MARTIN COUNTY
FAIRMONT, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

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INTRODUCTORY SECTION

MARTIN COUNTY
FAIRMONT, MINNESOTA
ORGANIZATION
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ORGANIZATION

Office	Name	Term Expires
Commissioners		
1st District	Elliot Belgard	January 2025
2nd District	Tom Mahoney	January 2023
3rd District	Kathy Smith*	January 2025
4th District	Richard Koons	January 2023
5th District	Steven Flohrs**	January 2025
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

FINANCIAL SECTION

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We 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.

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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, Minnesota, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 January 20, 2022, 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
STATE AUDITOR

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

January 20, 2022

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, 2020. 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, 2020, and the prior year, 2019, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 include the following:

- Governmental activities' total net position is $111,171,487 of which $77,949,566 is the net investment in capital assets, and $11,170,196 is restricted for specific purposes.
- The net cost of governmental activities was $12,546,162 for the current fiscal year. The net cost was funded by general revenues and other items totaling $19,889,569.
- Governmental funds' fund balances increased by $5,887,016.

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 16-17) 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 the Combining Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, beginning on page 100. 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 $111,171,487 on December 31, 2020 (see Table A-1).

Table A-1
The County's Net Position

	Governmental Activities		
	2020	2019	Change
Current and Other Assets	$ 56,651,801	$ 55,625,596	1.8 %
Capital Assets	87,064,551	74,965,503	16.1
Total Assets	143,716,352	130,591,099	10.1
Deferred Outflows of Resources	1,304,654	1,586,203	(17.7)
Current Liabilities	3,818,116	3,698,783	3.2
Long-Term Liabilities	28,480,113	21,790,687	30.7
Total Liabilities	32,298,229	25,489,470	26.7
Deferred Inflows of Resources	1,551,290	2,859,752	(45.8)
Net Position			
Net Investment in Capital Assets	77,949,566	73,587,323	5.9
Restricted	11,170,196	13,989,272	(20.2)
Unrestricted	22,051,725	16,251,485	35.7
Total Net Position, as reported	$ 111,171,487	$ 103,828,080	7.1

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

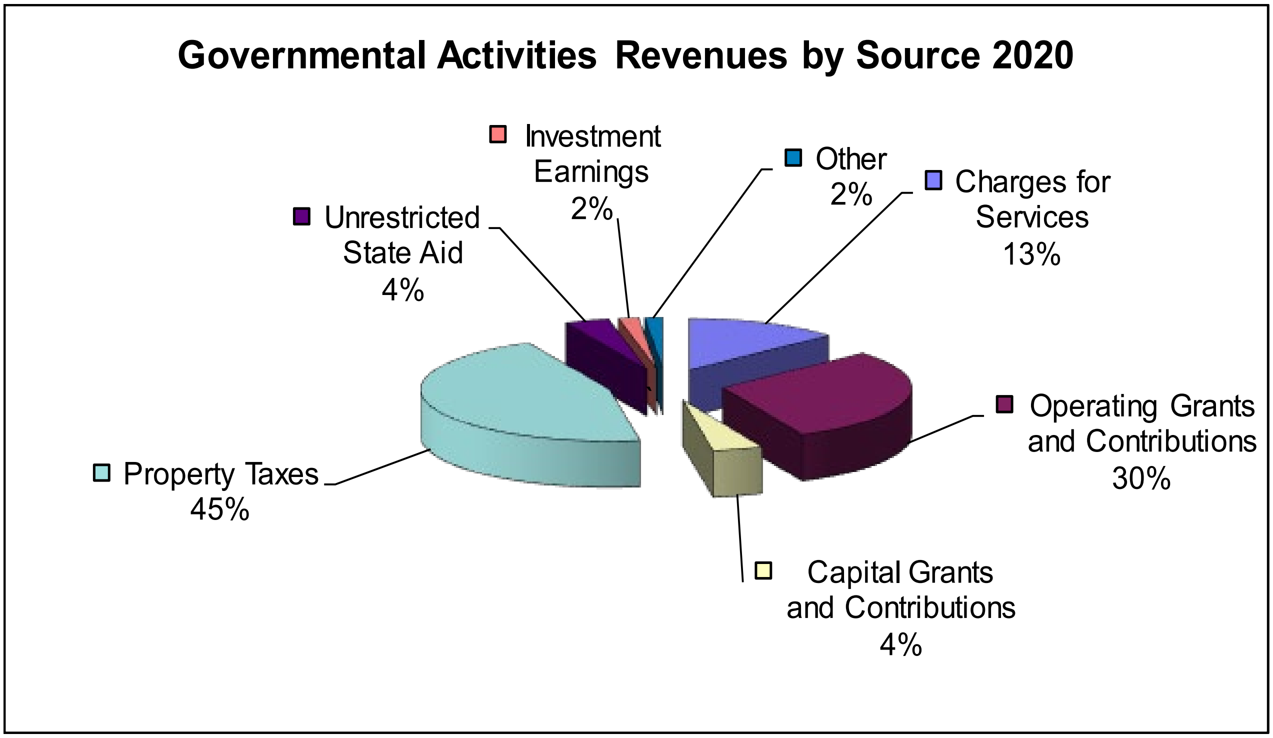
Changes in Net Position

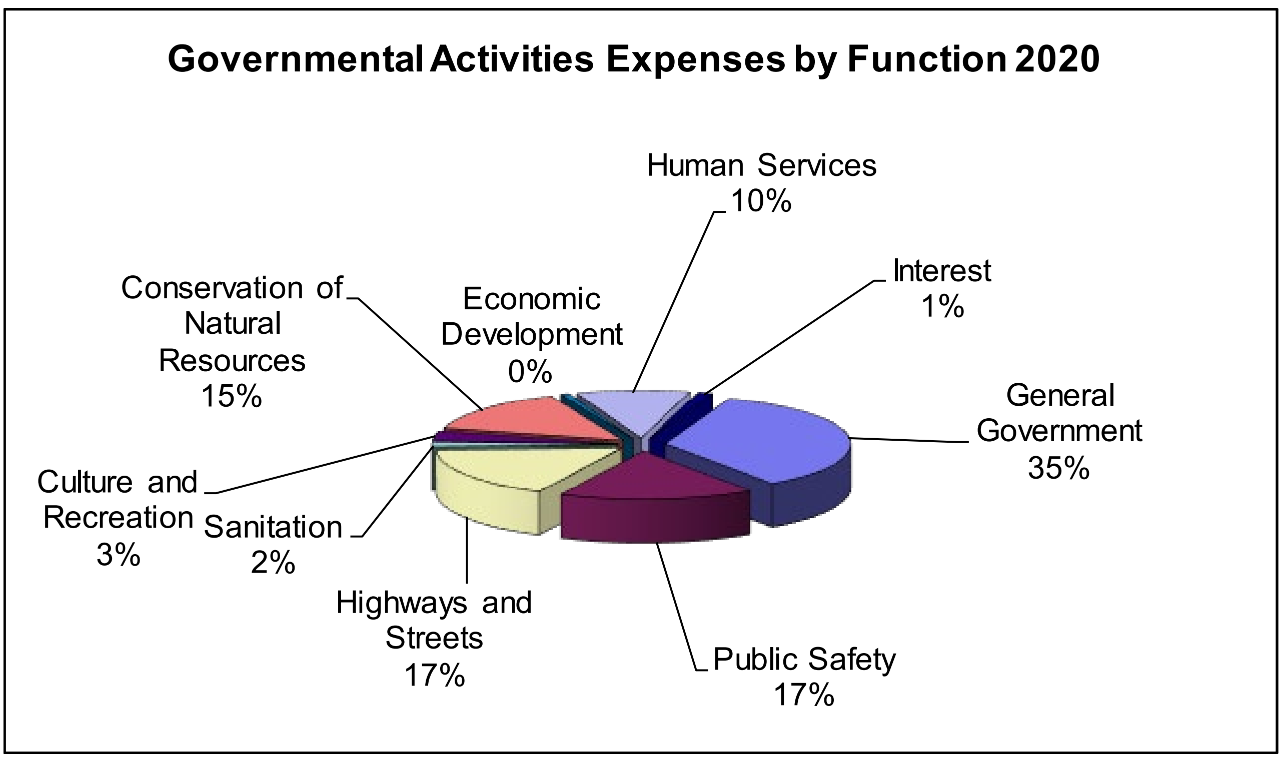
The County-wide total revenues were $37,828,697 for the year ended December 31, 2020. Property taxes, grants and contributions, and unrestricted state aid accounted for 83 percent of total revenues for the year (see Table A-2).

