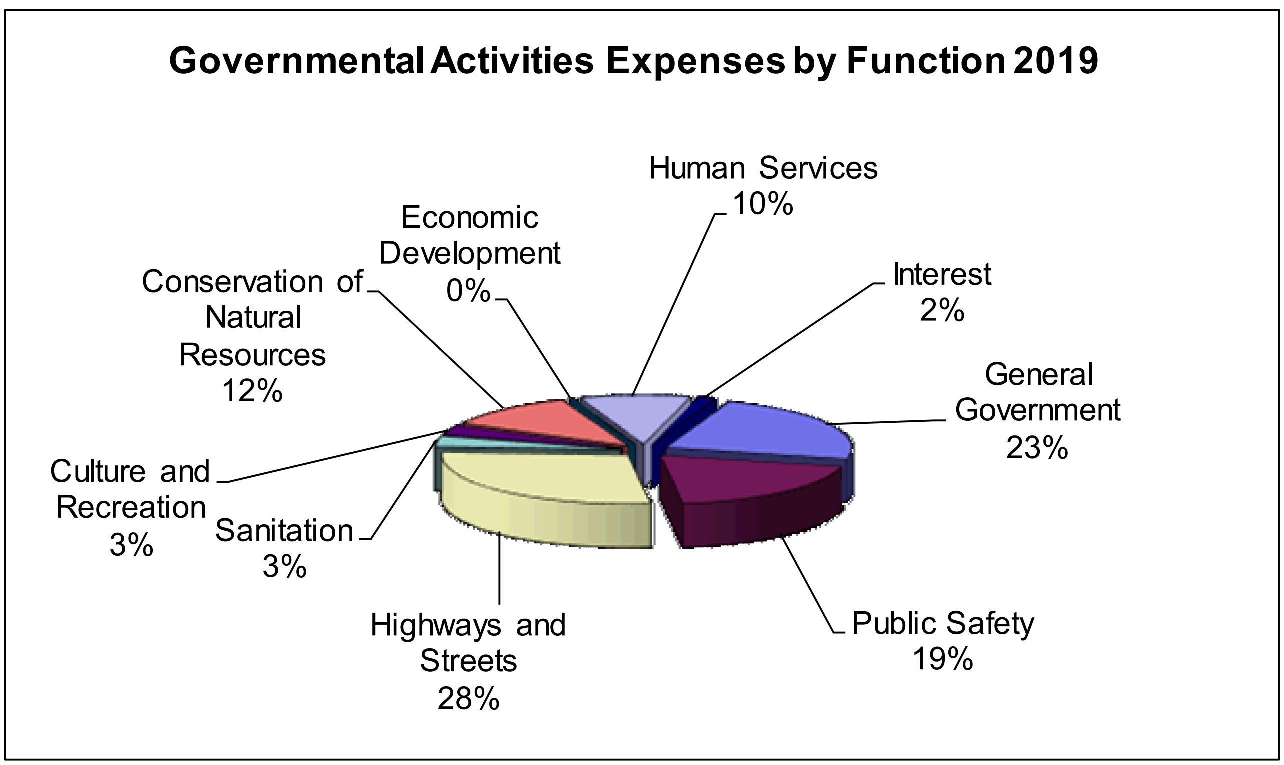
The County-wide total revenues were $35,962,185 for the year ended December 31, 2019. Property taxes, grants and contributions, and unrestricted state aid accounted for 72 percent of total revenues for the year (see Table A-2).

Table A-2
Change in Net Position

	Governmental Activities		
	2019	2018	Total % Change
REVENUES			
Program Revenues			
Fees, Charges, Fines, and Other	$ 8,624,726	$ 3,809,769	126.4 %
Operating Grants and Contributions	8,131,956	8,497,728	(4.3)
Capital Grants and Contributions	-	1,064,220	100.0
General Revenues			
Property Taxes	16,295,573	15,821,285	3.0
Unrestricted State Aid	1,382,873	1,455,498	(5.0)
Investment Earnings	932,107	396,567	135.0
Other	594,950	598,364	(0.6)
Total Revenues	35,962,185	31,643,431	13.6
EXPENSES			
General Government	6,375,757	6,737,176	(5.4)
Public Safety	5,318,613	5,103,053	4.2
Highways and Streets	7,666,071	6,917,858	10.8
Sanitation	961,446	737,027	30.4
Culture and Recreation	876,303	896,571	(2.3)
Conservation of Natural Resources	3,182,944	2,346,235	35.7
Economic Development	90,947	73,856	23.1
Human Services	2,624,435	3,084,480	(14.9)
Interest	408,118	399,304	2.2
Total Expenses	27,504,634	26,295,560	4.6
CHANGE IN NET POSITION	8,457,551	5,347,871	58.1
Net Position - Beginning of Year; as restated	95,370,529	90,022,658	5.9
NET POSITION - END OF YEAR; as reported	$ 103,828,080	$ 95,370,529	8.9

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)





FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

The County-wide cost of all governmental activities this year was $27,504,634.

- Some of the cost was paid by the users of the County's Programs ($8,624,726).
- The Federal and state governments subsidized certain programs with grants and contributions ($8,131,956).
- The remainder of the County's costs ($10,747,952), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the $16,295,573 in property taxes, $1,382,873 of state aid, and $932,107 with investment earnings, and other general revenues of $594,950.

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

Table A-3
Expenses and Net (Revenue) Cost of Services

	Total Cost of Services			Net Revenue (Cost) of Services		
	2019	2018	Percentage Change	2019	2018	Percentage Change
GOVERNMENTAL ACTIVITIES						
General Government	$ 6,375,757	$ 6,737,176	(5.4)%	$ (4,791,003)	$ (4,935,443)	2.9 %
Public Safety	5,318,613	5,103,053	4.2	(4,668,250)	(4,427,222)	(5.4)
Highways and Streets	7,666,071	6,917,858	10.8	(117,359)	1,781,663	(106.6)
Sanitation	961,446	737,027	30.4	(195,882)	5,113	(3931.1)
Culture and Recreation	876,303	896,571	(2.3)	(750,038)	(766,202)	2.1
Conservation of Natural Resources	3,182,944	2,346,235	35.7	2,885,017	(1,051,176)	374.5
Economic Development	90,947	73,856	23.1	(85,809)	(55,176)	(55.5)
Human Services	2,624,435	3,084,480	(14.9)	(2,616,510)	(3,076,096)	14.9
Interest	408,118	399,304	2.2	(408,118)	(399,304)	(2.2)
Total	$ 27,504,634	$ 26,295,560	4.6	$ (10,747,952)	$ (12,923,843)	(16.8)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of $33,558,422. Revenues for the County's governmental funds were $30,840,048, while total expenditures were $29,214,725. During 2019, the County also sold capital assets for $3,094 and was compensated for the loss of capital assets through insurance proceeds in the amount of $117,957. The proceeds are included in other financing sources and uses. The County issued additional general obligation courthouse bonds in 2019 of $1,875,000 which included a premium of $64,325 that are also included in other financing sources and uses.

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. Fund balance increased by $1,776,954 during 2019. This was primarily due to increased tax revenue and investment earnings and a reduction in General Administration Expenses.

The Road and Bridge Fund's fund balance increased by $17,172 in 2019. This was primarily due to costs in maintenance being less than anticipated and insurance proceeds received for damaged highway equipment.

The Human Services Fund's fund balance increase of $963,253 is primarily due to an increase in tax revenue as a result of an increase in tax levy, and expenses being less than budgeted.

The Ditch Fund's fund balance decreased by $1,206,863, this is primarily due to ditch construction and repair costs associated with bonds issued in 2016 and 2017, which special assessments will be collected in future years to recover these costs.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

Table A-4 presents a summary of General Fund revenues.

Table A-4
General Fund Revenues

	Year Ended		Change	
Fund	December 31, 2019	December 31, 2018	Increase (Decrease)	Percent
Taxes	$ 9,740,859	$ 9,081,156	$ 659,703	7.3 %
Licenses and Permits	59,102	75,819	(16,717)	(22.0)
Intergovernmental	2,335,286	3,182,337	(847,051)	(26.6)
Charges for Services	343,100	347,715	(4,615)	(1.3)
Investment Earnings	806,247	257,743	548,504	212.8
Miscellaneous and Other	845,189	709,161	136,028	19.2
Total General Fund Revenues	$ 14,129,783	$ 13,653,931	$ 475,852	3.5

GENERAL FUND (CONTINUED)

The following Table A-5 presents a summary of General Fund Expenditures:

Table A-5
General Fund Expenditures

	Year Ended		Change	
	December 31, 2019	December 31, 2018	Increase (Decrease)	Percent
General Government	$ 5,956,656	$ 6,417,285	$ (460,629)	(7.2)%
Public Safety	5,320,422	5,262,453	57,969	1.1
Culture and Recreation	840,667	859,626	(18,959)	(2.2)
Conservation of Natural Resources	148,988	135,698	13,290	9.8
Economic Development	78,049	52,156	25,893	49.6
Principal	11,031	21,736	(10,705)	(49.3)
Interest and Fiscal Charges	110	547	(437)	(79.9)
Total Expenditures	$ 12,355,923	$ 12,749,501	$ (393,578)	(3.1)

For the year ended December 31, 2019, the County allocated all expenditures.

General Fund Budgetary Highlights

- Actual revenues were $1,403,587 more than expected. This is due primarily to taxes and special assessments collected, intergovernmental payments for a Broadband & Victim Witness grant received that weren't expected, a Market Value Real & Ag Credit that was not budgeted, and investment earnings that were more than expected.
- The actual expenditures were $74,252 less than budgeted. This variance is due to costs being lower than expected.
- The County does not typically amend its budget after it is approved by the County Board; likewise, they have not made any budget amendments during 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2019, the County had invested $120,983,821 in a broad range of capital assets including land, buildings, machinery, vehicles, furniture, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements.) Total depreciation expense for the year was $2,604,013.

Table A-6
The County's Capital Assets

	Governmental Activities 2019	Governmental Activities 2018	Percent Change
Land and Right-of-Way	$ 1,328,711	$ 1,190,311	11.6%
Construction in Progress	2,601,525	549,510	373.4
Buildings and Improvements	9,731,481	9,344,536	4.1
Machinery, Equipment, and Vehicles	7,831,560	7,413,175	5.6
Infrastructure	99,490,544	99,395,835	0.1
Less: Accumulated Depreciation	(46,018,318)	(43,553,084)	5.7
Total	$ 74,965,503	$ 74,340,283	0.8

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At year-end, the County had outstanding long-term debt of $16,215,108 versus $15,304,829 in the previous year for a 5.9 percent increase as shown in Table A-7.

Table A-7
The County's Long-Term Debt

	2019	2018	Percent Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds, Net of Premiums	$16,215,108	$15,304,829	5.9 %

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that the legislature may decrease revenues again.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor / Treasurer, Jessica Korte, at (507) 238-3272.

