

**LAC QUI PARLE COUNTY, MINNESOTA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023



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**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Lac qui Parle County, Minnesota
Madison, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

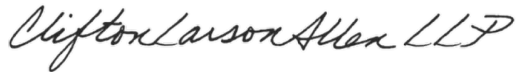
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in the County's total OPEB liability and related ratios, schedule of proportionate share of net pension liability and schedule of pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 GAAS, 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 the County's basic financial statements. The budgetary comparison schedule – debt service fund, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedule – debt service fund, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules and schedule of expenditures of federal awards 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 August 15, 2024, on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)**

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2023. 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 financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is \$93,224,650 of which \$66,851,803 represents net investment in capital assets, and \$10,687,474 is restricted to specific purposes. The \$15,685,373 remaining may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$4,388,134 for the year ended December 31, 2023. The increase is a result of increases in fees, charges, fines and other, taxes and investment earnings.
- The fund balances of the governmental funds decreased by \$8,395,449 with the largest decrease in the Road and Bridge Fund of \$8,152,658. The decrease in the Road and Bridge Fund is due to timing of the state aid received for road projects and when the expenditures take place.
- For the year ended December 31, 2023, the unassigned, assigned, and committed fund balance of the General Fund was \$5,090,458, or 85.3% of the total General Fund expenditures for the year.
- The assigned and committed fund balance of the Road and Bridge Special Revenue Fund was \$4,601,641 or 33.4% of the total Road and Bridge Special Revenue Fund expenditures for the year.
- The assigned and committed fund balance of the Family Services Special Revenue Fund was \$3,200,196, or 95.9% of the total Family Services Special Revenue Fund expenditures for the year.

LAC QUI PARLE COUNTY MADISON, MINNESOTA

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the accrual basis of accounting, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. It is important to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of County roads and other capital assets, to assess the overall health of the County.

The statement of activities presents the County's governmental activities. Most of the basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities. The County has no business-type activities for which the County is legally accountable. The County has one discrete and one blended component unit for which it is legally accountable.

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

Fund Financial Statements

Fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of these funds and the balances left at year-end available for spending. These funds are reported using modified accrual accounting. Such information may be useful in evaluating a government's near-term financial requirements.

LAC QUI PARLE COUNTY MADISON, MINNESOTA

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Family Services Special Revenue Fund, and Ditch Special Revenue Fund. A budgetary comparison schedule has been provided as required supplementary information for each of these funds to demonstrate compliance with this budget. The County adopts a budget for the debt service fund and a budgetary comparison schedule has been provided as supplementary information.

The County presents the Lac qui Parle County Economic Development Authority as a blended component unit.

The basic governmental fund financial statements are Exhibits 3 through 6 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in a separate statement of fiduciary net position and change in fiduciary net position on Exhibit 7 and Exhibit 8.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 85 of this report.

Supplementary Information

This report present certain supplementary information and other schedules including the budgetary comparison schedule – debt service fund, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, Lac qui Parle – Yellow Bank Watershed District statements and schedules and schedule of expenditures of federal awards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$93,224,650 at the close of 2023. The largest portion of Lac qui Parle County's net position (71.7%) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges). However, it should be noted that these assets are not available for future spending. Comparative data with 2022 is presented.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**Governmental Activities
Net Position**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 44,269,917	\$ 46,802,129
Capital Assets	<u>71,089,866</u>	<u>62,142,497</u>
Total Assets	<u>115,359,783</u>	<u>108,944,626</u>
Deferred Outflows of Resources	<u>2,306,410</u>	<u>3,013,355</u>
Liabilities		
Long-term Liabilities	16,299,706	19,425,972
Other Liabilities	<u>5,498,751</u>	<u>3,253,607</u>
Total Liabilities	<u>21,798,457</u>	<u>22,679,579</u>
Deferred Inflows of Resources	<u>2,643,086</u>	<u>441,886</u>
Net Position		
Net Investment in Capital Assets	66,851,803	60,916,027
Restricted	10,687,474	7,052,790
Unrestricted	<u>15,685,373</u>	<u>20,867,699</u>
Total Net Position	<u>\$ 93,224,650</u>	<u>\$ 88,836,516</u>

Unrestricted net position in the amount of \$15,685,373--the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements--was 16.8% of the net position.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

Governmental Activities

The County's governmental activities increased net position by \$4,388,134. Key elements in this increase in net position are as follows for 2023, with comparative data for 2022.