Table A-2
Change in Net Position

	Governmental Activities		
	2020	2019	Total % Change
REVENUES			
Program Revenues			
Fees, Charges, Fines, and Other	$ 5,011,885	$ 8,624,726	(41.9)%
Operating Grants and Contributions	11,300,504	8,131,956	39.0
Capital Grants and Contributions	1,626,739	-	100.0
General Revenues			
Property Taxes	17,213,992	16,295,573	5.6
Unrestricted State Aid	1,444,817	1,382,873	4.5
Investment Earnings	649,527	932,107	(30.3)
Other	581,233	594,950	(2.3)
Total Revenues	37,828,697	35,962,185	5.2
EXPENSES			
General Government	10,582,518	6,375,757	66.0
Public Safety	5,202,344	5,318,613	(2.2)
Highways and Streets	5,160,237	7,666,071	(32.7)
Sanitation	513,561	961,446	(46.6)
Culture and Recreation	950,291	876,303	8.4
Conservation of Natural Resources	4,431,741	3,182,944	39.2
Economic Development	232,313	90,947	155.4
Human Services	3,029,414	2,624,435	15.4
Interest	382,871	408,118	(6.2)
Total Expenses	30,485,290	27,504,634	10.8
CHANGE IN NET POSITION	7,343,407	8,457,551	(13.2)
Net Position - Beginning of Year; as restated	103,828,080	95,370,529	8.9
NET POSITION - END OF YEAR; as reported	$ 111,171,487	$ 103,828,080	7.1

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 $30,485,290.

- Some of the cost was paid by the users of the County's Programs ($5,011,885).
- The Federal and state governments subsidized certain programs with grants and contributions ($12,927,243).
- The remainder of the County's costs ($12,546,162), however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with the $17,213,992 in property taxes, $1,444,817 of state aid, and $649,527 with investment earnings and other general revenues of $581,233.

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		
	2020	2019	Percentage Change	2020	2019	Percentage Change
GOVERNMENTAL ACTIVITIES						
General Government	$ 10,582,518	$ 6,375,757	66.0 %	$ (8,648,721)	$ (4,791,003)	(80.5)%
Public Safety	5,202,344	5,318,613	(2.2)	(4,528,962)	(4,668,250)	3.0
Highways and Streets	5,160,237	7,666,071	(32.7)	4,692,050	(117,359)	4098.0
Sanitation	513,561	961,446	(46.6)	240,637	(195,882)	222.8
Culture and Recreation	950,291	876,303	8.4	(839,713)	(750,038)	(12.0)
Conservation of Natural Resources	4,431,741	3,182,944	39.2	(2,377,215)	2,885,017	182.4
Economic Development	232,313	90,947	155.4	(76,169)	(85,809)	11.2
Human Services	3,029,414	2,624,435	15.4	(625,198)	(2,616,510)	76.1
Interest	382,871	408,118	(6.2)	(382,871)	(408,118)	6.2
Total	$ 30,485,290	$ 27,504,634	10.8	$ (12,546,162)	$ (10,747,952)	(16.7)

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 $39,445,438. Revenues for the County's governmental funds were $42,612,320, while total expenditures were $43,873,844. During 2020, the County also sold capital assets for $34,638 which is included in other financing sources and uses. The County issued additional construction and ditch bonds in 2020, of $6,935,000, which included a premium of $283,095 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 $2,085,490 during 2020. This was primarily due to unspent restricted State Riparian and Aquatic Invasive Species Aid, and increases in charges for services being more than expected.

The Road and Bridge Fund's fund balance decreased by $1,815,986 in 2020. This was primarily due to a timing difference in construction costs and construction aid.

The Human Services Fund's fund balance increase of $591,238 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 increased by $2,744,114, this is primarily due to unspent bonds issued in 2020 for ditch construction and repair costs, which special assessments will be collected in future years to recover these costs.

The Building Fund's fund balance increased $2,086,853, this is primarily due to the bonds issued in 2020.

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

Fund	Year Ended December 31, 2020	Year Ended December 31, 2019	Change Increase (Decrease)	Change Percent
Taxes	$ 10,192,657	$ 9,740,859	$ 451,798	4.6 %
Licenses and Permits	123,835	59,102	64,733	109.5
Intergovernmental	4,886,664	2,335,286	2,551,378	109.3
Charges for Services	341,749	343,100	(1,351)	(0.4)
Investment Earnings	544,935	806,247	(261,312)	(32.4)
Miscellaneous and Other	976,125	845,189	130,936	15.5
Total General Fund Revenues	$ 17,065,965	$ 14,129,783	$ 2,936,182	20.8

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, 2020	December 31, 2019	Increase (Decrease)	Percent
General Government	$ 8,051,597	$ 5,956,656	$ 2,094,941	35.2 %
Public Safety	5,572,945	5,320,422	252,523	4.7
Culture and Recreation	959,861	840,667	119,194	14.2
Conservation of Natural Resources	169,613	148,988	20,625	13.8
Economic Development	232,313	78,049	154,264	197.7
Principal	-	11,031	(11,031)	(100.0)
Interest and Fiscal Charges	-	110	(110)	(100.0)
Total Expenditures	$ 14,986,329	$ 12,355,923	$ 2,630,406	21.3

For the year ended December 31, 2020, the County allocated all expenditures.

General Fund Budgetary Highlights

- Actual revenues were $3,569,826 more than expected. This is due primarily to taxes and special assessments collected, intergovernmental payments for a CARES Act grant and county relief funds received that weren't expected, and charges for services revenues being more than expected.
- The actual expenditures were $1,824,822 more than budgeted. This variance is due to costs being higher than expected due to unexpected costs related to the pandemic which were covered by state & federal grants.
- 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 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

By the end of 2020, the County had invested $135,046,763 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 $2,671,109.

Table A-6
The County's Capital Assets

	Governmental Activities		Percent
	2020	2019	Change
Land and Right-of-Way	$ 1,328,711	$ 1,328,711	- %
Construction in Progress	2,248,051	2,601,525	(13.6)
Buildings and Improvements	9,438,540	9,731,481	(3.0)
Machinery, Equipment, and Vehicles	8,364,732	7,831,560	6.8
Infrastructure	113,666,729	99,490,544	14.2
Less: Accumulated Depreciation	(47,982,212)	(46,018,318)	4.3
Total	$ 87,064,551	$ 74,965,503	16.1

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

DEBT ADMINISTRATION

At year-end, the County had outstanding long-term debt of $22,385,372 versus $16,215,108 in the previous year for a 38.1 percent increase as shown in Table A-7.

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

	2020	2019	Percent Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds, Net of Premiums	$22,385,372	$16,215,108	38.1 %

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.

BASIC FINANCIAL STATEMENTS

MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

	Governmental Activities
ASSETS	
Cash and Pooled Investments	39,036,386
Petty Cash and Change Funds	1,187
Taxes Receivable - Delinquent	222,874
Special Assessments Receivable - Delinquent	76,038
Special Assessments Receivable - Unavailable	11,350,078
Accounts Receivable	11,430
Accrued Interest Receivable	67,462
Due from Other Governments	4,806,470
Loans Receivable	274,387
Inventories	805,489
Capital Assets - Non Depreciable	
Land and Right of Way	1,328,711
Construction in Progress	2,248,051
Depreciable Capital Assets - Net of Depreciation	
Buildings and Improvements	3,715,692
Land Improvements	31,749
Machinery, Vehicles, Furniture and Equipment	2,906,243
Infrastructure	76,834,105
Total Assets	$ 143,716,352

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

	Governmental Activities
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	$ 1,181,754
Deferred Other Postemployment Benefits Outflows	122,900
Total Deferred Outflows of Resources	1,304,654
LIABILITIES	
Accounts Payable	516,286
Salaries Payable	316,837
Contracts Payable	975,272
Due to Other Governments	81,175
Accrued Interest Payable	41,624
Unearned Revenue	152,486
Compensated Absences Payable - Due Within One Year	659,436
General Obligation Bonds Payable - Due Within One Year	1,075,000
Compensated Absences Payable - Due in More Than One Year	81,792
General Obligation Bonds Payable - Due in More Than One Year	21,310,372
Net Pension Liability	5,677,685
Other Postemployment Benefits Liability	1,410,264
Total Liabilities	32,298,229
DEFERRED INFLOWS OF RESOURCES	
Deferred Other Postemployment Benefits Inflows	255,054
Deferred Pension Inflows	1,296,236
Total Deferred Inflows of Resources	1,551,290
NET POSITION	
Net Investment in Capital Assets	77,949,566
Restricted for	
General Government	956,010
Public Safety	941,021
Debt Service	699,432
Culture and Recreation	555,129
Economic Development	220,718
Highways and Streets	3,703,544
Conservation	2,239,923
Sanitation	1,854,419
Unrestricted	22,051,725
Total Net Position	$ 111,171,487

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MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

		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	$ 10,582,518	$ 1,275,301	$ 658,496	$ -	$ (8,648,721)
Public Safety	5,202,344	215,384	457,998	-	(4,528,962)
Highways and Streets	5,160,237	556,743	7,668,805	1,626,739	4,692,050
Sanitation	513,561	754,198	-	-	240,637
Culture and Recreation	950,291	108,755	1,823	-	(839,713)
Conservation of Natural Resources	4,431,741	2,054,526	-	-	(2,377,215)
Economic Development	232,313	46,978	109,166	-	(76,169)
Human Services	3,029,414	-	2,404,216	-	(625,198)
Interest	382,871	-	-	-	(382,871)
Total Governmental Activities	$ 30,485,290	$ 5,011,885	$ 11,300,504	$ 1,626,739	(12,546,162)
GENERAL REVENUES					
Property Taxes					17,213,992
Mortgage Registry and Deed Tax					20,901
Wind Power Production Tax					305,951
Wheelage Tax					221,225
Grants and Contributions not Restricted for a Particular Purpose					1,444,817
Investment Earnings					649,527
Gain on Sale of Capital Assets					33,156
Total General Revenues					19,889,569
CHANGE IN NET POSITION					7,343,407
Net Position - Beginning of Year					103,828,080
NET POSITION - END OF YEAR					$ 111,171,487