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BASIC FINANCIAL STATEMENTS

MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

	Governmental Activities
ASSETS	
Cash and Pooled Investments	33,358,811
Petty Cash and Change Funds	1,187
Taxes Receivable - Delinquent	214,852
Special Assessments Receivable - Delinquent	70,113
Special Assessments Receivable - Noncurrent	12,795,726
Accounts Receivable	4,063
Accrued Interest Receivable	76,923
Due from Other Governments	7,915,032
Loans Receivable	279,207
Inventories	909,682
Capital Assets - Non Depreciable	
Land and Right of Way	1,328,711
Construction in Progress	2,601,525
Depreciable Capital Assets - Net of Depreciation	
Buildings and Improvements	4,049,579
Land Improvements	46,777
Machinery, Vehicles, Furniture and Equipment	2,308,900
Infrastructure	64,630,011
Total Assets	$ 130,591,099

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

	Governmental Activities
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	$ 1,473,975
Deferred Other Postemployment Benefits Outflows	112,228
Total Deferred Outflows of Resources	1,586,203
LIABILITIES	
Accounts Payable	942,979
Salaries Payable	208,828
Contracts Payable	527,246
Due to Other Governments	252,281
Accrued Interest Payable	63,348
Unearned Revenue	93,633
Compensated Absences Payable - Due Within One Year	585,468
General Obligation Bonds Payable - Due Within One Year	1,025,000
Compensated Absences Payable - Due in More Than One Year	88,061
General Obligation Bonds Payable - Due in More Than One Year	15,190,108
Net Pension Liability	4,923,358
Other Postemployment Benefits Liability	1,589,160
Total Liabilities	25,489,470
DEFERRED INFLOWS OF RESOURCES	
Deferred Other Postemployment Benefits Inflows	41,431
Deferred Pension Inflows	2,818,321
Total Deferred Inflows of Resources	2,859,752
NET POSITION	
Net Investment in Capital Assets	73,587,323
Restricted for	
General Government	591,164
Public Safety	811,518
Debt Service	724,235
Culture and Recreation	539,533
Economic Development	215,898
Highways and Streets	6,313,648
Conservation	3,175,164
Sanitation	1,618,112
Unrestricted	16,251,485
Total Net Position	$ 103,828,080

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MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
General Government	$ 6,375,757	$ 1,103,661	$ 481,093	$ -	$ (4,791,003)
Public Safety	5,318,613	171,050	479,313	-	(4,668,250)
Highways and Streets	7,666,071	386,889	7,161,823	-	(117,359)
Sanitation	961,446	765,564	-	-	(195,882)
Culture and Recreation	876,303	124,463	1,802	-	(750,038)
Conservation of Natural Resources	3,182,944	6,067,961	-	-	2,885,017
Economic Development	90,947	5,138	-	-	(85,809)
Human Services	2,624,435	-	7,925	-	(2,616,510)
Interest	408,118	-	-	-	(408,118)
Total Governmental Activities	$ 27,504,634	$ 8,624,726	$ 8,131,956	$ -	(10,747,952)
GENERAL REVENUES					
Property Taxes					16,295,573
Mortgage Registry and Deed Tax					18,521
Wind Power Production Tax					316,022
Wheelage Tax					223,781
Grants and Contributions not Restricted for a Particular Purpose					1,382,873
Investment Earnings					932,107
Gain on Sale of Capital Assets					36,626
Total General Revenues					19,205,503
CHANGE IN NET POSITION					8,457,551
Net Position - Beginning of Year					95,370,529
NET POSITION - END OF YEAR					$ 103,828,080

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Road and Bridge	Human Services	Ditch
ASSETS				
Cash and Pooled Investments	$ 12,925,699	$ 8,353,026	$ 2,493,754	$ 2,139,845
Petty Cash and Change Funds	1,137	50	-	-
Taxes Receivable - Delinquent	123,684	32,087	48,590	-
Special Assessments Receivable				
Delinquent	3,862	-	-	12,232
Noncurrent	380,728	-	-	12,414,998
Accounts Receivable	4,063	-	-	-
Interest Receivable	76,923	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	1,454	4,578	-	-
Due from Other Governments	290,733	6,773,690	-	803,492
Inventories	-	909,682	-	-
Total Assets	$ 13,808,283	$ 16,073,113	$ 2,542,344	$ 15,370,567
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 300,098	$ 213,940	$ -	$ 294,087
Salaries Payable	166,288	42,540	-	-
Contracts Payable	-	103,441	-	423,805
Due to Other Funds	4,578	241	-	1,213
Due to Other Governments	166,361	5,546	-	70,089
Unearned Revenue	93,633	-	-	-
Total Liabilities	730,958	365,708	-	789,194
DEFERRED INFLOWS OF RESOURCES (NOTE 3.D)				
Unavailable Revenue	$ 535,797	$ 6,785,996	$ 48,590	$ 12,328,107
FUND BALANCES (NOTE 3.E)				
Nonspendable	$ -	$ 909,682	$ -	$ -
Restricted	2,631,476	-	-	3,966,136
Committed	-	-	2,493,754	-
Assigned	178,672	8,011,727	-	-
Unassigned	9,731,380	-	-	(1,712,870)
Total Fund Balances	12,541,528	8,921,409	2,493,754	2,253,266
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 13,808,283	$ 16,073,113	$ 2,542,344	$ 15,370,567

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

Nonmajor Funds	Total Governmental Funds
$ 7,446,487	$ 33,358,811
-	1,187
10,491	214,852
54,019	70,113
-	12,795,726
-	4,063
-	76,923
279,207	279,207
-	6,032
47,117	7,915,032
-	909,682
$ 7,837,321	$ 55,631,628
$ 134,854	$ 942,979
-	208,828
-	527,246
-	6,032
10,285	252,281
-	93,633
145,139	2,030,999
$ 343,717	$ 20,042,207
$ -	$ 909,682
4,258,768	10,856,380
-	2,493,754
3,089,697	11,280,096
-	8,018,510
7,348,465	33,558,422
$ 7,837,321	$ 55,631,628

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MARTIN COUNTY
FAIRMONT, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 33,558,422
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		74,965,503
Deferred outflows of resources resulting from pension obligations and OPEB obligations are not available resources and, therefore, are not reported in governmental funds.		1,586,203
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.		20,042,207
Property Taxes	$ 214,852	
Special Assessments	12,346,971	
Intergovernmental Revenues	6,753,909	
Miscellaneous Revenue	419,745	
Loans Receivable	279,207	
Interest Receivable	27,523	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General Obligation Bonds	(16,215,108)	
Loans Payable	-	
Other Postemployment Benefits Liability	(1,589,160)	
Compensated Absences	(673,529)	
Net Pension Liability	(4,923,358)	
Accrued Interest Payable	(63,348)	(23,464,503)
Deferred inflows resulting from pension obligations and OPEB obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(2,859,752)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 103,828,080

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	General	Road and Bridge	Human Services	Ditch
REVENUES				
Taxes	$ 9,740,859	$ 2,461,165	$ 3,510,289	$ -
Special Assessments	110,113	-	-	2,924,478
Licenses and Permits	59,102	-	-	-
Intergovernmental	2,335,286	5,042,970	77,399	-
Charges for Services	343,100	11,075	-	-
Fines and Forfeits	27,317	-	-	-
Investment Earnings	806,247	-	-	126,105
Miscellaneous	707,759	375,814	-	104,425
Total Revenues	14,129,783	7,891,024	3,587,688	3,155,008
EXPENDITURES				
CURRENT				
General Government	5,956,656	-	-	-
Public Safety	5,320,422	-	-	-
Highways and Streets	-	7,380,020	-	-
Sanitation	-	-	-	-
Culture and Recreation	840,667	-	-	-
Conservation of Natural Resources	148,988	-	-	3,190,146
Economic Development	78,049	-	-	-
INTERGOVERNMENTAL				
Human Services	-	-	2,624,435	-
Highways and Streets	-	500,782	-	-
CAPITAL OUTLAY				
General Government	-	-	-	-
DEBT SERVICE				
Principal	11,031	-	-	775,000
Interest and Fiscal Charges	110	-	-	396,725
Bond Issue Costs	-	-	-	-
Total Expenditures	12,355,923	7,880,802	2,624,435	4,361,871
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,773,860	10,222	963,253	(1,206,863)
OTHER FINANCING SOURCES (USES)				
Compensation for Loss of Capital Assets	-	117,957	-	-
Proceeds from Sale of Assets	3,094	-	-	-
Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Total Other Financing Sources (Uses)	3,094	117,957	-	-
NET CHANGE IN FUND BALANCES	1,776,954	128,179	963,253	(1,206,863)
Fund Balance - Beginning of Year	10,764,574	8,904,237	1,530,501	3,460,129
INCREASE (DECREASE) IN INVENTORIES	-	(111,007)	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 12,541,528	$ 8,921,409	$ 2,493,754	$ 2,253,266

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

Nonmajor Funds	Total Governmental Funds
$ 1,096,290	$ 16,808,603
635,982	3,670,573
-	59,102
86,970	7,542,625
890	355,065
-	27,317
-	932,352
256,413	1,444,411
2,076,545	30,840,048
110,568	6,067,224
-	5,320,422
-	7,380,020
961,446	961,446
-	840,667
-	3,339,134
12,898	90,947
-	2,624,435
-	500,782
589,191	589,191
235,000	1,021,031
23,025	419,860
59,566	59,566
1,991,694	29,214,725
84,851	1,625,323
-	117,957
-	3,094
1,875,000	1,875,000
64,325	64,325
1,939,325	2,060,376
2,024,176	3,685,699
5,324,289	29,983,730
-	(111,007)
$ 7,348,465	$ 33,558,422

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MARTIN COUNTY
FAIRMONT, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 3,685,699
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	$ 3,313,658	
Current Year Depreciation	(2,604,013)	
Book value of assets Sold	(84,425)	625,220
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes Receivable	45,254	
Special Assessments Receivable	2,773,466	
Grants Receivable	2,018,884	
Loans Receivable	-	
Interest Receivable	(245)	
Due From Other Governments	419,745	5,257,104
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.		
Courthouse General Obligation Bond Proceeds	(1,875,000)	
Premium on Bonds Issued	(64,325)	
Principal Repayments		
General Obligation Bonds Payable	1,010,000	
Loans Payable	11,030	
Amortization of Premium on Bonds	19,046	(899,249)
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	(7,303)	
Change in Other Postemployment Benefits Liability	69,093	
Change in Accrued Compensated Absences	(5,798)	
Change in Net Pension Liability	64,155	
Change in Deferred Pension Outflows	(1,103,814)	
Change in Deferred Pension Inflows	961,199	
Change in Deferred Other Postemployment Benefits Outflows	(36,317)	
Change in Deferred Other Postemployment Benefits Inflows	(41,431)	
Change in Inventories	(111,007)	(211,223)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 8,457,551

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

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MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2019

ASSETS	
Cash and Pooled Investments	$ 363,785
LIABILITIES	
Due to Other Governments	$ 363,785

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Martin County's (the County) financial statements are prepared in accordance with accounting principles generally accepted in the United State of America (GAAP) for the year ended December 31, 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Martin County was established May 23, 1857, and has the powers, duties, and privileges granted counties by Minnesota Statutes ch. 373. Martin County is governed by a five-member Board of Commissioners elected from districts within the County and administrative officers elected on a County-wide basis. The Board is organized with a chair and a vice chair elected at the annual meeting in January of each year. The County Coordinator serves as the Clerk of the Board of Commissioners, but does not vote in its decisions.