Governmental Activities Changes in Net Position		
	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues		
Fees, Charges, Fines, and Other	\$ 4,285,399	\$ 3,964,703
Operating Grants and Contributions	10,191,508	10,526,032
Capital Grants and Contributions	-	3,791
General Revenues		
Property Taxes	6,790,816	6,472,272
Other	<u>3,797,085</u>	<u>3,393,407</u>
Total Revenues	<u>25,064,808</u>	<u>24,360,205</u>
Expenses		
General Government	2,503,862	2,673,937
Public Safety	2,350,620	1,919,622
Highways and Streets	7,985,251	6,093,820
Sanitation	179,966	399,887
Human Services	3,376,562	3,189,238
Culture and Recreation	164,587	161,985
Conservation of Natural Resources	3,314,273	3,461,919
Economic Development	242,115	735,271
Debt Service	<u>559,438</u>	<u>272,433</u>
Total Expenses	<u>20,676,674</u>	<u>18,908,112</u>
Increase in Net Position	4,388,134	5,452,093
Net Position - January 1	<u>88,836,516</u>	<u>83,384,423</u>
Net Position - December 31	<u><u>\$ 93,224,650</u></u>	<u><u>\$ 88,836,516</u></u>

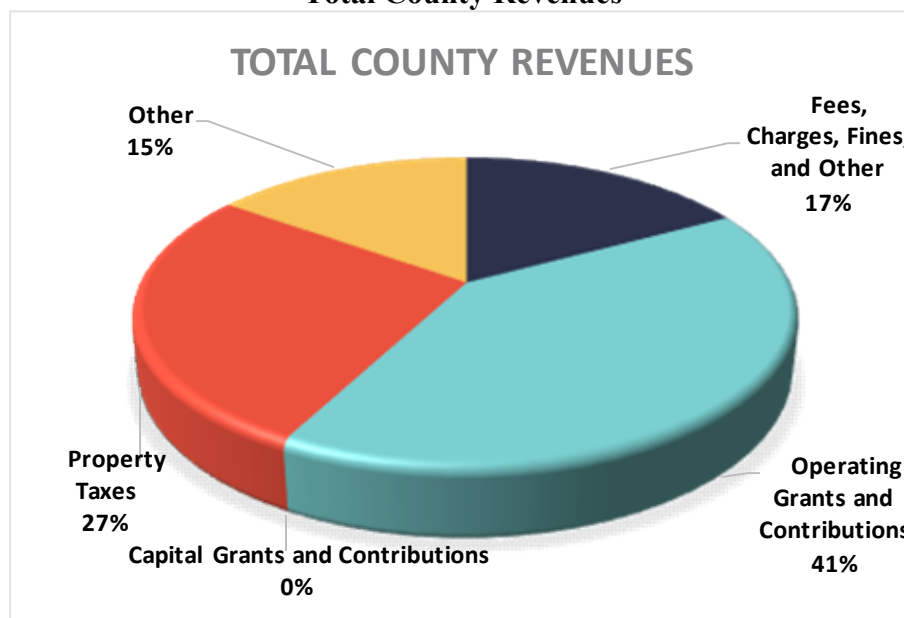
**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

The County-wide cost of all governmental activities this year was \$20,676,674.

- Some of the cost was paid by the users of the County's programs (\$4,285,399).
- The federal and state governments subsidized certain programs with grants and contributions (\$10,191,508).
- The remainder of the County's governmental activities costs of \$6,199,767, however, was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities and the increase in net position was covered by \$7,189,993 in taxes, \$1,032,171 in state aid, and with investment earnings and other general revenues.

The County's total revenues were \$25,064,808. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2023. Fees, charges, fines and other revenues increased \$320,696 over the prior year primarily due to the recognition of special assessments on ditch improvements. Property taxes increased \$318,544 over the prior year due to a 4.5% levy increase. Other revenue increased \$403,678 over the prior year primarily due to an increase in investment income.