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road and Bridge	Human Services
ASSETS			
Cash and Pooled Investments	$ 14,782,677	$ 6,913,015	$ 3,084,992
Petty Cash and Change Funds	1,137	50	-
Taxes Receivable - Delinquent	128,010	32,533	48,749
Special Assessments Receivable			
Delinquent	2,368	-	-
Unavailable	393,848	-	-
Accounts Receivable	11,380	50	-
Interest Receivable	67,462	-	-
Loans Receivable	-	-	-
Due from Other Funds	245	33,653	-
Due from Other Governments	568,313	3,733,931	-
Inventories	-	805,489	-
Total Assets	$ 15,955,440	$ 11,518,721	$ 3,133,741
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 202,832	$ 83,694	$ -
Salaries Payable	260,493	56,344	-
Contracts Payable	-	534,206	-
Due to Other Funds	102,273	245	-
Due to Other Governments	44,728	2,732	-
Unearned Revenue	152,486	-	-
Total Liabilities	762,812	677,221	-
DEFERRED INFLOWS OF RESOURCES (NOTE 3.D)			
Unavailable Revenue	$ 565,610	$ 3,736,077	$ 48,749
Total Deferred Inflows of Resources	565,610	3,736,077	48,749
FUND BALANCES (NOTE 3.E)			
Nonspendable	$ -	$ 805,489	$ -
Restricted	3,236,714	-	-
Committed	-	-	3,084,992
Assigned	187,498	6,299,934	-
Unassigned	11,202,806	-	-
Total Fund Balances	14,627,018	7,105,423	3,084,992
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,955,440	$ 11,518,721	$ 3,133,741

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

Building	Ditch	Nonmajor Funds	Total Governmental Funds
$ 6,988,785	$ 4,446,389	$ 2,820,528	$ 39,036,386
-	-	-	1,187
9,669	-	3,913	222,874
-			
-	15,321	58,349	76,038
-	10,956,230	-	11,350,078
-	-	-	11,430
-	-	-	67,462
-	-	274,387	274,387
68,620	-	-	102,518
-	504,226	-	4,806,470
-	-	-	805,489
$ 7,067,074	$ 15,922,166	$ 3,157,177	$ 56,754,319
$ 11,636	$ 209,876	$ 8,248	$ 516,286
-	-	-	316,837
227,424	213,642	-	975,272
-	-	-	102,518
-	33,715	-	81,175
	-	-	152,486
239,060	457,233	8,248	2,144,574
$ 9,669	$ 10,467,553	$ 336,649	$ 15,164,307
9,669	10,467,553	336,649	15,164,307
-	$ -	$ -	$ 805,489
2,551,073	6,646,207	2,812,280	15,246,274
-	-	-	3,084,992
4,267,272	-	-	10,754,704
-	(1,648,827)	-	9,553,979
6,818,345	4,997,380	2,812,280	39,445,438
$ 7,067,074	$ 15,922,166	$ 3,157,177	$ 56,754,319

MARTIN COUNTY
FAIRMONT, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 39,445,438
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.		87,064,551
Deferred outflows of resources resulting from pension obligations and OPEB obligations are not available resources and, therefore, are not reported in governmental funds.		1,304,654
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.		
Property Taxes	$ 222,874	
Special Assessments	10,593,773	
Intergovernmental Revenues	3,703,544	
Loans Receivable	274,387	
Interest Receivable	41,384	
Due From Other Governments	328,345	15,164,307
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	(22,385,372)	
Other Postemployment Benefits Liability	(1,410,264)	
Compensated Absences	(741,228)	
Net Pension Liability	(5,677,685)	
Accrued Interest Payable	(41,624)	(30,256,173)
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.		(1,551,290)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 111,171,487

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

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MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	General	Road and Bridge	Human Services
REVENUES			
Taxes	$ 10,192,657	$ 2,568,738	$ 3,550,214
Special Assessments	133,564	-	-
Licenses and Permits	123,835	-	-
Intergovernmental	4,886,664	12,392,490	70,438
Charges for Services	341,749	13,500	-
Fines and Forfeits	25,105	-	-
Investment Earnings	544,935	-	-
Miscellaneous	817,456	543,243	-
Total Revenues	17,065,965	15,517,971	3,620,652
EXPENDITURES			
CURRENT			
General Government	8,051,597	-	-
Public Safety	5,572,945	-	-
Highways and Streets	-	16,736,413	-
Sanitation	-	-	-
Culture and Recreation	959,861	-	-
Conservation of Natural Resources	169,613	-	-
Economic Development	232,313	-	-
INTERGOVERNMENTAL			
Human Services	-	-	3,029,414
Highways and Streets	-	522,135	-
CAPITAL OUTLAY			
General Government	-	-	-
DEBT SERVICE			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	-
Total Expenditures	14,986,329	17,258,548	3,029,414
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,079,636	(1,740,577)	591,238
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Assets	5,854	28,784	-
Bonds Issued	-	-	-
Premium on Bonds Issued	-	-	-
Total Other Financing Sources (Uses)	5,854	28,784	-
NET CHANGE IN FUND BALANCES	2,085,490	(1,711,793)	591,238
Fund Balance - Beginning of Year	12,541,528	8,921,409	2,493,754
INCREASE (DECREASE) IN INVENTORIES	-	(104,193)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ 14,627,018	$ 7,105,423	$ 3,084,992

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

Building	Ditch	Nonmajor Funds	Total Governmental Funds
$ 1,188,380	$ -	$ 254,054	$ 17,754,043
-	3,377,348	636,549	4,147,461
-	-	-	123,835
87,231	-	74,719	17,511,542
-	-	-	355,249
-	-	-	25,105
-	94,195	-	639,130
200,626	446,183	48,447	2,055,955
1,476,237	3,917,726	1,013,769	42,612,320
298,790	-	-	8,350,387
-	-	-	5,572,945
-	-	-	16,736,413
-	-	513,561	513,561
-	-	-	959,861
-	4,039,704	-	4,209,317
-	-	-	232,313
-	-	-	3,029,414
-	-	-	522,135
2,086,121	-	-	2,086,121
-	785,000	240,000	1,025,000
-	375,574	64,901	440,475
90,449	105,453	-	195,902
2,475,360	5,305,731	818,462	43,873,844
(999,123)	(1,388,005)	195,307	(1,261,524)
-	-	-	34,638
2,970,000	3,965,000	-	6,935,000
115,976	167,119	-	283,095
3,085,976	4,132,119	-	7,252,733
2,086,853	2,744,114	195,307	5,991,209
4,731,492	2,253,266	2,616,973	33,558,422
-	-	-	(104,193)
$ 6,818,345	$ 4,997,380	$ 2,812,280	$ 39,445,438

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, 2020

CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 5,991,209
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	$ 15,009,908	
Current Year Depreciation	(2,671,109)	
Book Value of Assets Sold & Transferred	(239,751)	12,099,048
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes Receivable	8,022	
Special Assessments Receivable	(1,753,198)	
Grants Receivable	(3,050,365)	
Loans Receivable	(4,820)	
Interest Receivable	13,861	
Due From Other Governments	(91,400)	(4,877,900)
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.		
CIP & Drainage General Obligation Bond Proceeds	(6,935,000)	
Premium on Bonds Issued	(283,095)	
Principal Repayments		
General Obligation Bonds Payable	1,025,000	
Amortization of Premium on Bonds	22,831	(6,170,264)
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	21,724	
Change in Other Postemployment Benefits Liability	178,896	
Change in Accrued Compensated Absences	(67,699)	
Change in Net Pension Liability	(754,327)	
Change in Deferred Pension Outflows	(292,221)	
Change in Deferred Pension Inflows	1,522,085	
Change in Deferred Other Postemployment Benefits Outflows	10,672	
Change in Deferred Other Postemployment Benefits Inflows	(213,623)	
Change in Inventories	(104,193)	301,314
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 7,343,407

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

		Custodial Funds
ASSETS		
Cash and Pooled Investments	$	975,544
Taxes Receivable For Other Governments		723,882
Total Assets	$	1,699,426
LIABILITIES		
Due to Other Governments	$	100
Total Liabilities	$	100
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	$	1,699,326
Total Net Position	$	1,699,326

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

		Custodial Funds
ADDITIONS		
Contributions:		
Individuals	$	72,600
Employer		-
Investment Earnings:		
Net Increase in Fair Value of Investments		-
Interest, Dividends and Other		325
Property Tax Collections for Other Governments		20,764,549
License and Fees Collected for State		3,910,361
Payments from state		50,784
Refunds collected for other entities		-
Payments from other entities		106,015
Miscellaneous		-
Total Additions	$	24,904,634
DEDUCTIONS		
Beneficiary Payments to Individuals	$	-
Payments of Property Tax to Other Governments		20,274,660
Payments to State		3,876,440
Administrative expense		-
Payments to Other Individuals/Entities		156,675
Total Deductions	$	24,307,775
Net Increase (Decrease) in Fiduciary Net Position	$	596,859
Net Position - January 1, as previously reported		-
Net Position - Restatement (Note 1.E)	$	1,102,467
Net Position - January 1, as restated	$	1,102,467
Net Position - December 31	$	1,699,326

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

NOTES TO THE FINANCIAL STATEMENTS

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, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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 <u>General Fund</u> 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 <u>Road and Bridge Special Revenue Fund</u> 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.