For financial reporting purposes, Martin County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities and has considered all potential component units for which the County is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause Martin County's financial statements to be misleading or incomplete.

Other Organizations
The County participates in the joint ventures and jointly-governed organizations identified in Note 10.

Component Units

Blended component units are legally separate organizations so intertwined with the County that they are, in substance, the same as the County, and, therefore, are reported as if they were part of the County.

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
The Martin County Economic Development Authority (EDA) provides for development within the County pursuant to Minn. Stat.§ 469.1082	The County appoints the EDA Board members and provides services almost entirely to the County. The County has operational responsibility.	Separate financial statements are not prepared.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

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

In the government-wide statement of net position, the governmental activities 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 that are 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 that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its blended component units and fiduciary funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of the governmental fund financial statements is on major individual funds with each displayed as a separate column in the fund financial statements. All remaining funds are aggregated and reported as nonmajor funds.

The County reports the following major 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 restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The Human Services Special Revenue Fund accounts for property tax revenues and the transfer of the County's share of the costs of operating the joint County Human Services Program with Faribault County.

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

Additionally, the County reports the following fund types:

Other Nonmajor Funds – Special Revenue Funds are used to account for the activities of the Solid Waste and Area Development Special Revenue Funds.

Other Nonmajor Fund – Debt Service Fund is used to account for the accumulation of assets for the repayment of the County's general obligation bonds.

Other Nonmajor Fund - Capital Projects Fund is used to account for assigned property tax revenues and rental income to pay the cost of constructing and maintaining County buildings.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds in an agency capacity.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Martin County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Assets, Liabilities, Deferred Outflows or Inflows of Resources and Net Position or Fund Balance

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2019. A market approach is used to value all investments. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2019 were $806,247.

2. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All other outstanding balances between funds are reported as "due to/from other funds."

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 on 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.

Significant portions of special assessments receivable are not expected to be collected within one year and are therefore shown as noncurrent at the fund level.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Loans Receivable

Loans receivable represents the unpaid principal portions of loans made by the County through its Area Development Fund.

Principal and interest received by the County on these loans are recognized, at the fund level, in the period in which they are collected; accordingly, the unpaid principal portions are also reflected in unavailable revenue.

4. Inventories

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the County government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one accounting period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. In the case of the initial capitalization of general infrastructure reported in governmental activities, the County chose to include all such items regardless of their acquisition date or amount.

The County was able to estimate the historical cost for their initial reporting of these assets through backtrending (estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the costs to the acquisition year or estimated acquisition year).

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

Buildings and Improvements	20-40
Land Improvements	20-30
Infrastructure	50-75
Machinery, Vehicles, Furniture, and Equipment	2-12

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. 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. The current portion is 100 percent of the Paid Time Off, and Compensated Time Off accruals at the end of 2019.

7. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Outflows/Inflows of Resources and Unearned Revenue

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows. The governmental funds report unavailable revenue. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue arises only under the modified accrual basis of accounting, and, accordingly, is reported only in the governmental funds balance sheet. The County also has deferred pension and 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.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year end is June 30.

For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Classification of Net Position

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

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

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

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

11. Classification of Fund Balances

The County's fund balance policy establishes a minimum unassigned fund balance equal to 50% of the total General Fund expenditures.

In the event the unassigned fund balance drops below the established minimum level, the County Board will develop a plan to replenish the fund balance to the established level.

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 in the governmental funds. The classifications are as follows:

Nonspendable – the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 – fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Classification of Fund Balances (Continued)

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit these amounts.

Assigned – the assigned fund balance classification includes amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

In the General Fund, assigned amounts represent intended uses established by the County Coordinator or the County Auditor/Treasurer who have been delegated that authority by Board resolution.

Unassigned – unassigned fund balance 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 or committed.

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, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

12. 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, certain deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures in Excess of Budget

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2019:

	Budget	Actual	Difference
General Fund			
Current			
General Government			
Courts	$ 69,500	$ 72,966	$ 3,466
County Administration	809,143	1,494,997	685,854
County Coordinator	335,779	340,441	4,662
Drainage Administrator	183,127	193,869	10,742
Attorney	532,585	577,652	45,067
Buildings and Plant	487,060	510,943	23,883
Public Safety			
Coroner	28,000	32,378	4,378
Conservation of Natural Resources			
County Extension	148,284	148,988	704
Economic Development			
Economic Development	68,596	68,714	118
Road and Bridge Fund			
Current			
Highways and Streets			
Administration	434,769	436,147	1,378
Equipment and Maintenance Shops	1,680,589	1,907,678	227,089
Miscellaneous	-	15,860	15,860
Nonmajor Building Fund			
Debt Service			
Bond Issue Costs	-	59,566	59,566
Nonmajor Solid Waste Fund			
Solid Waste Management	716,959	961,446	244,487

Expenditures in excess of budget were funded by revenues in excess of budget or existing fund balance.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of $2,253,266 as of December 31, 2019; however, 63 ditches had deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems

112 ditches with positive fund balances	$ 3,966,136
63 ditches with deficit fund balances	(1,712,870)
Total	$ 2,253,266

C. Tax Abatements

The County entered into property tax abatement agreements with various developers, under Minn. Stat. §§ 469.1812 through 469.1815, as amended. Under the statute, a political subdivision may grant a current or prospective abatement of property taxes if it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement and it will provide benefits such as increasing or preserving the tax base or providing employment in the County. The County does not have a minimum threshold for reporting tax abatements.

Trimont Town Center

The County entered into a property tax abatement agreement with Town Center, Inc. on May 20, 2014, for a period of twenty years effective in the years 2016 through 2036. The abatement will equal a 100 percent share of ad valorem property taxes received by the County from the tax abatement property. Contractual stipulations require County payments to not exceed a total amount of $4,160 per year, or $83,200 total. The County provided a tax abatement in the form of a tax refund in the amount of $4,160 for 2019. The developer agrees to secure the construction of the facility, and create at least 2 full-time equivalent jobs on the Property, and to maintain those positions through the period of the agreement.

Zierke Built Manufacturing, Inc

The County entered into a property tax abatement agreement with Zierke Built Manufacturing, Inc on September 1, 2016, for a period of ten years effective in the years 2017 through 2026. The abatement will equal a 100 percent share of ad valorem property taxes received by the County from the tax abatement properties. Contractual stipulations require County payments to not exceed a total amount of $176,000. The County provided a tax abatement in the form of a tax refund in the amount of $14,570 for 2019.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Tax Abatements (Continued)

Zierke Built Manufacturing, Inc (Continued)

The developer agrees to renovate an existing building to accommodate the manufacturing of industrial custom fabricated products; to relocate and retain at least 35 employees currently employed by the developer upon completion of the project at an hourly wage, including benefits, of at least $16 per hour within two years from the benefit date; it will create at least 15 full-time jobs in connection with the development of the Project which will pay hourly wages and benefits of at least $16 per hour within two years from the benefit date; and it will create an additional fifteen full-time jobs within five years from the benefit date which will pay hourly wages and benefits of at least $16 per hour.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

a. Deposits

The County is authorized by Minn. Stat. § 118A.02 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, County deposits may not be returned to it. The County's policy regarding custodial credit risk for deposits is to obtain collateral or bond to cover any uninsured portion of the County's deposits and to comply with state law. As of December 31, 2019, Martin County's deposits were not exposed to custodial credit risk.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments

Minnesota Statutes §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

(a) 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 Minnesota Statutes §118A.04, Subd. 6;

(b) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(c) 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;

(d) Time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers’ acceptances of United States banks;

(e) 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

(f) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

As of December 31, 2019, the County had the following investments:

	Interest Rate Risk		Credit Risk		Concentration Risk
Investment Type	**Maturity Date**	**Fair Value**	**Credit Rating**	**Rating Agency**	**Over 5 Percent of Portfolio**
U.S. Government Agency Securities					
Federal Farm Credit Bank	9/6/2022	$ 498,655	Aaa	Moody's	
Federal Home Loan Mtg Corp	11/25/2022	199,626	Aaa	Moody's	
Federal Home Loan Mtg Corp	10/30/2023	399,316	Aaa	Moody's	
Federal Farm Credit Bank	1/23/2024	248,620	Aaa	Moody's	
Federal Farm Credit Bank	12/2/2024	498,580	Aaa	Moody's	
Federal Farm Credit Bank	10/22/2025	243,207	Aaa	Moody's	
Total Federal Home Loan Mtg Corp		$ 2,088,004			9.6%
U.S. Treasury Bills					
Treasury Bill	7/18/2019	$ 117,510	Aaa	Moody's	<5%
Total U.S. Treasury Bills		$ 117,510			
Negotiable Certificates of Deposit					
Mountainone Bank	1/21/2020	$ 245,115	NR	NR	<5%
MUFG Union Bank	1/24/2020	245,140	NR	NR	<5%
Flagstar Bank FSB	1/27/2020	245,096	NR	NR	<5%
RBS Citizens NA	1/31/2020	245,076	NR	NR	<5%
Bank of America	2/3/2020	245,189	NR	NR	<5%
World's Foremost Bank	4/15/2020	199,968	NR	NR	<5%
First Alliance CR UN	6/12/2020	245,853	NR	NR	<5%
Comenity Bank	6/24/2020	200,196	NR	NR	<5%
Citizens Alliance Bk	6/29/2020	245,958	NR	NR	<5%
First Internet Bank	6/30/2020	246,460	NR	NR	<5%
First Technology Fed Cr Un	7/16/2020	246,649	NR	NR	<5%
Bank Hope	7/28/2020	250,711	NR	NR	<5%
Iberiabank	7/31/2020	246,556	NR	NR	<5%
Comenity Cap Bank	8/10/2020	200,360	NR	NR	<5%
Capital One Bk USA NA	8/12/2020	200,792	NR	NR	<5%
Capital One NA	9/16/2020	200,844	NR	NR	<5%
Webbank	9/28/2020	245,064	NR	NR	<5%
Ally Bank	10/26/2020	247,701	NR	NR	<5%
Third Federal Savings & Loan Association of Cleveland	10/27/2020	245,598	NR	NR	<5%
Investors Bank	10/27/2020	246,497	NR	NR	<5%
TBK Bk SSB Dallas	10/29/2020	200,154	NR	NR	<5%
Goldman Sachs Bk USA	11/4/2020	200,998	NR	NR	<5%
MetaBank	11/20/2020	249,870	NR	NR	<5%
Enerbank	11/23/2020	248,040	NR	NR	<5%
First National Bank of America	12/14/2020	248,112	NR	NR	<5%
PCSB Bank	12/18/2020	248,146	NR	NR	<5%
Wex Bank	12/21/2020	248,288	NR	NR	<5%
Live Oak Banking Co	2/9/2021	248,584	NR	NR	<5%
Zions Bancorp NA	2/25/2021	244,806	NR	NR	<5%
Sallie Mae Bank	3/22/2021	247,746	NR	NR	<5%