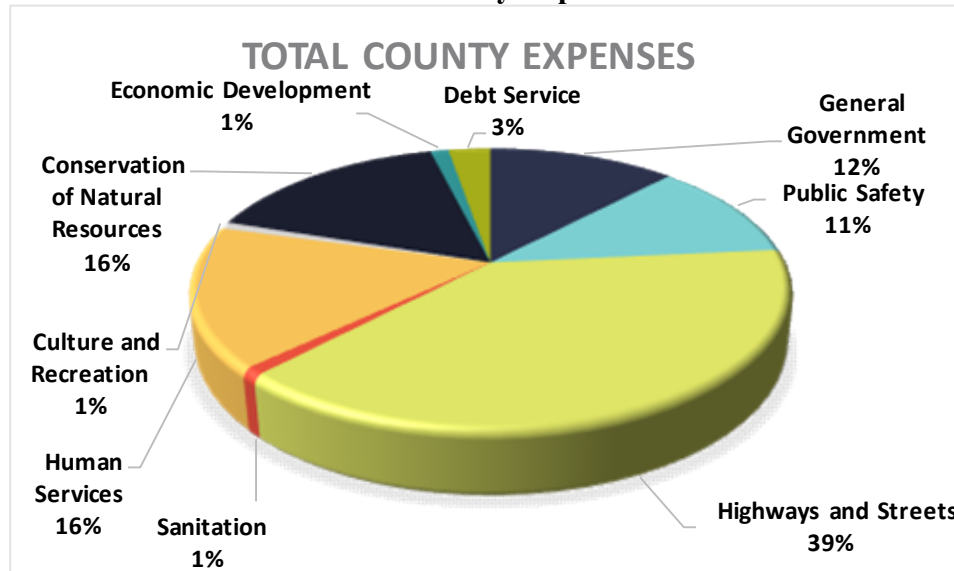
**Table 1
Total County Revenues**



**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

Total expenses were \$20,676,674. Table 2 presents the county costs by function.

**Table 2
Total County Expenses**



Expenses increased \$1,768,562 from the previous year primarily due to increase in Highway projects.

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

**Table 3
Governmental Activities**

	2023	
	Total Cost of Services	Net Cost of Services
General Government	\$ 2,503,862	\$ (1,731,373)
Public Safety	2,350,620	(1,717,913)
Highways and Streets	7,985,251	(911,678)
Human Services	3,376,562	(1,119,475)
All others	4,460,379	(719,328)
Totals	<u>\$ 20,676,674</u>	<u>\$ (6,199,767)</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and the balances left at year-end available for spending. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$29,780,195 a decrease of \$8,395,449 in comparison with the prior year. Of the combined ending fund balances, represents unrestricted (committed, assigned, and unassigned) fund balance, which is available for spending at the County's discretion. The remainder of the fund balance is classified as either nonspendable or restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is not in spendable form.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$5,090,458. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 85.3% of total General Fund expenditures. During 2023, the ending fund balance increased by \$875,568 due primarily to an increase in investment earnings and decrease in landfill expenses.

The Road and Bridge Special Revenue Fund had an unrestricted fund balance of \$4,601,641 at fiscal year-end, representing 33.4% of its annual expenditures. The ending fund balance decreased \$8,152,658 during 2023. The primary reason for the decrease was due to an increase in expenditures.

The Family Services Special Revenue Fund had an unrestricted fund balance of \$3,200,196 at fiscal year-end, representing 95.9% of its annual expenditures. The ending fund balance increased \$345,992 during 2023, primarily due to the timing of the state aid receipts.

The Ditch Special Revenue Fund had an unrestricted fund balance of (\$2,887,069) and restricted fund balance of \$1,849,250 at fiscal year-end. Revenues exceeded expenditures in the ditch fund by \$248,675. Expenditures were greater than budgeted expenditures by \$2,296,691 due to ditch redetermination damages that were not budgeted for.

The Debt Service fund had a total fund balance of \$576,956 at the end of the fiscal year. The fund balance of the Debt Service Fund was established in 2022 to record the bond payments for the Series 2021A G.O. bonds.

The Capital Project fund was established in 2021 to account for proceeds from bonds issued for construction. The ending fund balances in 2023 decreased \$1,824,635 for a total ending fund balance of \$15,116,221.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

General Fund Budgetary Highlights

Actual revenues exceed budgeted revenues by \$1,138,736. This was primarily due to the County's investment earnings, one-time Public Safety grant and LATCF funds received that were not budgeted for.