The Building Capital Projects Fund is used to account assigned property tax revenues and rental income to pay the cost of constructing and maintaining County buildings.

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.

Custodial Funds are safekeeping in nature. These funds account for monies the County holds for others in a fiduciary 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, 2020. 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 2020 were $544,935.

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 unavailable 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 back trending (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 2020.

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 reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, they are reported only in the statement of net position.

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Pensions (Continued)

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.

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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Change in Accounting Principles

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

	Custodial Funds
Net Position, January 1, 2020, as previously reported	$ -
Change in accounting principles	1,102,467
Net Position, January 1, 2020 as restated	$ 1,102,467

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, 2020:

	Budget	Actual	Difference
General Fund			
Current			
General Government			
Courts	$ 86,500	$ 118,556	$ 32,056
County Administration	833,489	2,762,340	1,928,851
Forfeited Land	8,000	27,017	19,017
County Coordinator	445,508	494,969	49,461
Elections	145,000	243,567	98,567
Data Processing	386,004	405,575	19,571
Attorney	654,467	771,105	116,638
Buildings and Plant	505,860	516,797	10,937
Public Safety			
Coroner	28,000	44,760	16,760
Conservation of Natural Resources			
County Extension	165,649	169,613	3,964
Economic Development			
Economic Development	75,165	223,388	148,223
Road and Bridge Fund			
Current			
Highways and Streets			
Administration	431,979	461,352	29,373
Engineering and Construction	9,172,877	11,930,075	2,757,198
Miscellaneous	-	8,464	8,464
Intergovernmental			
Highways and Streets	500,782	522,135	21,353
Building Fund			
Capital Outlay			
Building Operations	134,270	298,790	164,520
General Government	955,000	2,086,121	1,131,121
Debt Service Costs	-	90,449	90,449

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 $4,165,038 as of December 31, 2020; however, 74 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.

101 ditches with positive fund balances	$ 6,646,207
74 ditches with deficit fund balances	(1,648,827)
Total	$ 4,997,380

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 payment 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 2020. 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 payment 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 $23,272 for 2020.

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, 2020, Martin County had no deposits that were 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, 2020, 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 Home Loan Mtg Corp	7/20/2022	$ 250,205	Aaa	Moody's	
Federal Home Loan Mtg Corp	6/28/2024	250,015	Aaa	Moody's	
Total Federal Home Loan Mtg Corp		$ 500,220			3.8%
Negotiable Certificates of Deposit					
Bank of Baroda	1/15/2021	245,162	NR	NR	<5%
Live Oak Banking Co	2/9/2021	245,782	NR	NR	<5%
Cathay Bank	2/12/2021	245,451	NR	NR	<5%
Bank of India NY	2/17/2021	245,162	NR	NR	<5%
Zions Bancorp NA	2/25/2021	245,590	NR	NR	<5%
Signature Bk NY	3/11/2021	245,475	NR	NR	<5%
Sallie Mae Bank	3/22/2021	246,406	NR	NR	<5%
Northern Bank & Tr	3/30/2021	245,666	NR	NR	<5%
Discover Bank	4/1/2021	245,620	NR	NR	<5%
Texas Capital Bank NA	4/9/2021	245,777	NR	NR	<5%
Fifth Third Bank	4/16/2021	200,650	NR	NR	<5%
Washington Trst Western	4/17/2021	245,796	NR	NR	<5%
Communitybank TEX N	4/22/2021	246,262	NR	NR	<5%
Bank Ozk	5/3/2021	246,384	NR	NR	<5%
Pinnacle Bank	5/14/2021	246,419	NR	NR	<5%
Summit Community Bank	5/21/2021	247,212	NR	NR	<5%
First Bank McComb	5/24/2021	247,310	NR	NR	<5%
Berkshire Bank	5/28/2021	247,374	NR	NR	<5%
Federal Savings Bank	5/28/2021	247,494	NR	NR	<5%
Bank Hapoalim BM	7/19/2021	247,791	NR	NR	<5%
Barclays Bank	7/19/2021	202,166	NR	NR	<5%
Hanmi Bk	7/19/2021	252,228	NR	NR	<5%
Merrick Bank CD South Jordan	7/23/2021	247,707	NR	NR	<5%
Monroe Fed Svgs & Ln Assn	7/30/2021	202,288	NR	NR	<5%
BMW Bk N America	9/27/2021	225,977	NR	NR	<5%
Centerstate Bank NA	9/30/2021	246,392	NR	NR	<5%
UBS Bank USA	10/5/2021	250,718	NR	NR	<5%
Plainscapital Bank	10/12/2021	152,061	NR	NR	<5%
Cross Riv Bk	10/18/2021	248,535	NR	NR	<5%
Citibank Natl Assn	10/26/2021	251,250	NR	NR	<5%
Raymond James Bk	11/8/2021	248,459	NR	NR	<5%
Bank of New England	11/19/2021	249,341	NR	NR	<5%
Morgan Stanley Bk	12/27/2021	249,001	NR	NR	<5%
Preferred Bank LA Cali	12/31/2021	249,035	NR	NR	<5%
TIAAA FSB	2/22/2022	252,828	NR	NR	<5%
State Bank of India	2/24/2022	251,595	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**
First Source Bank	2/28/2022	251,257	NR	NR	<5%
Medallion Bk	3/25/2022	247,369	NR	NR	<5%
Bank 7	3/30/2022	245,191	NR	NR	<5%
Bankers Bk of Kansas	5/31/2022	250,645	NR	NR	<5%
Synchrony Bank	8/18/2022	207,404	NR	NR	<5%
CIT BK NATL ASSN	8/23/2022	252,529	NR	NR	<5%
Bank Hapoalim B M NY	11/30/2022	250,488	NR	NR	<5%
Wells Fargo Natl Bk	12/13/2022	253,124	NR	NR	<5%
Axos Bk	3/27/2023	252,833	NR	NR	<5%
Nicolet Natl Bank	3/30/2023	250,924	NR	NR	<5%
BMO Harris Bank NA	12/12/2023	245,213	NR	NR	<5%
Texas Exchange Bk	12/18/2023	245,164	NR	NR	<5%
Morgan Stanley Private Bank NA	5/2/2024	216,796	NR	NR	<5%
USAlliance	9/19/2024	260,707	NR	NR	<5%
Jonesboro St Bank	7/10/2026	245,127	NR	NR	<5%
JP Morgan Chase Bank NA	9/30/2026	245,282	NR	NR	<5%
Total Negotiable Certificates of Deposit		$ 12,578,417			
Total Investments		$ 13,078,637			
Deposits		26,933,293			
Petty Cash & Change Funds		1,187			
Total Cash and Investments		$ 40,013,117			

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, 2020, the County had the following recurring fair value measurements.

		Fair Value Measurements Using		
	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S. Agencies	$ 500,220	$ -	$ 500,220	$ -
U.S. Treasury Bills	-	-	-	
Negotiable certificates of deposit	12,578,417	-	12,578,417	-
Total debt securities	$ 13,078,637	$ -	$13,078,637	$ -

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, 2020, 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, 2020, 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)

Concentration Credit Risk

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.

Custodial Credit Risk

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, 2020, the County's investments were not exposed to custodial credit risk.

As of December 31, 2020, the County's investments consisted of $500,220 in government bonds and $12,578,417 in negotiable certificates of deposit.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2020, for the County are as follows:

	County Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	$ 222,874	$ -
Special Assessments	11,426,116	9,368,512
Accounts Receivable	11,430	-
Loans Receivable	274,387	274,387
Interest	67,462	-
Due from Other Governments	4,806,470	-
Total	$ 16,808,739	$ 9,642,899

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, 2020, was as follows:

Government-Type Activities – Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated				
Land and Right of Way	$ 1,328,711	$ -	$ -	$ 1,328,711
Construction in Progress	2,601,525	1,925,645	2,279,119	2,248,051
Total Capital Assets, Not Being Depreciated	3,930,236	1,925,645	2,279,119	3,576,762
Capital Assets, Being Depreciated				
Buildings and Improvements	9,648,965	60,950	329,951	9,379,964
Land Improvements	82,516	-	23,940	58,576
Machinery, Furniture, and Equipment	5,570,267	625,550	568,725	5,627,092
Infrastructure	99,490,544	14,176,185	-	113,666,729
Vehicles	2,261,293	500,697	24,350	2,737,640
Total Capital Assets, Being Depreciated	117,053,585	15,363,382	946,966	131,470,001
Less Accumulated Depreciation for				
Buildings and Improvements	5,599,386	183,853	118,967	5,664,272
Land Improvements	35,739	2,060	10,972	26,827
Machinery, Furniture, and Equipment	4,203,002	262,714	554,408	3,911,308
Infrastructure	34,860,533	1,972,091	-	36,832,624
Vehicles	1,319,658	250,391	22,868	1,547,181
Total Accumulated Depreciation	46,018,318	2,671,109	707,215	47,982,212
Total Capital Assets, Being Depreciated, Net	71,035,267	12,692,273	239,751	83,487,789
Governmental Activities Capital Assets, Net	$ 74,965,503	$ 14,617,918	$ 2,518,870	$ 87,064,551

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	$	118,313
Public Safety		62,683
Highways and Streets, Including Depreciation of Infrastructure Assets		2,435,946
Culture and Recreation		34,863
Conservation of Natural Resources		19,304
Total Depreciation Expense - Governmental Activities	$	2,671,109

B. Interfund Receivables and Payables

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

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Reason
General	Road and Bridge	$ 245	Postage & Copy Paper
Total Due to General Fund		245	
Road and Bridge	General	33,653	Fuel & CARES Act $
Building	General	68,620	CARES Act $
Total Due to Road & Bridge Fund and Building Fund		102,273	
Total To/From Other Funds		$ 102,518	

The interfund receivables and payables are expected to be repaid within one year of December 31, 2020.