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

	Interest Rate Risk		Credit Risk		Concentration Risk
Investment Type	**Maturity Date**	**Fair Value**	**Credit Rating**	**Rating Agency**	**Over 5 Percent of Portfolio**
Communitybank TEX N	4/22/2021	245,076	NR	NR	<5%
Summit Community Bank	5/21/2021	247,254	NR	NR	<5%
First Bank McComb	5/24/2021	247,435	NR	NR	<5%
Berkshire Bank	5/28/2021	247,457	NR	NR	<5%
Federal Savings Bank	5/28/2021	247,800	NR	NR	<5%
Bank Hapoalim BM	7/19/2021	246,536	NR	NR	<5%
Barclays Bank	7/19/2021	200,950	NR	NR	<5%
Merrick Bank CD South Jordan	7/23/2021	246,174	NR	NR	<5%
Monroe Fed Svgs & Ln Assn	7/30/2021	200,968	NR	NR	<5%
Great Western Bank	8/9/2021	245,113	NR	NR	<5%
Southpoint Bank	8/30/2021	245,049	NR	NR	<5%
BMW Bk N America	9/27/2021	223,575	NR	NR	<5%
UBS Bank USA	10/5/2021	250,958	NR	NR	<5%
HSBC Bank USA NA	10/7/2021	245,189	NR	NR	<5%
Plainscapital Bank	10/12/2021	150,261	NR	NR	<5%
Cross Riv Bk	10/18/2021	245,644	NR	NR	<5%
Citibank Natl Assn	10/26/2021	251,346	NR	NR	<5%
Raymond James Bk	11/8/2021	244,980	NR	NR	<5%
Our Community Bank	11/10/2021	248,761	NR	NR	<5%
Bank of New England	11/19/2021	246,566	NR	NR	<5%
Envision CR UN	12/7/2021	245,909	NR	NR	<5%
Morgan Stanley Bk	12/27/2021	244,949	NR	NR	<5%
Preferred Bank LA Cali	12/31/2021	244,946	NR	NR	<5%
Envision Bank	1/12/2022	245,213	NR	NR	<5%
Banco Popular North Amer Instl	1/31/2022	200,072	NR	NR	<5%
TIAAA FSB	2/22/2022	250,767	NR	NR	<5%
State Bank of India	2/24/2022	248,459	NR	NR	<5%
First Source Bank	2/28/2022	247,707	NR	NR	<5%
BankNewport	2/28/2022	245,064	NR	NR	<5%
Fortis Private Bk	4/18/2022	245,110	NR	NR	<5%
Sawyer Savings Bank	4/27/2022	245,047	NR	NR	<5%
Bankers Bk of Kansas	5/31/2022	244,657	NR	NR	<5%
FNBC Bank	6/6/2022	244,939	NR	NR	<5%
Celtic Bank	7/19/2022	200,050	NR	NR	<5%
Franklin Synergy Bank	7/29/2022	245,088	NR	NR	<5%
Suntrust Bank	8/12/2022	245,372	NR	NR	<5%
Synchrony Bank	8/18/2022	202,900	NR	NR	<5%
CIT BK NATL ASSN	8/23/2022	246,036	NR	NR	<5%
Wells Fargo Natl Bk	12/13/2022	244,848	NR	NR	<5%
Texas Security Bank	12/20/2022	244,838	NR	NR	<5%
First Bk Highland Pk	9/7/2023	245,711	NR	NR	<5%
Wells Fargo Bank NA	12/18/2023	245,659	NR	NR	<5%
Security First Bk	1/25/2024	245,235	NR	NR	<5%
Morgan Stanley Private Bank NA	5/2/2024	207,250	NR	NR	<5%
Jonesboro St Bank	9/16/2024	245,042	NR	NR	<5%

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

	Interest Rate Risk		Credit Risk		Concentration Risk
Investment Type	**Maturity Date**	**Fair Value**	**Credit Rating**	**Rating Agency**	**Over 5 Percent of Portfolio**
USAlliance	9/19/2024	245,647	NR	NR	<5%
JP Morgan Chase Bank NA	9/30/2024	200,676	NR	NR	<5%
Silvergate Bk LA	10/8/2024	245,118	NR	NR	<5%
Kern Schs Fed Cr Un	10/30/2024	245,360	NR	NR	<5%
First Federal Bank FL CD	11/13/2024	245,118	NR	NR	<5%
BMO Harris Bank NA	12/12/2024	245,443	NR	NR	<5%
First UTD BK & TRCompany	4/27/2026	245,267	NR	NR	<5%
Total Negotiable Certificates of Deposit		$ 19,450,156			
Total Investments		$ 21,655,670			
Deposits		12,066,926			
Petty Cash & Change Funds		1,187			
Total Cash and Investments		$ 33,723,783			

NR - Not Rated
<5% - Concentration by individual issuer is less than 5% of investments

The County measures and records it investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America. 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.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

At December 31, 2019, the County had the following recurring fair value measurements.

		Fair Value Measurements Using		
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S. Agencies	$ 2,088,004	$ -	$ 2,088,004	$ -
U.S. Treasury Bills	117,510	-	117,510	-
Negotiable certificates of deposit	19,450,156	-	19,450,156	-
Total debt securities	$ 21,655,670	$ -	$21,655,670	$ -
Total investments included in the Fair value hierarchy	$ 21,655,670	$ -	$21,655,670	$ -

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

- U.S. Agencies: a market approach by utilizing quoted prices for identical securities in markets that are not active;
- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk

The County's investment policy requires the County to structure its investment portfolio so that securities meet the cash requirements for ongoing operations. It also requires the County to invest their operation funds in primarily shorter-term securities, liquid asset funds, money market mutual funds, or other similar investment pools. At December 31, 2019, the County minimizes exposure to interest rate risk by investing in negotiable certificates of deposit, and U.S. Government Agencies Securities.

Credit Risk

Minnesota Statutes restrict the types of investments that the County may invest in. The County's investment policy does not further limit its investment choices. As of December 31, 2019, the County's investments were rated Aaa by Moody's.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

<u>Concentration Credit Risk</u>
The County's investment policy places a limit of no more than 20% of their securities may be invested with any one issuer, with the exception of U.S. Government Securities and U.S. Government Agencies securities.

<u>Custodial Credit Risk</u>
For an investment, this is the risk that, in the event of failure by the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy further limits their investments by limiting the amount of investments to any one broker to the amount SIPC and excess SIPC coverage available. As of December 31, 2019, the County's investments were not exposed to custodial credit risk.

As of December 31, 2019, the County's investments consisted of $117,510 in U.S. Treasury Bills, $2,088,004 in government bonds, and $19,450,156 in negotiable certificates of deposit.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2019, for the County are as follows:

	County Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	$ 214,852	$ -
Special Assessments	12,865,839	11,618,291
Accounts Receivable	4,063	-
Loans Receivable	279,207	279,207
Interest	76,923	-
Due from Other Governments	7,915,032	-
Total	$ 21,355,916	$ 11,897,498

Loans Receivable arise from the Martin County Area Redevelopment Authority loans in 1989 and 1990. These loans are only collectible when the homeowner transfers ownership, or the property loses homestead status, therefore no loans are expected to be collected during the next subsequent year.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right of Way	$ 1,190,311	$ 138,400	$ -	$ 1,328,711
Construction in Progress	549,510	2,336,857	284,842	2,601,525
Total Capital Assets, Not Being Depreciated	1,739,821	2,475,257	284,842	3,930,236
Capital Assets, Being Depreciated				
Buildings and Improvements	9,277,270	371,695	-	9,648,965
Land Improvements	67,266	15,250	-	82,516
Machinery, Furniture, and Equipment	5,482,096	88,171	-	5,570,267
Infrastructure	99,395,835	94,709	-	99,490,544
Vehicles	1,931,079	553,418	223,204	2,261,293
Total Capital Assets, Being Depreciated	116,153,546	1,123,243	223,204	117,053,585
Less Accumulated Depreciation for				
Buildings and Improvements	5,413,362	186,024	-	5,599,386
Land Improvements	32,697	3,042	-	35,739
Machinery, Furniture, and Equipment	3,959,501	243,501	-	4,203,002
Infrastructure	32,890,331	1,970,202	-	34,860,533
Vehicles	1,257,193	201,244	138,779	1,319,658
Total Accumulated Depreciation	43,553,084	2,604,013	138,779	46,018,318
Total Capital Assets, Being Depreciated, Net	72,600,462	(1,480,770)	84,425	71,035,267
Governmental Activities Capital Assets, Net	$ 74,340,283	$ 994,487	$ 369,267	$ 74,965,503

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

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

Government-Type Activities

General Government	$	121,889
Public Safety		53,406
Highways and Streets, Including Depreciation of Infrastructure Assets		2,380,683
Culture and Recreation		33,564
Conservation of Natural Resources		14,471
Total Depreciation Expense - Governmental Activities	$	2,604,013

B. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2019, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Reason
General	Road and Bridge	$ 241	Postage & Copy Paper
	Ditch	1,213	Postage & Copy Paper
Total Due to General Fund		1,454	
Road and Bridge	General	4,578	Fuel
Total Due to Road and Bridge Fund		4,578	
Total To/From Other Funds		$ 6,032	

The interfund receivables and payables are expected to be repaid within one year of December 31, 2019.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

General Obligation Bonds

The County issued general obligation MPFA bonds during 2009 to fund ditch improvements within the County's drainage system. The County issued General Obligation Drainage Ditch Bonds during 2014 to fund ditch repairs and improvements within the County. The County issued General Obligation Crossover Refunding Bonds in 2014 to refund General Obligation Construction Bonds. The County issued General Obligation Drainage Ditch Bonds in 2016 to fund ditch repairs and improvements within the County. The County issued General Obligation Drainage Ditch Bonds during 2017 to fund ditch repairs and improvements within the County. The County issued General Obligation Courthouse Bonds during 2019 to fund repairs and restore the Copper Dome Roof on the Courthouse.