Actual expenditures were lower than budgeted expenditures by \$12,825 largely due to expenditures in the sheriff department that were not budgeted for.

CAPITAL ASSETS

The County's capital assets at December 31, 2023, totaled \$71,089,866 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, infrastructure and right-to-use assets.

**Table 4
Capital Assets at Year-End**

	<u>2023</u>	<u>2022</u>
Land	\$ 164,903	\$ 164,903
Right-of-Way	470,198	470,198
Construction in Progress	4,932,927	1,260,374
Buildings	2,494,782	2,577,708
Improvements Other than Building	85,381	69,560
Machinery, Furniture and Equipment	2,562,318	2,639,798
Infrastructure	60,264,106	54,866,963
Right-to-Use, Buildings	65,240	69,846
Right-to-Use, Equipment	<u>50,011</u>	<u>23,147</u>
Totals	<u><u>\$ 71,089,866</u></u>	<u><u>\$ 62,142,497</u></u>

Additional information about the County's capital assets can be found in Note 3.A.3 to the financial statements.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

LONG-TERM DEBT

At December 31, 2023, the County had total net outstanding bonds and notes payable of \$11,860,885 and a lease liability of \$120,422. The total outstanding long-term debt is backed by the full faith and credit of the government.

Minnesota statutes limit the amount of debt a county may levy to 3% of its total market value. At the end of 2023, the County's outstanding debt was less than 0.01% of its total estimated market value.

Additional information on the County's long-term debt can be found in Notes 3.C.3 to 3.C.6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's elected and appointed officials considered many factors when setting the 2024 budget, tax rates, and fees that will be charged for the year.

- The unemployment rate for Lac qui Parle County at the end of 2023 was 2.2%. This is comparable with the state unemployment rate of 2.7% and shows a decrease from the County's 3.6% rate of one year ago. The low unemployment rates, combined with a workforce that is aging and shrinking, has increased pressure on the County and other local employers to remain competitive in the job market. These factors did have a tangible effect on the 2023 budget and will continue to impact in future years.
- In 2021 the County made its first interest-only bond payment on the Capital Facilities Plan. It is apparent that several of the County's major building assets are at or nearing replacement age, and the Plan provides a structured approach to address these needs. The Plan has been adopted by the County Board, and the implementation of the Plan calls for construction of a Government Center over the course of the next 1-2 years at a projected cost of \$18 million. \$10 million will be financed through bond issuance, and the remainder will be financed by spending down the County's cash reserves. This financing plan will allow for the necessary investments while keeping fund reserves at acceptable levels and also minimizing the impact on the County's annual property tax levy.
- Agriculture is the singularly dominant local industry, and tillable ag land makes up the biggest portion of the County's tax base. Land values had increased significantly from 2005 - 2014 following a temporary surge in grain commodity prices, but have stabilized or trended slightly downward overall since 2015. For assessment years 2015-2019, land values decreased. The following chart shows ag land value changes for selected years:

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

<u>Year</u>	<u>Change</u>
2020	+0.09%
2021	+0.70%
2022	+9.30%
2023	+19.70%
2024	+12.00%

The lack of diversification in the local economy, along with the historical volatility of commodity prices, adds an additional dimension of economic risk to the County's financial health.

- Investment returns for the County reached nearly 5% in the years leading up to 2007, but the Great Recession in the late 2000's and early 2010's resulted in rates bottoming out to near 0% for nearly a decade. Historically Lac qui Parle County's surplus fund balances have generated investment revenues which offset reliance on other revenue streams, most notably the County's annual property tax levy. After a period of recovery in 2018 and 2019, interest rates went to near 0% again during the Covid-19 pandemic. 2022 and 2023 rates have been rising sharply and 2024 rates remain stable. As investment rates remain stable, the County will be able to use these investment returns as a valuable funding tool.
- The 2024 property tax levy slightly decreased from 2023 to 3.98%, which is higher than the average increase of 3.54% for the preceding 5 years. Over the long term, the County expects to follow a trend of stable and manageable levy increases that the tax base can reasonably absorb, and the levies will continue to be based on structurally sound and balanced budgets. Barring additional unfunded mandates, cost shifts, and aid reductions from the state, the County's budget and financial health appear to be stabilized. However, this optimism should be tempered by the risk factors outside of County management control, most notably state intergovernmental revenues and other political actions.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (CONTINUED)