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. The County issued General Obligation CIP and Drainage Bonds in 2020 to fund various capital improvement plan projects and fund ditch repairs and improvements.

Debt Summary

Types of Indebtedness	Maturity	Amounts	Rates (%)	Original Amount	Outstanding Balance 2020
General Obligation Bonds					
Drainage Ditch Bonds, 2014A	2035	$70,000 - $165,000	2.00 - 4.00	$ 2,515,000	$ 1,575,000
Crossover Refunding Bonds, 2014B	2023	$240,000 - $255,000	2.00 - 2.20	$ 1,670,000	$ 745,000
Drainage Ditch Bonds, 2016A	2037	$330,000 - $410,000	2.00 - 2.75	$ 7,270,000	$ 6,235,000
Drainage Ditch Bonds, 2017A	2038	$265,000 - $270,000	2.00 - 3.25	$ 4,755,000	$ 4,115,000
Courthouse Bonds, 2019A	2036	$5,000 - $155,000	2.125 - 3.00	$1,875,000	$1,875,000
CIP Bonds, 2020A	2042	$120,000 - $175,000	1.00 - 3.00	$2,970,000	$2,970,000
Drainage Ditch, 2020A	2041	$70,000 - $130,000	1.00 - 3.00	$3,965,000	$3,965,000
MPFA Obligations	2029	$30,000 - $33,000	1.00	$ 628,307	$ 284,000
			Subtotal		21,764,000
			Plus: Unamortized Premiums		621,372
			Total General Obligation Bonds		22,385,372
			Total Long-Term Debt		$ 22,385,372

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Debt Service Requirements

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

Year Ending	General Obligation	
December 31	Principal	Interest
2021	$ 1,045,000	$ 511,268
2022	1,216,000	477,948
2023	1,421,000	451,323
2024	1,206,000	419,035
2025	1,192,000	388,690
2026-2030	6,004,000	1,496,653
2031-2035	5,920,000	835,429
2036-2040	3,180,000	229,968
2041-2042	580,000	15,100
Total	$ 21,764,000	$ 4,825,414

NOTE 4 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, 2020, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation					
Drainage Ditch	1,740,000	-	165,000	1,575,000	165,000
Plus: Premium	41,238	-	2,578	38,660	2,578
Crossover Refunding	985,000	-	240,000	745,000	255,000
Plus: Premium	13,300	-	3,325	9,975	3,325
Drainage Ditch	6,560,000	-	325,000	6,235,000	330,000
Plus: Premium	134,600	-	7,478	127,122	7,478
Drainage Ditch	4,380,000	-	265,000	4,115,000	265,000
Plus: Premium	107,645	-	5,666	101,979	5,666
Courthouse	1,875,000	-	-	1,875,000	5,000
Plus: Premium	64,325	-	3,784	60,541	3,784
Capital Improvement Plan	-	2,970,000	-	2,970,000	-
Plus: Premium	-	115,976	-	115,976	5,272
Drainage Ditch	-	3,965,000	-	3,965,000	-
Plus: Premium	-	167,119	-	167,119	7,596
MPFA Obligations	314,000	-	30,000	284,000	30,000
Total General Obligations	16,215,108	7,218,095	1,047,831	22,385,372	1,085,699
Compensated Absences	673,529	720,189	652,490	741,228	659,436
Governmental Activity Long-Term Liabilities	$ 16,888,637	$ 7,938,284	$ 1,700,321	$ 23,126,600	$ 1,745,135

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.

NOTE 5 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Unearned Revenue/Deferred Inflows of Resources

Unearned revenue and deferred inflows of resources as of December 31, 2020, for the County's governmental funds were as follows:

	Unearned Revenue	Deferred Inflows of Resources Unavailable Revenue
Taxes and special assessments, delinquent and unavailable	$ -	$ 10,816,647
Highway allotments that do not provide current financial resources	-	2,107,544
Loans receivable	-	274,387
Grants Receivable	152,486	1,596,000
Interest Receivable		41,384
Charges for Services or Miscellaneous		328,345
Total Governmental Funds	$ 152,486	$ 15,164,307

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	Building
FUND BALANCES				
Nonspendable				
Inventories	$ -	$ 805,489	$ -	$ -
Total Nonspendable	-	805,489	-	-
Restricted				
Law Library	$ 78,076	$ -	$ -	$ -
Sheriff's Contingency	5,000	-	-	-
County Relief Grants	389,816	-	-	-
E-911 System	634,705	-	-	-
Recorder's Equipment Purchases	453,275	-	-	-
Debt Service	-	-	-	-
Endowments	1,273	-	-	-
Victim Assistance	39,883	-	-	-
Supervision Fees	10,027	-	-	-
Veteran's Van	14,123	-	-	-
Inmate Commissary	10,657	-	-	-
Conceal and Carry	240,749	-	-	-
Aquatic Invasive Species Aid	395,188	-	-	-
Riparian Aid	389,366	-	-	-
Library Capital Improvement	77,986	-	-	-
Library	475,870	-	-	-
Economic Development	-	-	-	-
Solid Waste	-	-	-	-
Ditch Maintenance and Repair	-	-	-	-
Ditch Projects	-	-	-	-
Capital Projects	-	-	-	2,551,073
Veteran's Memorial Perpetual Care	20,000	-	-	-
Steve Donnelly Award	720	-	-	-
Total Restricted	3,236,714	-	-	2,551,073
Committed to				
Human Services	$ -	$ -	$ 3,084,992	$ -
Total Committed	-	-	3,084,992	-
Assigned to				
Building Projects	$ -	$ -	$ -	4,267,272
Forfeited Land	153,904	-	-	-
Road and Bridge	-	6,299,934	-	-
Ditch Camera Replacement	33,594	-	-	-
Total Assigned	187,498	6,299,934	-	4,267,272
Unassigned	11,202,806	$ -	$ -	$ -
Total Fund Balances	$ 14,627,018	$ 7,105,423	$ 3,084,992	$ 6,818,345

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Fund Balance (Continued)

FUND BALANCES	Ditch	Nonmajor Funds	Total Governmental Funds
Nonspendable			
Inventories	$ -	$ -	$ 805,489
Total Nonspendable	-	-	805,489
Restricted			
Law Library	$ -	$ -	$ 78,076
Sheriff's Contingency	-	-	5,000
County Relief Grants	-	-	389,816
E-911 System	-	-	634,705
Recorder's Equipment Purchases	-	-	453,275
Debt Service	-	737,143	737,143
Endowments	-	-	1,273
Victim Assistance	-	-	39,883
Supervision Fees	-	-	10,027
Veteran's Van	-	-	14,123
Inmate Commissary	-	-	10,657
Conceal and Carry	-	-	240,749
Aquatic Invasive Species Aid	-	-	395,188
Riparian Aid	-	-	389,366
Library Capital Improvement	-	-	77,986
Library	-	-	475,870
Economic Development	-	220,718	220,718
Solid Waste	-	1,854,419	1,854,419
Ditch Maintenance and Repair	3,573,741	-	3,573,741
Ditch Projects	3,072,466	-	3,072,466
Capital Projects	-	-	2,551,073
Veteran's Memorial Perpetual Care	-	-	20,000
Steve Donnelly Award	-	-	720
Total Restricted	6,646,207	2,812,280	15,246,274
Committed to			
Human Services	$ -	$ -	$ 3,084,992
Total Committed	-	-	3,084,992
Assigned to			
Building Projects	$ -	$ -	$ 4,267,272
Forfeited Land	-	-	153,904
Road and Bridge	-	-	6,299,934
Ditch Camera Replacement	-	-	33,594
Total Assigned	-	-	10,754,704
Unassigned	$ (1,648,827)	$ -	$ 9,553,979
Total Fund Balances	$ 4,997,380	$ 2,812,280	$ 39,445,438

NOTE 4 OPERATING LEASE

At the end of 2020, the County maintained eleven operating leases for squad cars. In 2020, expenditures under these agreements totaled $51,130. Future minimum lease payments are as follows:

Year Ended	Amount
2021	36,838
2022	29,481
2023	20,558
2024	7,684
Total	$ 94,561

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the 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

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

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

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

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

2. Benefits Provided (Continued)

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For 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 Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Public Employees Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020. Public Employees Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2020.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

3. Contributions (Continued)

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

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

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

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

General Employees Retirement Plan	$	402,335
Public Employees Police and Fire Plan		201,720
Public Employees Correctional Plan		69,220

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

4. Pension Costs

<u>General Employees Retirement Plan</u>

At December 31, 2020, the County reported a liability of $4,310,734 for its proportionate share of the General Employee Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was .072 percent. It was .070 percent measured as of June 30, 2019. The County recognized pension expense of $231,560 for its proportionate share of the General Employees Retirement Plan's pension expense. The County also recognized $11,550 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 until September 15, 2031.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

4. Pension Costs (Continued)

General Employees Retirement Plan (Continued)

County's proportionate share of the net pension liability	$ 4,310,734
State of Minnesota's proportionate share of the net pension liability associated with the County	132,718
Total	$ 4,443,452

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	$ 38,019	$ 16,310
Difference between projected and actual investment earnings	75,292	-
Changes in actuarial assumptions	-	157,652
Changes in proportion	99,518	60,000
Contributions paid to PERA subsequent to the measurement date	203,739	-
Total	$ 416,568	$ 233,962

The $203,739 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, 2021.