Debt Summary

Types of Indebtedness	Maturity	Amounts	Rates (%)	Original Amount	Outstanding Balance 2019
General Obligation Bonds					
Drainage Ditch Bonds, 2014A	2035	$70,000 - $165,000	2.00 - 4.00	$ 2,515,000	$ 1,740,000
Crossover Refunding Bonds, 2014B	2023	$240,000 - $255,000	2.00 - 2.20	$ 1,670,000	$ 985,000
Drainage Ditch Bonds, 2016A	7/29/1905	$320,000 - $410,000	2.00 - 2.75	$ 7,270,000	$ 6,560,000
Drainage Ditch Bonds, 2017A	2038	$265,000 - $270,000	2.00 - 3.25	$ 4,755,000	$ 4,380,000
Courthouse Bonds, 2019A	2036	$5,000 - $155,000	2.125 - 3.00	$ 1,875,000	$ 1,875,000
MPFA Obligations	2029	$30,000 - $33,000	1.00	$ 628,307	$ 314,000
			Subtotal		15,854,000
			Plus: Unamortized Premiums		361,108
			Total General Obligation Bonds		16,215,108
			Total Long-Term Debt		$ 16,215,108

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

Debt service requirements at December 31, 2019, were as follows:

Year Ending	General Obligation	
December 31	Principal	Interest
2020	$ 1,025,000	$ 379,570
2021	1,045,000	359,607
2022	1,056,000	339,057
2023	1,141,000	317,232
2024	911,000	293,345
2025-2029	4,416,000	1,148,186
2030-2034	4,175,000	626,188
2035-2039	2,085,000	115,394
Total	$ 15,854,000	$ 3,578,579

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation					
Drainage Ditch	1,900,000	-	160,000	1,740,000	165,000
Plus: Premium	43,816	-	2,578	41,238	2,578
Crossover Refunding	1,220,000	-	235,000	985,000	240,000
Plus: Premium	16,624	-	3,324	13,300	3,324
Drainage Ditch	6,880,000	-	320,000	6,560,000	325,000
Plus: Premium	142,078	-	7,478	134,600	7,478
Drainage Ditch	4,645,000	-	265,000	4,380,000	265,000
Plus: Premium	113,311	-	5,666	107,645	5,666
Courthouse	-	1,875,000	-	1,875,000	-
Plus: Premium	-	64,325	-	64,325	3,784
MPFA Obligations	344,000	-	30,000	314,000	30,000
Total General Obligations	15,304,829	1,939,325	1,029,046	16,215,108	1,047,830
Loans Payable	11,030	-	11,030	-	-
Compensated Absences	667,731	669,553	663,755	673,529	585,468
Governmental Activity Long-Term Liabilities	$ 15,983,590	$ 2,608,878	$ 1,703,831	$ 16,888,637	$ 1,633,298

Compensated absences, other post-employment benefit obligation, and the net pension liability are generally liquidated by the General Fund and the Road and Bridge Special Revenue Fund.

D. Unearned Revenue/Deferred Inflows of Resources

Unearned revenue and deferred inflows of resources as of December 31, 2019, for the County's governmental funds were as follows:

	Unearned Revenue	Deferred Inflows of Resources Unavailable Revenue
Taxes and special assessments, delinquent and unavailable	$ -	$ 12,561,823
Highway allotments that do not provide current financial resources	-	6,753,909
Loans receivable	-	279,207
Taxes prepaid before levied	-	-
Grants Receivable	93,633	-
Interest receivable	-	27,523
Charges for services or Miscellaneous	-	419,745
Total Governmental Funds	$ 93,633	$ 20,042,207

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Fund Balance

The detail of Martin County's fund balance classifications are as follows:

	General	Road and Bridge	Human Services	Ditch
FUND BALANCES				
Nonspendable				
Inventories	$ -	$ 909,682	$ -	$ -
Total Nonspendable	-	909,682	-	-
Restricted				
Law Library	$ 73,321	$ -	$ -	$ -
Sheriff's Contingency	5,000	-	-	-
E-911 System	543,411	-	-	-
Recorder's Equipment Purchases	473,401	-	-	-
Debt Service	-	-	-	-
Endowments	1,438	-	-	-
Victim Assistance	35,498	-	-	-
Supervision Fees	10,214	-	-	-
Veteran's Van	12,653	-	-	-
Inmate Commissary	13,953	-	-	-
Conceal and Carry	203,442	-	-	-
Attorney Forfeiture	8,156	-	-	-
DEA Forfeiture Funds	23,633	-	-	-
Aquatic Invasive Species Aid	383,371	-	-	-
Riparian Aid	285,170	-	-	-
Library Capital Improvement	67,186	-	-	-
Library	470,909	-	-	-
Economic Development	-	-	-	-
Solid Waste	-	-	-	-
Ditch Maintenance and Repair	-	-	-	3,459,211
Ditch Projects	-	-	-	506,925
Veteran's Memorial Perpetual Care	20,000	-	-	-
Steve Donnelly Award	720	-	-	-
Roof and Dome Replacement	0	-	-	-
Total Restricted	2,631,476	-	-	3,966,136
Committed to				
Human Services	$ -	$ -	$ 2,493,754	$ -
Total Committed	-	-	2,493,754	-
Assigned to				
Building Projects	$ -	$ -	$ -	$ -
Forfeited Land	145,050	-	-	-
Road and Bridge	-	8,011,727	-	-
Ditch Camera Replacement	33,622	-	-	-
Total Assigned	178,672	8,011,727	-	-
Unassigned	$ 9,731,380	$ -	$ -	$ (1,712,870)
Total Fund Balances	$ 12,541,528	$ 8,921,409	$ 2,493,754	$ 2,253,266

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Fund Balance (Continued)

	Nonmajor Funds	Total Governmental Funds
FUND BALANCES		
Nonspendable		
Inventories	$ -	$ 909,682
Total Nonspendable	-	909,682
Restricted		
Law Library	$ -	$ 73,321
Sheriff's Contingency	-	5,000
E-911 System	-	543,411
Recorder's Equipment Purchases	-	473,401
Debt Service	782,963	782,963
Endowments	-	1,438
Victim Assistance	-	35,498
Supervision Fees	-	10,214
Veteran's Van	-	12,653
Inmate Commissary	-	13,953
Conceal and Carry	-	203,442
Attorney Forfeiture	-	8,156
DEA Forfeiture Funds	-	23,633
Aquatic Invasive Species Aid	-	383,371
Riparian Aid	-	285,170
Library Capital Improvement	-	67,186
Library	-	470,909
Economic Development	215,898	215,898
Solid Waste	1,618,112	1,618,112
Ditch Maintenance and Repair	-	3,459,211
Ditch Projects	-	506,925
Veteran's Memorial Perpetual Care	-	20,000
Steve Donnelly Award	-	720
Roof and Dome Replacement	1,641,795	1,641,795
Total Restricted	4,258,768	10,856,380
Committed to		
Human Services	$ -	$ 2,493,754
Total Committed	-	2,493,754
Assigned to		
Building Projects	$ 3,089,697	$ 3,089,697
Forfeited Land	-	145,050
Road and Bridge	-	8,011,727
Ditch Camera Replacement	-	33,622
Total Assigned	3,089,697	11,280,096
Unassigned	$ -	$ 8,018,510
Total Fund Balances	$ 7,348,465	$ 33,558,422

NOTE 4 OPERATING LEASE

At the end of 2019, the County maintained eleven operating leases for squad cars. In 2019, expenditures under these agreements totaled $46,886. Future minimum lease payments are as follows:

Year Ended	Amount
2020	36,913
2021	20,607
2022	13,250
2023	4,327
Total	$ 75,097

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

E. Defined Benefit Plan

1. Plan Description

All full-time and certain part-time employees of Martin 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 Public Employees Police and Fire Plan, and the Public Employees Local Government Correctional Service Retirement Plan (the Public Employees 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 under Section 401(a) of the Internal Revenue Code.

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees 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 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

1. Plan Description (Continued)

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees 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 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

2. Benefits Provided

Beginning January 1, 2019, 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. For recipients receiving the annuity or benefit for at lease one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

Beginning January 1, 2019, Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Beginning January 1, 2019, 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. For 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.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

2. Benefits Provided (Continued)

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. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated 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 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Plan members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement 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 Public Employees Police and Fire Plan and Public Employees 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.

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Plan Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in 2019. Public Employees Police and Fire Plan were required to contribute 11.3 percent of their annual covered salary in 2019. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2019.

In 2019, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Plan – Coordinated Plan Members	7.5%
Public Employees Police and Fire Plan	16.95
Public Employees Correctional Plan	8.75

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

3. Contributions (Continued)

The employee contribution rate for Police and Fire Plans increased from 10.80 percent to 11.3 percent, and the employer contribution rate for Police and Fire Plans increased from 16.2 percent to 16.95 percent on January 1, 2019.

The County's contributions for the year ended December 31, 2019, to the pension plans were:

General Employees Retirement Plan	$	372,334
Public Employees Police and Fire Plan		179,469
Public Employees Correctional Plan		64,083

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

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

4. Pension Costs

General Employees Retirement Plan

At December 31, 2019, the County reported a liability of $3,842,499 for its proportionate share of the General Employee Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was .070 percent. It was .071 percent measured as of June 30, 2018. The County recognized pension expense of $452,319 for its proportionate share of the General Employees Retirement Plan's pension expense. The County also recognized $8,949 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation required the State of Minnesota to contribute $16 million to the General Employees Retirement Plan annually.

County's proportionate share of the net pension liability	$ 3,842,499
State of Minnesota's proportionate share of the net pension liability associated with the County	119,495
Total	$ 3,961,994

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 108,511	$ -
Difference between projected and actual investment earnings	-	409,467
Changes in actuarial assumptions	-	309,700
Changes in proportion	58,866	101,969
Contributions paid to PERA subsequent to the measurement date	185,808	-
Total	$ 353,185	$ 821,136

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

4. Pension Costs (Continued)

General Employees Retirement Plan (Continued)

The $185,808 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Expense Amount
2020	$ (202,308)
2021	(361,185)
2022	(96,458)
2023	6,192

Public Employees Police and Fire Plan

At December 31, 2019, the County reported a liability of $1,031,598 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for the employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was .097 percent. It was .094 percent measured as of June 30, 2018. The County recognized pension expense of $171,022 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized $13,081 as revenue, which results in a reduction of the net pension liability, for it proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute $9 million to the Public Employees 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. In addition, the state will pay $4.5 million on October 1, 2018 and October 1, 2019, and $9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 42,840	$ 138,989
Difference between projected and actual investment earnings	-	217,299
Changes in actuarial assumptions	759,767	1,123,988
Changes in proportion	193,674	-
Contributions paid to PERA subsequent to the measurement date	91,002	-
Total	$ 1,087,283	$ 1,480,276

The $91,002 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Expense Amount
2020	$ (40,442)
2021	(112,470)
2022	(339,739)
2023	4,378
2024	4,278

Public Employees Correctional Plan

At December 31, 2019, the County reported a liability of $49,261 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for the employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

4. Pension Costs (Continued)

Public Employees Correctional Plan (Continued)

At June 30, 2019, the County's proportion was .36 percent. It was .35 percent measured as of June 30, 2018. The County recognized pension expense of $93,036 for its proportionate share of the Public Employees Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,790	$ 8,089
Difference between projected and actual investment earnings	-	63,320
Changes in actuarial assumptions	-	433,957
Changes in proportion	481	11,543
Contributions paid to PERA subsequent to the measurement date	31,236	-
Total	$ 33,507	$ 516,909

The $31,236 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Expense Amount
2020	$ (267,245)
2021	(232,790)
2022	(15,082)
2023	479

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was $716,377.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

5. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

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

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. The experience study for the Public Employees Police and Fire Plan was dated August 30, 2016. The experience study for the Public Employees Correctional Plan was dated February 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment assumptions for all plans were reviewed in the experience study for the General Employees Plan dated June 27, 2019.