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

Year ended December 31	Pension Expense Amount
2021	$ (252,462)
2022	12,264
2023	114,916
2024	104,149

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Plan

At December 31, 2020, the County reported a liability of $1,277,246 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for the employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was .097 percent. It was .097 percent measured as of June 30, 2019. The County recognized pension expense of $186,814 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The State of Minnesota also contributed $13.5 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2020. The contribution consisted of $4.5 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation required the State of Minnesota to pay direct state aid of $4.5 million on October 1, 2019, and to pay $9 million by October 1 of each subsequent year until full funding is reached, or by July 1, 2048, whichever is earlier. The County recognized an additional $9,250 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	$ 1,277,246
State of Minnesota's proportionate share of the net pension Liability associated with the County	30,065
Total	$ 1,307,311

Legislation also requires the State of Minnesota to contribute $9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized $8,721 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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	$ 55,759	$ 53,832
Difference between projected and actual investment earnings	44,564	-
Changes in actuarial assumptions	379,884	773,714
Changes in proportion	129,520	-
Contributions paid to PERA subsequent to the measurement date	103,357	-
Total	$ 713,084	$ 827,546

The $103,357 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Expense Amount
2021	$ (56,260)
2022	(283,530)
2023	60,587
2024	60,486
2025	898

Public Employees Correctional Plan

At December 31, 2020, the County reported a liability of $89,705 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for the employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers.

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, 2020, the County's proportion was .33 percent. It was .36 percent measured as of June 30, 2019. The County recognized pension expense of ($191,116) 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	$ 895	$ 33,243
Difference between projected and actual investment earnings	13,370	-
Changes in actuarial assumptions	-	193,097
Changes in proportion	320	8,388
Contributions paid to PERA subsequent to the measurement date	37,517	-
Total	$ 52,102	$ 234,728

The $37,517 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	Pension Expense Amount
2021	$ (229,103)
2022	(11,392)
2023	4,169
2024	16,183

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was $227,258.

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, 2020 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2020, valuation was based on the results of actuarial experience studies. The experience study for the General Employees Retirement Plan was dated June 27, 2019. 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. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan.

The long-term expected rate of return on pension plan investments is 7.5 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
U.S. equities	35.50%	5.10%
Broad international stock pool	17.50	5.30
Bond Pool	20.00	0.75
Alternatives	25.00	5.90
Cash equivalents	2.00	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 2020, which remained consistent with 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net 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 2020:

General Employees Retirement Plan

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average .25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The changes result in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for the disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

A. Defined Benefit Plan (Continued)

7. Changes in Actuarial Assumptions (Continued)

General Employees Retirement Plan

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed for 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Public Employees Police and Fire Plan

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

Public Employees Correctional Plan

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

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	$ 6,908,611	$ 4,310,734	$ 2,167,694
County's proportionate share of the Public Employees Police and Fire Plan net pension liability	2,545,735	1,277,246	227,793
County's proportionate share of the Public Employees Correctional Plan net pension liability (asset)	557,507	89,705	(284,842)

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

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

C. Defined Benefit Plan (Continued)

8. Pension Liability Sensitivity (Continued)

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

	Employee	Employer
Contribution amount	$ 3,987	$ 3,987
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. As of December 31, 2020, three retirees were receiving the continued health insurance benefit. The County's contributions for the year were $25,544.

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 state statutes. 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 amounts 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.

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Funding Policy (Continued)

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

As of January 1, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active plan participants	107
Total	112

Total OPEB Liability

The County's total OPEB liability of $1,410,264 was determined by an actuarial valuation as of January 1, 2020. 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-ended December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, level percentage of pay
Inflation	2.50%
Active member payroll growth	Graded by service years and contract group ranging from 11.25 percent for 1 year of service (12.25 percent for public safety) to 3.25 percent for 26 or more years of service
Health Care Trend Rate	6.50%, grading to 5.00% over 6 years, and 4.00% for the next 48 months

The current year discount rate is 2.90 percent, which is a change from the prior year rate of 3.80%. 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 Pub-210 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2020	$ 1,589,160
Changes for the year	
Service Cost	83,358
Interest	61,443
Changes in Assumptions	47,426
Differences between expected and actual experience	(258,895)
Benefit Payments	(112,228)
Net Change	$ (178,896)
Balance at December 31, 2020	$ 1,410,264

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 (1.9%)	Discount Rate (2.9%)	1% Increase (3.9%)
OPEB Liability	1,513,011	1,410,264	1,313,825

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 (5.5% Decreasing to 4.0%)	Current Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
OPEB Liability	$ 1,279,284	$ 1,410,264	$ 1,563,265

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

For the year ended December 31, 2020, the County recognized OPEB expense of $106,305. 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
Differences between expected and actual experience		$ 221,910
Changes in actuarial assumptions	$ 40,650	$ 33,144
Contributions made subsequent to the measurement date	82,250	0
Total	$ 122,900	$ 255,054

The $82,250 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, 2021. 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
2021	$ (38,496)
2022	(38,496)
2023	(38,496)
2024	(38,492)
2025	(30,209)
2026	(30,215)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2020:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate used was changed from 3.80 to 2.90 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 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining and the County pays an annual premium to cover current and future losses. 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 $20,144 to $5,607,576 in the years 2021 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, 2020 was $5,946,379.

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.

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

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 $171,062 in 2020. 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.

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.

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Joint Ventures (Continued)

Rural Minnesota Energy Board (Continued)

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 2020, 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 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 2020.

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 2020, 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 $10,800.

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations (Continued)

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.

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 paid $5,000 to SEMS during 2020.

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 2020, the County paid $7,789 to the Alliance.

NOTE 10 OTHER ORGANIZATIONS (CONTINUED)

Jointly Governed Organizations (Continued)

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 2020.

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 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 2020, 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 2020.

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 2020 is $90,676.

The proportionate shares on the counties may change for the years 2021 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 $200,626 payable in 12 monthly installments of $16,719 on the first day of each month.

NOTE 14 CONTRACT COMMITMENTS

The County has active projects as of December 31, 2020. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Road Projects	$ 6,536,130	$ 34,752
Ditch Projects	4,004,599	2,194,349
	$ 10,540,729	$ 2,229,101

NOTE 15 SUBSEQUENT EVENTS

On March 11, 2021, the President of the United States signed an amended version of the Covid Relief Package, the American Rescue Plan, which include $65.1 billion in direct, flexible aid for the counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. Th U.S. Treasury is required to pay the first tranche to counties no later than 60-days after enactment. Martin County's projected allocation of the State and Local Coronavirus Recovery Funds is $3,823,192.

On October 19, 2021, Martin County awarded the sale of General Obligation Bonds, Series 2021A, in the principal amount $3,990,000. Proceeds will be used to finance the County's 2021 Capital Improvement Plan projects and to refund the County's General Obligation Drainage Bonds, Series 2014A.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Taxes	$ 9,815,404	$ 9,815,404	$ 10,192,657	$ 377,253
Special Assessments	99,000	99,000	133,564	34,564
Licenses and Permits	62,400	62,400	123,835	61,435
Intergovernmental	1,983,180	1,983,180	4,886,664	2,903,484
Charges for Services	378,450	378,450	341,749	(36,701)
Fines and Forfeits	26,800	26,800	25,105	(1,695)
Investment Earnings	400,000	400,000	544,935	144,935
Miscellaneous	730,905	730,905	817,456	86,551
Total Revenues	13,496,139	13,496,139	17,065,965	3,569,826
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	270,435	270,435	244,225	26,210
Courts	86,500	86,500	118,556	(32,056)
County Administration	833,489	833,489	2,762,340	(1,928,851)
Forfeited Land	8,000	8,000	27,017	(19,017)
County Coordinator	445,508	445,508	494,969	(49,461)
County Auditor/Treasurer	659,550	659,550	590,914	68,636
County Assessor	633,579	633,579	557,027	76,552
Drainage Administrator	199,475	199,475	191,440	8,035
Elections	145,000	145,000	243,567	(98,567)
Data Processing	386,004	386,004	405,575	(19,571)
Attorney	654,467	654,467	771,105	(116,638)
Recorder	438,012	438,012	379,155	58,857
Buildings and Plant	505,860	505,860	516,797	(10,937)
Transit System	35,000	35,000	20,349	14,651
Planning and Zoning	599,844	599,844	552,844	47,000
Veterans Service Officer	186,340	186,340	175,717	10,623
Total General Government	6,087,063	6,087,063	8,051,597	(1,964,534)
PUBLIC SAFETY				
Sheriff	5,578,206	5,578,206	5,333,893	244,313
Coroner	28,000	28,000	44,760	(16,760)
Civil Defense	100,446	100,446	81,676	18,770
Victim/Witness	127,339	127,339	112,616	14,723
Total Public Safety	5,833,991	5,833,991	5,572,945	261,046
CULTURE AND RECREATION				
Administration	26,000	26,000	16,605	9,395
Library	821,622	821,622	801,239	20,383
Parks	142,680	142,680	142,017	663
Total Culture and Recreation	990,302	990,302	959,861	30,441

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, 2020

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
EXPENDITURES (CONTINUED)				
CURRENT (CONTINUED)				
CONSERVATION OF NATURAL RESOURCES				
County Extension	$ 165,649	$ 165,649	$ 169,613	$ (3,964)
ECONOMIC DEVELOPMENT				
Administration	9,337	9,337	8,925	412
Economic Development	75,165	75,165	223,388	(148,223)
Total Economic Development	84,502	84,502	232,313	(147,811)
Total Expenditures	13,161,507	13,161,507	14,986,329	(1,824,822)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	334,632	334,632	2,079,636	1,745,004
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	-	-	5,854	5,854
NET CHANGE IN FUND BALANCE	$ 334,632	$ 334,632	2,085,490	$ 1,750,858
Fund Balance - Beginning of Year			12,541,528	
FUND BALANCE - END OF YEAR			$ 14,627,018	

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, 2020

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 2,568,372	$ 2,568,372	$ 2,568,738	$ 366
Intergovernmental	11,840,419	11,840,419	12,392,490	552,071
Charges for Services	10,000	10,000	13,500	3,500
Miscellaneous	277,000	277,000	543,243	266,243
Total Revenues	14,695,791	14,695,791	15,517,971	822,180
EXPENDITURES				
CURRENT				
HIGHWAYS AND STREETS				
Administration	431,979	431,979	461,352	(29,373)
Engineering and Construction	9,172,877	9,172,877	11,930,075	(2,757,198)
Maintenance	2,860,591	2,860,591	2,648,295	212,296
Equipment and Maintenance Shops	1,749,562	1,749,562	1,688,227	61,335
Miscellaneous	-	-	8,464	(8,464)
Total Highways and Streets	14,215,009	14,215,009	16,736,413	(2,521,404)
INTERGOVERNMENTAL				
Highways and Streets	500,782	500,782	522,135	(21,353)
Total Expenditures	14,715,791	14,715,791	17,258,548	(2,542,757)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,000)	(20,000)	(1,740,577)	(1,720,577)
OTHER FINANCING SOURCES (USES)				
Compensation for Loss of Capital Assets	-	-	-	-
Proceeds from Sale of Assets	20,000	20,000	28,784	8,784
NET CHANGE IN FUND BALANCE	$ -	$ -	(1,711,793)	$ (1,711,793)
Fund Balance - Beginning of Year			8,921,409	
Increase (Decrease) in Inventories			(104,193)	
FUND BALANCE - END OF YEAR			$ 7,105,423	

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, 2020

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 3,550,808	$ 3,550,808	$ 3,550,214	$ (594)
Intergovernmental	70,438	70,438	70,438	-
Total Revenues	3,621,246	3,621,246	3,620,652	(594)
EXPENDITURES				
INTERGOVERNMENTAL				
Human Services	3,621,246	3,621,246	3,029,414	591,832
NET CHANGE IN FUND BALANCE	$ -	$ -	591,238	$ 591,238
Fund Balance - Beginning of Year			2,493,754	
FUND BALANCE - END OF YEAR			$ 3,084,992	

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, 2020

	2018	2019	2020
Total OPEB Liability			
Service Cost	$ 78,851	$ 74,423	$ 83,358
Interest	55,123	54,747	61,443
Assumption Changes	-	(49,718)	47,426
Differences Between Expected and Actual Experience	-	-	(258,895)
Benefit Payments	(133,437)	(148,545)	(112,228)
Net Change in Total OPEB Liability	$ 537	$ (69,093)	$ (178,896)
Total OPEB Liability - Beginning	1,657,716	1,658,253	1,589,160
Total OPEB Liability - Ending	$ 1,658,253	$ 1,589,160	$ 1,410,264
Covered-Employee Payroll	$ 6,227,673	$ 6,414,503	$ 6,474,378
County's OPEB Liability as a Percentage of Covered-Employee Payroll	27%	25%	22%

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, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated With 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, 2020	0.072%	$ 4,310,734	$ 132,718	$ 4,443,452	$ 5,124,830	84.11%	79.06%
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, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2020	$ 402,335	$ 402,335	$ -	$ 5,363,907	7.50%
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, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of Net Pension Liability Associated with Martin County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's 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, 2020	0.097%	$ 1,277,246	$ 30,065	$ 1,307,311	$ 1,092,604	116.90%	87.19%
June 30, 2019	0.097	1,031,598	N/A	1,031,598	1,021,194	101.02	89.26
June 30, 2018	0.094	1,001,943	N/A	1,001,943	991,202	101.08	88.84
June 30, 2017	0.094	1,269,112	N/A	1,269,112	960,915	132.07	85.43
June 30, 2016	0.086	3,451,330	N/A	3,451,330	830,547	415.55	63.88
June 30, 2015	0.085	965,799	N/A	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, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2020	$ 201,720	$ 201,720	$ -	$ 1,139,662	17.70%
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, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2020	0.331%	$ 89,705	$ 719,304	12.47%	96.67%
June 30, 2019	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, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2020	$ 69,220	$ 69,220	$ -	$ 791,089	8.75%
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.

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 Area Development and 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 2020.

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, 2020:

	Budget	Actual	Difference
General Fund			
Current			
General Government			
Courts	$ 86,500	$ 118,556	$ 32,056
County Administration	833,489	2,762,340	1,928,851
Forfeited Land	8,000	27,017	19,017
County Coordinator	445,508	494,969	49,461
Elections	145,000	243,567	98,567
Data Processing	386,004	405,575	19,571
Attorney	654,467	771,105	116,638
Buildings and Plant	505,860	516,797	10,937
Public Safety			
Coroner	28,000	44,760	16,760
Conservation of Natural Resources			
County Extension	165,649	169,613	3,964
Economic Development			
Economic Development	75,165	223,388	148,223
Road and Bridge Fund			
Current			
Highways and Streets			
Administration	431,979	461,352	29,373
Engineering and Construction	9,172,877	11,930,075	2,757,198
Miscellaneous	-	8,464	8,464
Intergovernmental			
Highways and Streets	500,782	522,135	21,353

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

The following changes in actuarial assumptions occurred:

<u>2020</u>

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80 percent to 2.90 percent.

<u>2019</u>

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

<u>2018</u>

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate used changed from 4.00 percent to 3.30 percent.
- The mortality table was updated from RP-2000 White Collar Mortality Table to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with) Blue Collar adjustment for Police and Fire personnel).
- The mortality, retirement, and withdrawal rates for all employees were updated.
- No disability rates were reflected.
- The salary increase rate was changed from 4.00 percent to 3.00 percent.
- The percentage of future spouses who are assumed to continue on one of the County's medical plans post-employment was changed from 50 percent if the retiree was eligible for a subsidy and 0 percent if the retiree was not eligible for a subsidy to 10 percent for all.
- The aging factors were updated

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 390, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

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

General Employees Retirement Plan (continued)

2019 (Continued)

- 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.
- 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

2020

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

2019

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

2018

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

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

Public Employees Police and Fire Plan (Continued)

2018 (Continued)

- 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 6.20 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.
- 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.

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

Public Employees Police and Fire Plan (Continued)

2017 (Continued)

- 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)

<u>Public Employees Correctional Plan</u>

<u>2020</u>

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

<u>2019</u>

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

<u>2018</u>

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

<u>2017</u>

- 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.

<u>2016</u>

- 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

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.