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36%	5.10%
International stocks	17	5.30
Bonds	20	0.75
Alternative assets	25	5.90
Cash	2	0.00

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

6. Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent in 2019, which remained consistent with 2018. 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 Retirement Plan and the Public Employees Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019:

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

Public Employees Correctional Plan

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

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

8. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
County's proportionate share of the General Employees Retirement Plan net pension liability	$ 6,316,862	$ 3,842,499	$ 1,799,421
County's proportionate share of the Public Employees Police and Fire Plan net pension liability	2,254,882	1,031,598	19,962
County's proportionate share of the Public Employees Correctional Plan net pension liability (asset)	525,015	49,261	(331,421)

9. Pension Plan Fiduciary Net Position

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

B. Defined Contribution Plan

Three employees of Martin County are covered under 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 5.00 percent of salary, which is matched by the employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Defined Contribution Plan (Continued)

the plan, PERA receives 2.00 percent of employer contributions and .25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2019 were:

Defined Benefit Plan Note:

	Employee	Employer
Contribution amount	$ 4,790	$ 4,790
Percentage of covered payroll	5%	5%

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

The County provides postemployment health insurance for elected and non-elected employees, (except those employees whose positions are included in a collective bargaining unit) who retire with 20 or more years of County employment. The monthly payments are the single premium for the plan selected by the employee prior to retirement. Specifics of an employee's benefit vary with individual conditions and requirements such as hired date; full-time employment at date of retirement; years of continuous, uninterrupted service; age; and the Public Employees Retirement Association eligibility. All benefits cease at age 65.

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minn. Stat. 471.61, subd. 2b. Active employees, who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association of Minnesota (PERA) (or similar plan), and do not participate in any other coverage with respect to both themselves and their eligible dependent(s) are eligible under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying percentages of the total premium cost.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Martin County Board of Commissioners. Pursuant to the provisions of the plan, retirees are required to pay varying amount of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

As of January 1, 2018, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active plan participants	106
Total	116

Total OPEB Liability

The County's total OPEB liability of $1,589,160 was determined by an actuarial valuation as of January 1, 2018 and was rolled forward to a measurement date of January 1, 2019. The 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, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, level percentage of pay
Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	6.25% grading to 5.00% over five years

The current year discount rate is 3.80%, which is a change from the prior year rate of 3.30%. For the current valuation, the discount rate was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

Mortality rates are based on RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation for PERA as of June 30, 2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	$ 1,658,253
Changes for the year	
Service Cost	$ 74,423
Interest	54,747
Assumption Changes	(49,718)
Benefit Payments	(148,545)
Net Change	$ (69,093)
Balance at December 31, 2019	$ 1,589,160

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or 1.00 percentage point higher than the current discount rate:

	1% Decrease (2.8%)	Discount Rate (3.8%)	1% Increase (4.8%)
OPEB Liability	$ 1,704,840	$ 1,589,160	$ 1,482,294

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total liability would be if it were calculated using health care cost trend rates that are 1.00 percentage point lower or 1.00 percentage point higher than the current health care cost trend rate:

Medical Trend Rate	1% Decrease (5.25% Decreasing to 4.0%)	Current Trend Rates (6.25% Decreasing to 5.00%	1% Increase (7.25% Decreasing to 6.0%
OPEB Liability	$ 1,443,682	$ 1,589,160	$ 1,759,527

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

For the year ended December 31, 2019, the County recognized OPEB expense of $8,655. Related to OPEB, the County reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in acutarial assumtions	$ -	$ 41,431
Contributions made subsequent to the measurement date	112,228	-
Total	$ 112,228	$ 41,431

The $112,228 reported as deferred outflows of resources related to OPEB resulting from the contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2020	(8,287.00)
2021	(8,287.00)
2022	(8,287.00)
2023	(8,287.00)
2024	(8,283.00)

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019:

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

NOTE 7 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. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risks of loss, 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 2019 and 2020. 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. The 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 8 CONDUIT DEBT

On May 1, 2012, the County issued the $7,000,000 Housing Facilities Revenue Note (Goldfinch Estates-Vista Prairie Communities Project), Series 2012A. This note was issued to finance the cost of expansion to Goldfinch Estates in Fairmont, Minnesota. The note has an interest rate of 4.375 percent and matures in amounts of $19,239 to $5,607,576 in the years 2020 to 2022.

Martin County has no obligation for this debt, which was provided to Goldfinch Estates-Vista Prairie Communities for the capital improvement. Accordingly, the note will not be reported as a liability in the financial statements. The aggregate amount of all outstanding conduit debt obligations at December 31, 2019 was $6,186,615.

On January 15, 2019 the Cottonwood County Board of Commissioners adopted a motion which authorized the issuance of $1.4 million dollars of GO Bonds to finance 2019 Red Rock Rural Water System. The nine counties who have residents that receive water from Red Rock were asked to sign a Joint Powers agreement which states that if Red Rock defaults on the bond, each County will be required to reimburse Cottonwood County for their portion. Martin County has 9.6% of the system.

NOTE 9 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Contingent Liabilities

Amounts received or receivable from grant 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.

NOTE 10 OTHER ORGANIZATIONS

Joint Ventures

Faribault – Martin County Human Services Board
Martin County entered into a joint powers agreement with Faribault County (Minnesota Statutes §471.59) to provide welfare and health services to county residents (Minnesota Statutes §§ 402.01-.10). The Faribault – Martin – Watonwan Human Services Board was established on June 30, 1975. As of January 1, 1991, Watonwan County withdrew from the Human Services Board. Martin and Faribault Counties are continuing with the joint powers agreement. The Board has 12 members, six from each county. Each county collects its share of local tax revenues and transfers these funds to the Board to fulfill its ongoing financial responsibility. Complete financial statements for the Human Services Board can be obtained at 115 West First Street, Fairmont, Minnesota 56031.

Faribault – Martin County Transit Board
Martin County entered into a joint powers agreement with Faribault County (Minnesota Statutes §471.59) in 2015 to provide a coordinated service delivery and funding source for public transportation.

Minnesota River Valley Drug Task Force
The primary responsibility of the task force is to detect, investigate, gather evidence and apprehend drug traffickers, as well as assist in violent crimes and gang related investigation within the geographic boundaries of the communities that comprise the task force.

Prairieland Solid Waste Board
Martin County entered into a joint powers agreement with Faribault County in 1990 to build and operate a solid waste composting plant, the Prairieland Solid Waste Board. Prairieland continues to place a special assessment on homeowners to offset net losses, equipment, depreciation, and future plans.

Fees not sent to Prairieland will be kept in the Solid Waste Fund of the County and are restricted for Solid Waste programs approved by the County Board.

Prairieland Solid Waste Board reported a change in net position of $1,077,482 in 2019. The full-faith and credit and taxing power of Faribault and Martin Counties is pledged to the payment of each County's proportional share of the principal and interest when due.

Complete financial statements for the Prairieland Solid Waste Board can be obtained at 801 East Fifth Street North, P.O. Box 100, Truman, Minnesota 56088.

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

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

The Red Rock Rural Water System is governed by a nine-member board appointed for terms of three years by the District Court. Each County is responsible for levying and collecting the special assessments from the benefited properties within the County. The bond issue and notes payable are shown as long-term debt in the financial statements of the Red Rock Rural Water System. Complete financial statements of the Red Rock Rural Water System can be obtained from the main office in Jeffers, Minnesota 56145.

Rural Minnesota Energy Board
The Rural Minnesota Energy Board was established in 2005 under the authority of Minnesota Statutes §471.59. The Board includes Blue Earth, Cottonwood, Faribault, Jackson, Lincoln, Lyon, Martin, Mower, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Sibley, Watonwan, and Yellow Medicine Counties. The purpose of the Board is to provide policy guidance on issues surrounding energy development in rural Minnesota and to foster the diversification of the economic climate in rural Minnesota.

The focus of the board includes, but is not limited to, renewable energy, wind energy, energy transmission lines, hydrogen energy technology, and bio-diesel and ethanol use.

The governing body is composed of one voting member and one alternate member from each participating county's Board of Commissioners. The Board shall remain in existence as long as two or more counties remain parties to the agreement.

Should the Board cease to exist assets shall be liquidated, after payment of liabilities, based upon the ratios set out under the equal and proportionate share articles of the agreement. During 2019, Martin County paid $2,500 to the Board.

South Central Minnesota Emergency Communications Board
The South Central Regional Emergency Communications Board was established pursuant to Minnesota Statutes §§471.59 and 403.39 and a joint powers agreement effective May 27, 2008.

The Board consists of one County Commissioner from each county included in the agreement, one City Council member from each city included in the agreement, a member of the South Central Minnesota Regional Advisory Committee, a member of the South Central Minnesota Regional Radio System User Committee, and a member of the Owners and Operators Committee. The primary function of the joint venture is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System for the Allied Radio Matrix for Emergency Response (ARMER) owned and operated

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

South Central Minnesota Emergency Communications Board (Continued)

by the State of Minnesota and to enhance and improve interoperable public safety communications.

South Central Workforce Council
The South Central Workforce Council Joint Powers Board is comprised of one representative from each of the participating County Boards. The Board is the local governmental body that appoints the Workforce Council members and is a full partner with them in overseeing area employment and training programs. The County did not provide any funding to the Council during 2019.

Jointly Governed Organizations

Intelligent Transit Consortium
The Intelligent Transit System (ITS) Transit Consortium was established to implement and maintain the ITS among its members, which include the counties of Meeker, Pipestone, Sherburne, Wright, Brown, and Martin. Initial transit software and services were funded by an American Recovery and Reinvestment Act grant. Each individual consortium member is responsible for future mapping support and upgrade costs. It is expected that there will be upgrades every three years. During 2019, the County did not contribute any funding to the Transit Consortium.

Minnesota Counties Computer Cooperative (MCCC)
Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, the County expended $10,300.

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, the County expended $1,560 to the joint powers.

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

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations (Continued)

Sentence to Service
Martin County, in conjunction with other local governments, participates in the State of Minnesota's Sentence 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 Martin County has no operational or financial control over the STS program, Martin County budgets for a percentage of this program.

South Central Emergency Medical Services
The South Central Emergency Medical Services (SEMS) provides various emergency medical services to several counties. The County provided $5,000 in funding to SEMS during 2019.

South Central Minnesota County Comprehensive Water Planning Project
The South Central Minnesota County Comprehensive Water Planning Project was established to provide regional water quality to Minnesota River Basin member counties. The project involves Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, Le Sueur, Martin, Nicollet, Sibley, Steele, Waseca, and Watonwan Counties. During the year, the County made no payments to the project.

Greater Blue Earth River Basin Alliance
The Greater Blue Earth River Basin Alliance provides the preparation to comprehensive water plans for the participating counties. During 2019, the County paid $7,789 to the Alliance.

South Central Community Based Initiative
The purpose of the Joint Powers Board is to facilitate agreement between the Minnesota Department of Human Services (DHS) and county mental health authorities in 10 South Central Minnesota counties to redesign and implement new community-based mental health services for adults with serious and persistent mental illness. The County did not provide any funding to the organization during 2019.

South Central Services Cooperative
Based in North Mankato, MN the South Central Service Cooperative (SCSC) programs and services are member driven to utilize resources in the most efficient and effective manner possible. SCSC is one of nine regional agencies called service cooperatives, established in 1976 by Minnesota legislation (M.S. 123A.21). The Minnesota Service Cooperatives perform planning on a regional basis and assist in meeting specific needs of clients in participating governmental units which could be better provided by a Service Cooperative than by members themselves. SCSC specializes in providing insurance services. Health insurance pools are formed by groups who band together to leverage economies of scale to lower

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations (Continued)

South Central Services Cooperative (Continued)

costs and achieve claim cost stability. The SCSC manages the pools, manages premium collection, conducts carrier proposal every four years and negotiates stop loss and administrative costs which are approximately 20% lower than the commercial market. These pools are governed by state law and an elected board of directors and consist of public employers who maintain a Joint Powers Agreement with the Service Cooperative. During 2019, the County did not provide any funding to the Cooperative.