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, 2020

	Special Revenue Funds		Total Special Revenue Funds
	Solid Waste	Area Development	
ASSETS			
Cash and Pooled Investments	$ 1,862,667	$ 220,718	$ 2,083,385
Taxes Receivable - Delinquent	-	-	-
Special Assessments Receivable			
Delinquent	58,349	-	58,349
Loans Receivable	-	274,387	274,387
Total Assets	$ 1,921,016	$ 495,105	$ 2,416,121
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 8,248	$ -	$ 8,248
Total Liabilities	8,248	-	8,248
DEFERRED INFLOWS OF RESOURCES (NOTE 3.D)			
Unavailable Revenue	58,349	274,387	332,736
Total Deferred Inflows of Resources	58,349	274,387	332,736
FUND BALANCES (NOTE 3.E)			
Restricted	1,854,419	220,718	2,075,137
Total Fund Balances	1,854,419	220,718	2,075,137
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,921,016	$ 495,105	$ 2,416,121

Debt Service Fund Debt Service	Total Nonmajor Funds
$ 737,143	$ 2,820,528
3,913	3,913
-	58,349
-	274,387
$ 741,056	$ 3,157,177
$ -	$ 8,248
-	8,248
3,913	336,649
3,913	336,649
737,143	2,812,280
737,143	2,812,280
$ 741,056	$ 3,157,177

MARTIN COUNTY
FAIRMONT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds		Total Special Revenue Funds
	Solid Waste	Area Development	
REVENUES			
Taxes	$ -	$ -	$ -
Special Assessments	636,549	-	636,549
Intergovernmental	69,692	-	69,692
Miscellaneous	43,627	4,820	48,447
Total Revenues	749,868	4,820	754,688
EXPENDITURES			
CURRENT			
Sanitation	513,561	-	513,561
DEBT SERVICE			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	513,561	-	513,561
NET CHANGE IN FUND BALANCES	236,307	4,820	241,127
Fund Balance - Beginning of Year	1,618,112	215,898	1,834,010
FUND BALANCE - END OF YEAR	$ 1,854,419	$ 220,718	$ 2,075,137

Debt Service Fund Debt Service	Total Nonmajor Funds
$ 254,054	$ 254,054
-	636,549
5,027	74,719
-	48,447
259,081	1,013,769
-	513,561
240,000	240,000
64,901	64,901
304,901	818,462
(45,820)	195,307
782,963	2,616,973
$ 737,143	$ 2,812,280

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE NONMAJOR SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Special Assessments	$ 634,681	$ 634,681	$ 636,549	$ 1,868
Intergovernmental	67,729	67,729	69,692	1,963
Charges for Services	500	500	-	(500)
Miscellaneous	50,000	50,000	43,627	(6,373)
Total Revenues	752,910	752,910	749,868	(3,042)
EXPENDITURES				
CURRENT				
SANITATION				
Solid Waste Management	752,910	752,910	513,561	239,349
NET CHANGE IN FUND BALANCE	$ -	$ -	236,307	$ 236,307
Fund Balance - Beginning of Year			1,618,112	
FUND BALANCE - END OF YEAR			$ 1,854,419	

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
NONMAJOR DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final
	Original	Final	Amounts	Budget
REVENUES				
Taxes	$ 253,024	$ 253,024	$ 254,054	$ 1,030
Intergovernmental	5,251	5,251	5,027	(224)
Total Revenues	258,275	258,275	259,081	806
EXPENDITURES				
DEBT SERVICE				
Principal	240,000	240,000	240,000	-
Interest and Fiscal Charges	18,275	18,275	64,901	(46,626)
Total Expenditures	258,275	258,275	304,901	(46,626)
NET CHANGE IN FUND BALANCE	$ -	$ -	(45,820)	(45,820)
Fund Balance - Beginning of Year			782,963	
FUND BALANCE - END OF YEAR			$ 737,143	

CUSTODIAL FUNDS

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

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

Jail Canteen Custodial Fund – to account for inmate property and the related distribution.

Civil Process Custodial Fund – to account for the collection of civil process fees and the related distribution.

MARTIN COUNTY
FAIRMONT, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020

	Taxes and Penalties	State Revenue	Jail Canteen	Civil Process	Total Custodial Funds
ASSETS					
Cash and Pooled Investments	$ 915,675	$ 55,832	$ 3,029	$ 1,008	$ 975,544
Taxes and Special Assessments Receivable For Other Governments	723,882	-	-	-	723,882
Total Assets	$ 1,639,557	$ 55,832	$ 3,029	$ 1,008	$ 1,699,426
LIABILITIES					
Due to Other Governments	$ 100	$ -	$ -	$ -	$ 100
Total Liabilities	$ 100	$ -	$ -	$ -	$ 100
NET POSITION					
Restricted for:					
Individuals, Organizations, and Other Governments	$ 1,639,457	$ 55,832	$ 3,029	$ 1,008	$ 1,699,326

MARTIN COUNTY
FAIRMONT, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – OTHER CUSTODIAL FUNDS
DECEMBER 31, 2020

	Taxes and Penalties	State Revenue	Jail Canteen	Civil Process	Total Custodial Funds
ADDITIONS					
Contributions					
Individuals	$ -	$ -	$ 72,600	$ -	$ 72,600
Investment Earnings:					
Interest, Dividends and Other	325	-	-	-	325
Property Tax Collections for Other Governments	20,764,549	-	-	-	20,764,549
License and Fees Collected for State	3,157,492	752,869	-	-	3,910,361
Payments from State	50,784	-	-	-	50,784
Payments from other entities	87,148	-	-	18,867	106,015
Total Additions	24,060,298	752,869	72,600	18,867	24,904,634
DEDUCTIONS					
Payments of Property Tax to Other Governments	20,274,660	-	-	-	20,274,660
Payments to State	3,102,535	773,905	-	-	3,876,440
Payments fo Other Individuals/Entities	61,547	-	76,801	18,327	156,675
Total Deductions	23,438,742	773,905	76,801	18,327	24,307,775
Net Increase (Decrease) in Fiduciaty Net Position	621,556	(21,036)	(4,201)	540	596,859
Net Position - Beginning, as previously reported	-	-	-	-	-
Net Position - Beginning, as restated	1,017,901	76,868	7,230	468	1,102,467
Net Position - Ending	$ 1,639,457	$ 55,832	$ 3,029	$ 1,008	$ 1,699,326

OTHER SUPPLEMENTARY INFORMATION

MARTIN COUNTY
FAIRMONT, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BUILDING CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Taxes	$ 1,198,389	$ 1,198,389	$ 1,188,380	$ (10,009)
Intergovernmental	18,611	18,611	87,231	68,620
Miscellaneous	200,679	200,679	200,626	(53)
Total Revenues	1,417,679	1,417,679	1,476,237	58,558
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Building Operations	134,270	134,270	298,790	(164,520)
CAPITAL OUTLAY				
General Government	955,000	955,000	2,086,121	(1,131,121)
DEBT SERVICE				
Bond Issue Costs	-	-	90,449	(90,449)
Total Expenditures	1,089,270	1,089,270	2,475,360	(1,386,090)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 328,409	328,409	(999,123)	$ (1,327,532)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	$ -	$ -	$ 2,970,000	$ 2,970,000
Premium on Bonds Issued	-	-	115,976	115,976
Total Other Financing Sources (Uses)	-	-	3,085,976	3,085,976
NET CHANGE IN FUND BALANCE	$ 328,409	$ 328,409	2,086,853	$ 1,758,444
Fund Balance - Beginning of Year			4,731,492	
FUND BALANCE - END OF YEAR			$ 6,818,345	

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUES
YEAR ENDED DECEMBER 31, 2020

	Total All Funds
APPROPRIATIONS AND SHARED REVENUE	
STATE	
Highway Users Tax	$12,237,855
County Program Aid	862,941
Aquatic Invasive Species Aid	94,033
Riparian Aid	137,552
Market Value Credit	297,010
Disparity Reduction Aid	35,712
PERA Rate Increase Aid	28,946
State Police Aid	129,164
Enhanced 911	95,164
SCORE	69,692
Total Appropriations and Shared Revenue	13,988,069
STATE GRANTS	
MINNESOTA DEPARTMENT OF	
Corrections	91,554
Employment and Economic Development	518,982
Natural Resources	50,011
Veteran's Affairs	10,000
Pollution Control Agency	69,422
Public Safety	91,882
Water and Soil Resources	65,518
Total State Grants	897,369
FEDERAL GRANTS	
FEDERAL DEPARTMENT OF	
Justice	61,547
Homeland Security	68,539
Treasury	2,496,018
Total Federal Grants	2,626,104
Total State and Federal Grants	3,523,473
Total Intergovernmental Revenues	$17,511,542

MARTIN COUNTY
FAIRMONT, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor Pass Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2020-MARTCO	61,547	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster	20.205	4620153	1,596,000	-
U.S. Department of the Treasury				
Passed Through Minnesota Management & Budget				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0016	2,496,018	959,081
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	MARTIN SBG-073120	3,112	-
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		65,427	-
Total Department of Homeland Security			68,539	-
Total Cash Federal Awards			$ 4,222,104	$ 959,081

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

MARTIN COUNTY
FAIRMONT, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Summary of Significant Accounting Policies

1. Reporting Entity

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

2. Basis of Presentation

   The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Martin County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Martin County, it is not intended to and does not present the financial position , changes in net position, or cash flows of Martin County. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types are not allowable or are limited as to reimbursement

De Minimus Cost Rate

Martin County has elected to no use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue Per Schedule of Intergovernmental Revenue	$ 2,626,104
Grants received more than 60 days after year-end, unavailable in 2020:	
Highway Planning and Construction	1,596,000
Expenditures per Schedule of Expenditures of Federal Awards	$ 4,222,104