NOTE 11 AGRICULTURAL BEST MANAGEMENT LOAN PROGRAM

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate non-point sources water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. Management believes the County has met those responsibilities for 2019.

NOTE 12 SPECIAL BENEFIT TAX LEVY

In 1993, the South Central Minnesota Multi-County Housing Authority (the Authority) issued $20,315,000 of revenue bonds to construct housing units in Martin County and four surrounding counties. The Authority defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special benefit tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of housing units constructed. Martin County's proportionate share of the operating deficit for 2019 is $88,898.

The proportionate shares on the counties may change for the years 2020 through 2024 if there are changes in the taxable market value over the 2001 taxable market value.

NOTE 13 HUMAN SERVICES BOARD OPERATING LEASE

Martin County (lessor) has an operating lease with the Human Services Board of Faribault and Martin Counties (lessee) that runs from January 1 through December 31. This lease is automatically renewed on an annual basis unless either party decides to terminate the lease at least 90 days before the end of the term. The total annual rent is $194,839 payable in 12 monthly installments of $16,237 on the first day of each month.

NOTE 14 CONTRACT COMMITMENTS

The County has active projects as of December 31, 2019. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Road Projects	$ 2,068,815	$ 231,226
Ditch Projects	1,852,648	803,884
	$ 3,921,463	$ 1,035,110

NOTE 15 SUBSEQUENT EVENT

On October 20, 2020, Martin County awarded the sale of General Obligation Construction Bonds, Series 2020A, in the principal amount of $6,935,000. $2,970,000 will be used for Capital Improvements and $3,965,000 will be used for Drainage Ditch Improvements.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. Economic activity decreased in 2020, including gasoline sales taxes collected by the State of Minnesota used for funding County State Aid Highways (CSAH) revenue recorded in the County's Road and Bridge Special Revenue Fund. As a result, a decrease of approximately 9 percent of CSAH revenue is expected to be received for calendar year 2021. The County did have additional expenses spent on COVID-19 related costs such as cleaning, sanitizing, personal protective equipment supplies, modifications to its building, IT equipment and services to allow for social distancing, and remote working. The County does anticipate to use and distribute the funds from the CARES Act.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	$ 9,631,440	$ 9,631,440	$ 9,740,859	$ 109,419
Special Assessments	97,000	97,000	110,113	13,113
Licenses and Permits	58,200	58,200	59,102	902
Intergovernmental	1,708,224	1,708,224	2,335,286	627,062
Charges for Services	381,525	381,525	343,100	(38,425)
Fines and Forfeits	26,800	26,800	27,317	517
Investment Earnings	250,000	250,000	806,247	556,247
Miscellaneous	573,007	573,007	707,759	134,752
Total Revenues	12,726,196	12,726,196	14,129,783	1,403,587
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	257,085	257,085	257,056	29
Courts	69,500	69,500	72,966	(3,466)
County Administration	809,143	809,143	1,494,997	(685,854)
Forfeited Land	8,000	8,000	4,029	3,971
County Coordinator	335,779	335,779	340,441	(4,662)
County Auditor/Treasurer	744,141	744,141	655,589	88,552
County Assessor	625,902	625,902	511,744	114,158
Drainage Administrator	183,127	183,127	193,869	(10,742)
Elections	39,500	39,500	19,438	20,062
Data Processing	404,220	404,220	344,788	59,432
Attorney	532,585	532,585	577,652	(45,067)
Recorder	362,308	362,308	285,218	77,090
Buildings and Plant	487,060	487,060	510,943	(23,883)
Transit System	66,000	66,000	30,000	36,000
Planning and Zoning	582,454	582,454	482,751	99,703
Veterans Service Officer	183,336	183,336	175,175	8,161
Total General Government	5,690,140	5,690,140	5,956,656	(266,516)
PUBLIC SAFETY				
Sheriff	5,222,749	5,222,749	5,075,657	147,092
Coroner	28,000	28,000	32,378	(4,378)
Civil Defense	110,925	110,925	86,897	24,028
Victim/Witness	186,504	186,504	125,490	61,014
Total Public Safety	5,548,178	5,548,178	5,320,422	227,756
CULTURE AND RECREATION				
Administration	39,200	39,200	15,534	23,666
Library	772,163	772,163	704,992	67,171
Parks	142,136	142,136	120,141	21,995
Total Culture and Recreation	953,499	953,499	840,667	112,832

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
CONSERVATION OF NATURAL RESOURCES				
County Extension	$ 148,284	$ 148,284	$ 148,988	$ (704)
ECONOMIC DEVELOPMENT				
Administration	10,337	10,337	9,335	1,002
Economic Development	68,596	68,596	68,714	(118)
Total Economic Development	78,933	78,933	78,049	884
DEBT SERVICE				
Principal	11,031	11,031	11,031	-
Interest and Fiscal Charges	110	110	110	-
Total Debt Service	11,141	11,141	11,141	-
Total Expenditures	12,430,175	12,430,175	12,355,923	74,252
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	296,021	296,021	1,773,860	1,477,839
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	3,094	3,094
NET CHANGE IN FUND BALANCE	$ 296,021	$ 296,021	1,776,954	$ 1,480,933
Fund Balance - Beginning of Year			10,764,574	
FUND BALANCE - END OF YEAR			$ 12,541,528	

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Taxes	$ 2,517,954	$ 2,517,954	$ 2,461,165	$ (56,789)
Intergovernmental	6,199,283	6,199,283	5,042,970	(1,156,313)
Charges for Services	15,000	15,000	11,075	(3,925)
Miscellaneous	262,000	262,000	375,814	113,814
Total Revenues	8,994,237	8,994,237	7,891,024	(1,103,213)
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	434,769	434,769	436,147	(1,378)
Engineering and Construction	3,611,349	3,611,349	2,480,016	1,131,333
Maintenance	2,782,530	2,782,530	2,540,319	242,211
Equipment and Maintenance Shops	1,680,589	1,680,589	1,907,678	(227,089)
Miscellaneous	-	-	15,860	(15,860)
Total Highways and Streets	8,509,237	8,509,237	7,380,020	1,129,217
INTERGOVERNMENTAL				
Highways and Streets	505,000	505,000	500,782	4,218
Total Expenditures	9,014,237	9,014,237	7,880,802	1,133,435
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(20,000)	10,222	30,222
OTHER FINANCING SOURCES (USES)				
Compensation for Loss of Capital Assets	-	-	117,957	117,957
Proceeds from Sale of Assets	20,000	20,000	-	(20,000)
NET CHANGE IN FUND BALANCE	$ -	$ -	128,179	$ 128,179
Fund Balance - Beginning of Year			8,904,237	
Increase (Decrease) in Inventories			(111,007)	
FUND BALANCE - END OF YEAR			$ 8,921,409	

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Taxes	$ 3,621,246	$ 3,621,246	$ 3,510,289	$ (110,957)
Intergovernmental	-	-	77,399	77,399
Total Revenues	3,621,246	3,621,246	3,587,688	(33,558)
EXPENDITURES				
INTERGOVERNMENTAL				
Human Services	3,621,246	3,621,246	2,624,435	996,811
NET CHANGE IN FUND BALANCE	$ -	$ -	963,253	$ 963,253
Fund Balance - Beginning of Year			1,530,501	
FUND BALANCE - END OF YEAR			$ 2,493,754	

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2019

	2018	2019
Total OPEB Liability		
Service Cost	$ 78,851	$ 74,423
Interest	55,123	54,747
Assumption Changes	-	(49,718)
Benefit Payments	(133,437)	(148,545)
Net Change in Total OPEB Liability	$ 537	$ (69,093)
Total OPEB Liability - Beginning	1,657,716	1,658,253
Total OPEB Liability - Ending	$ 1,658,253	$ 1,589,160
Covered-Employee Payroll	$ 6,227,673	$ 6,414,503
County's OPEB Liability as a Percentage of Covered-Employee Payroll	27%	25%

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

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated With Martin County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.070%	$ 3,842,499	$ 119,495	$ 3,961,994	$ 4,920,386	78.09%	80.23%
June 30, 2018	0.071	3,927,693	89,505	4,017,198	4,757,883	82.55	79.53
June 30, 2017	0.072	4,615,584	58,061	4,673,645	4,659,138	99.07	75.90
June 30, 2016	0.069	5,634,936	73,588	5,708,524	4,307,337	130.82	68.91
June 30, 2015	0.072	3,731,414	N/A	3,731,414	4,230,434	88.20	78.19

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

The measurement date for each year is June 30.

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2019	$ 372,334	$ 372,334	$ -	$ 4,964,446	7.50%
December 31, 2018	367,738	367,738	-	4,903,167	7.50
December 31, 2017	342,029	342,029	-	4,560,387	7.50
December 31, 2016	342,010	342,010	-	4,560,120	7.50
December 31, 2015	321,516	321,516	-	4,286,873	7.50

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

The County’s year-end is December 31.

The notes to the required supplementary information are an integral part of these schedules.

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.097%	$ 1,031,598	$ 1,021,194	101.02%	89.26%
June 30, 2018	0.094	1,001,943	991,202	101.08	88.84
June 30, 2017	0.094	1,269,112	960,915	132.07	85.43
June 30, 2016	0.086	3,451,330	830,547	415.55	63.88
June 30, 2015	0.085	965,799	779,811	123.85	88.61

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

The measurement date for each year is June 30.

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2019

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2019	$ 179,469	$ 179,469	$ -	$ 1,058,818	16.95%
December 31, 2018	163,771	163,771	-	1,010,934	16.20
December 31, 2017	153,357	153,357	-	946,648	16.20
December 31, 2016	148,453	148,453	-	916,379	16.20
December 31, 2015	130,256	130,256	-	804,054	16.20

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

The County’s year-end is December 31.

The notes to the required supplementary information are an integral part of these schedules.

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2019

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2018	0.356%	$ 49,261	$ 758,879	6.49%	98.17%
June 30, 2018	0.350	57,877	718,706	8.05	97.64
June 30, 2017	0.360	1,026,004	716,729	143.15	67.89
June 30, 2016	0.360	1,315,130	670,375	196.18	58.16
June 30, 2015	0.380	58,748	683,419	8.60	96.95

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

The measurement date for each year is June 30.

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2019

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2019	$ 64,083	$ 64,083	$ -	$ 732,377	8.75%
December 31, 2018	66,312	66,312	-	757,856	8.75
December 31, 2017	60,968	60,968	-	696,773	8.75
December 31, 2016	61,453	61,453	-	702,335	8.75
December 31, 2015	58,190	58,190	-	665,030	8.75

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

The County's year-end is December 31.

The notes to the required supplementary information are an integral part of these schedules.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

I. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Ditch Fund. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require approval of the Board of Commissioners. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the department level. The Board of Commissioners did not make any budgetary adjustments during 2019.

II. Excess of Expenditures Over Appropriations

The following funds had expenditures in excess of budget at the department level for the year ended December 31, 2019:

	Budget	Actual	Difference
General Fund			
Current			
General Government			
Courts	$ 69,500	$ 72,966	$ 3,466
County Administration	809,143	1,494,997	685,854
County Coordinator	335,779	340,441	4,662
Drainage Administrator	183,127	193,869	10,742
Attorney	532,585	577,652	45,067
Buildings and Plant	487,060	510,943	23,883
Public Safety			
Coroner	28,000	32,378	4,378
Conservation of Natural Resources			
County Extension	148,284	148,988	704
Economic Development			
Economic Development	68,596	68,714	118
Road and Bridge Fund			
Current			
Highways and Streets			
Administration	434,769	436,147	1,378
Equipment and Maintenance Shops	1,680,589	1,907,678	227,089
Miscellaneous	-	15,860	15,860
Nonmajor Building Fund			
Debt Service			
Bond Issue Costs	-	59,566	59,566
Nonmajor Solid Waste Fund			
Solid Waste Management	716,959	961,446	244,487

Expenditures in excess of budget were funded by revenues in excess of budget or existing fund balance.

III. Other Postemployment Benefits Funded Status

In 2018, Martin County implemented Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* See Note 6 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

IV. Employer Contributions to Other Postemployment Benefits

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

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

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

General Employees Retirement Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018

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

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.

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

General Employees Retirement Plan (Continued)

2016 (Continued)

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

Public Employees Police and Fire Plan

2019

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

2018

- The mortality projection scale was changed from MP-206 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019 and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.77 percent of pay respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

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

Public Employees Police and Fire Plan (Continued)

2017 (Continued)

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

- The assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- The assumed percentage of married female members was decreased from 65 percent to 60 percent.

- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

- The assumed percentage of female members electing joint and survivor annuities was increased.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.

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

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

Public Employees Correctional Plan

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The (CSA) load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 per annum.

2016

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

SUPPLEMENTARY INFORMATION

MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

Solid Waste Special Revenue Fund is used to account for revenues and expenditures of the recycling and solid waste program. Revenues are derived from fees collected, special assessments, and various intergovernmental revenues.

Area Development Special Revenue Fund is used to account for the revenues and expenditures of the Area Redevelopment Authority established by the Martin County Board of Commissioners to make loans for redevelopment within the county.

Building Capital Projects Fund is used to account for the maintenance and costs of running the County's buildings.

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligations debt of the County.

MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2019

	Special Revenue Funds		Total Special Revenue Funds	Capital Projects Fund
	Solid Waste	Area Development		Building
ASSETS				
Cash and Pooled Investments	$ 1,579,919	$ 215,898	$ 1,795,817	$ 4,867,707
Taxes Receivable - Delinquent	-	-	-	5,871
Special Assessments Receivable				
Delinquent	54,019	-	54,019	-
Loans Receivable	-	279,207	279,207	-
Due from Other Governments	47,117	-	47,117	-
Total Assets	$ 1,681,055	$ 495,105	$ 2,176,160	$ 4,873,578
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 1,916	$ -	$ 1,916	$ 132,938
Due to Other Governments	7,008	-	7,008	3,277
Total Liabilities	8,924	-	8,924	136,215
DEFERRED INFLOWS OF RESOURCES (NOTE 3.D)				
Unavailable Revenue	54,019	279,207	333,226	5,871
FUND BALANCES (NOTE 3.E)				
Restricted	1,618,112	215,898	1,834,010	1,641,795
Assigned	-	-	-	3,089,697
Total Fund Balances	1,618,112	215,898	1,834,010	4,731,492
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,681,055	$ 495,105	$ 2,176,160	$ 4,873,578

Debt Service Fund Debt Service	Total Nonmajor Funds
$ 782,963	$ 7,446,487
4,620	10,491
-	54,019
-	279,207
-	47,117
$ 787,583	$ 7,837,321
$ -	$ 134,854
-	10,285
-	145,139
4,620	343,717
782,963	4,258,768
-	3,089,697
782,963	7,348,465
$ 787,583	$ 7,837,321

MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds		Total Special Revenue Funds	Capital Projects Fund
	Solid Waste	Area Development		Building
REVENUES				
Taxes	$ -	$ -	$ -	$ 746,527
Special Assessments	635,982	-	635,982	-
Intergovernmental	68,710	-	68,710	10,625
Charges for Services	890	-	890	-
Miscellaneous	56,597	4,977	61,574	194,839
Total Revenues	762,179	4,977	767,156	951,991
EXPENDITURES				
CURRENT				
General Government	-	-	-	110,568
Sanitation	961,446	-	961,446	-
Economic Development	-	12,898	12,898	-
CAPITAL OUTLAY				
General Government	-	-	-	589,191
DEBT SERVICE				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Bond Issue Costs	-	-	-	59,566
Total Expenditures	961,446	12,898	974,344	759,325
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(199,267)	(7,921)	(207,188)	192,666
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	-	1,875,000
Premium on Bonds Issued	-	-	-	64,325
Total Other Financing Sources (Uses)	-	-	-	1,939,325
NET CHANGE IN FUND BALANCES	(199,267)	(7,921)	(207,188)	2,131,991
Fund Balance - Beginning of Year	1,817,379	223,819	2,041,198	2,599,501
INCREASE IN RESERVED				
FUND BALANCE - END OF YEAR	$ 1,618,112	$ 215,898	$ 1,834,010	$ 4,731,492

Debt Service Fund Debt Service	Total Nonmajor Funds
$ 349,763	$ 1,096,290
-	635,982
7,635	86,970
-	890
-	256,413
357,398	2,076,545
-	110,568
-	961,446
-	12,898
-	589,191
235,000	235,000
23,025	23,025
-	59,566
258,025	1,991,694
99,373	84,851
-	1,875,000
-	64,325
-	1,939,325
99,373	2,024,176
683,590	5,324,289
$ 782,963	$ 7,348,465

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	$ 628,729	$ 628,729	$ 635,982	$ 7,253
Intergovernmental	67,730	67,730	68,710	980
Charges for Services	500	500	890	390
Miscellaneous	20,000	20,000	56,597	36,597
Total Revenues	716,959	716,959	762,179	45,220
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste Management	716,959	716,959	961,446	(244,487)
NET CHANGE IN FUND BALANCE	$ -	$ -	(199,267)	$ (199,267)
Fund Balance - Beginning of Year			1,817,379	
FUND BALANCE - END OF YEAR			$ 1,618,112	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BUILDING CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Taxes	$ 812,185	$ 812,185	$ 746,527	$ (65,658)
Intergovernmental	-	-	10,625	10,625
Miscellaneous	194,834	194,834	194,839	5
Total Revenues	1,007,019	1,007,019	951,991	(55,028)
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Building Operations	128,383	128,383	110,568	17,815
CAPITAL OUTLAY				
General Government	1,030,000	1,030,000	589,191	440,809
DEBT SERVICE				
Bond Issue Costs	-	-	59,566	(59,566)
Total Expenditures	1,158,383	1,158,383	759,325	399,058
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (151,364)	(151,364)	192,666	$ 344,030
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	$ 750,000	$ 750,000	$ 1,875,000	$ 1,125,000
Premium on Bonds Issued	-	-	64,325	64,325
Total Other Financing Sources (Uses)	750,000	750,000	1,939,325	1,189,325
NET CHANGE IN FUND BALANCE	$ 598,636	$ 598,636	2,131,991	$ 1,533,355
Fund Balance - Beginning of Year			2,599,501	
FUND BALANCE - END OF YEAR			$ 4,731,492	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Taxes	$ 360,597	$ 360,597	$ 349,763	$ (10,834)
Intergovernmental	-	-	7,635	7,635
Total Revenues	360,597	360,597	357,398	(3,199)
EXPENDITURES				
DEBT SERVICE				
Principal	316,633	316,633	235,000	81,633
Interest and Fiscal Charges	43,964	43,964	23,025	20,939
Total Expenditures	360,597	360,597	258,025	102,572
NET CHANGE IN FUND BALANCE	$ -	$ -	99,373	99,373
Fund Balance - Beginning of Year			683,590	
FUND BALANCE - END OF YEAR			$ 782,963	

MARTIN COUNTY
FAIRMONT, MINNESOTA
AGENCY FUNDS

Agency funds account for assets held in a custodial capacity for others.

State Agency Fund – to account for the collection and distribution of funds for the State of Minnesota.

Mortgage Registry Tax Fund – to account for collection and payment of mortgage registry tax to the County and State of Minnesota.

Deed Tax Fund – to account for collection and payment of deed tax to the County and the State of Minnesota.

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

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MARTIN COUNTY
FAIRMONT, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
STATE AGENCY				
ASSETS				
Cash and Pooled Investments	$ 9,586	$ 408,899	$ 411,898	$ 6,587
LIABILITIES				
Due to Other Governments	$ 9,586	$ 408,899	$ 411,898	$ 6,587
MORTGAGE REGISTRY TAX				
ASSETS				
Cash and Pooled Investments	$ 13,837	$ 269,880	$ 253,939	$ 29,778
LIABILITIES				
Due to Other Governments	$ 13,837	$ 269,880	$ 253,939	$ 29,778
DEED TAX				
ASSETS				
Cash and Pooled Investments	$ 24,097	$ 353,471	$ 328,125	$ 49,443
LIABILITIES				
Due to Other Governments	$ 24,097	$ 353,471	$ 328,125	$ 49,443
TAXES AND PENALTIES				
ASSETS				
Cash and Pooled Investments	$ 354,475	$ 40,840,174	$ 40,916,672	$ 277,977
LIABILITIES				
Due to Other Governments	$ 354,475	$ 40,840,174	$ 40,916,672	$ 277,977
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash and Pooled Investments	$ 401,995	$ 41,872,424	$ 41,910,634	$ 363,785
LIABILITIES				
Due to Other Governments	$ 401,995	$ 41,872,424	$ 41,910,634	$ 363,785

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OTHER SUPPLEMENTARY INFORMATION

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUES
YEAR ENDED DECEMBER 31, 2019

	Total All Funds
APPROPRIATIONS AND SHARED REVENUE	
STATE	
Highway Users Tax	$ 4,983,871
County Program Aid	776,536
Aquatic Invasive Species Aid	94,340
Riparian Aid	137,518
Market Value Credit	312,855
Disparity Reduction Aid	35,696
PERA Rate Increase Aid	36,967
State Police Aid	115,257
Enhanced 911	95,164
SCORE	68,710
Total Appropriations and Shared Revenue	6,656,914
STATE GRANTS	
MINNESOTA DEPARTMENT OF	
Corrections	93,425
Employment and Economic Development	466,729
Natural Resources	41,693
Veteran's Affairs	10,000
Pollution Control Agency	62,161
Public Safety	85,152
Water and Soil Resources	46,599
Total State Grants	805,759
FEDERAL GRANTS	
FEDERAL DEPARTMENT OF	
Justice	55,212
Homeland Security	24,740
Total Federal Grants	79,952
Total State and Federal Grants	885,711
Total Intergovernmental Revenues	$ 7,542,625

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