County Tax Rate and Levy History			
Year	Tax Rate	Tax Levy	Levy Increase
2024	26.9%	\$7,037,428	3.98%
2023	31.2%	\$6,768,059	4.50%
2022	33.5%	\$6,476,612	5.21%
2021	32.1%	\$6,155,803	1.75%
2020	32.3%	\$6,049,929	2.25%
2019	31.1%	\$5,916,814	2.93%
2018	32.3%	\$5,748,230	1.83%
2017	30.4%	\$5,645,179	6.77%
2016	27.8%	\$5,442,677	2.94%
2015	24.2%	\$5,287,221	3.99%
2014	27.1%	\$5,084,355	4.14%
2013	37.1%	\$4,882,431	8.76%
2012	38.7%	\$4,489,222	9.80%
2011	33.8%	\$4,088,544	12.80%
2010	31.3%	\$3,624,596	0.0%

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Lac qui Parle County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Mr. Jake Sieg, the County's Administrator, Lac qui Parle County Courthouse, 600 - 6th Street, Suite 6, Madison, Minnesota 56256.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Primary Government	Discretely Presented Component Unit
	Governmental Activities	Lac qui Parle-Yellow Bank Watershed District
ASSETS		
Cash and Investments	\$ 33,656,480	\$ 1,615,219
Accounts Receivable, Net	10,131,833	749,328
Due from Primary Government	-	1,428,399
Note Receivable	99,791	-
Lease Receivable	80,496	156,596
Prepaid Items	301,317	-
Capital Assets:		
Non-Depreciable	5,568,028	628,458
Depreciable - Net of Accumulated Depreciation	65,406,587	4,224,809
Right-to-Use - Net of Accumulated Amortization	115,251	-
Total Assets	115,359,783	8,802,809
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	2,275,809	116,710
OPEB Related	30,601	-
Total Deferred Outflows of Resources	2,306,410	116,710
LIABILITIES		
Accounts Payable and Other Current Liabilities	3,819,079	271,742
Due to Component Unit	1,428,399	-
Unearned Revenue	141,083	204,283
Interest Payable	110,190	-
Long Term Liabilities:		
Due Within One Year	610,252	162,048
Due in More Than One Year	11,819,096	1,010,761
Net Pension Liability	3,520,053	240,451
Current Other Postemployment Benefits Liability	22,112	-
Other Postemployment Benefits Liability	328,193	-
Total Liabilities	21,798,457	1,889,285
DEFERRED INFLOWS OF RESOURCES		
Pension Related	2,377,456	76,554
OPEB Related	152,857	-
Taxes Collected for Subsequent Levy	20,550	-
Lease Related	92,223	167,495
Total Deferred Inflows of Resources	2,643,086	244,049
NET POSITION		
Net Investment in Capital Assets	66,851,803	4,853,267
Restricted For:		
General Government	389,808	-
Public Safety	981,200	-
Highways and Streets	5,907,498	-
Conservation of Natural Resources	2,695,661	1,225,706
Debt Service	492,198	-
Economic Development	200,178	-
Opioid Epidemic Response	3,710	-
Other Purposes	17,221	-
Unrestricted	15,685,373	707,212
Total Net Position	\$ 93,224,650	\$ 6,786,185

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,503,862	\$ 320,303	\$ 452,186	\$ -
Public Safety	2,350,620	365,467	267,240	-
Highways and Streets	7,985,251	57,505	7,016,068	-
Sanitation	179,966	140,618	105,520	-
Human Services	3,376,562	174,613	2,082,474	-
Culture and Recreation	164,587	1,850	61,049	-
Conservation of Natural Resources	3,314,273	3,225,043	206,971	-
Economic Development	242,115	-	-	-
Debt Service	559,438	-	-	-
Total Governmental Activities	<u>\$ 20,676,674</u>	<u>\$ 4,285,399</u>	<u>\$ 10,191,508</u>	<u>\$ -</u>
COMPONENT UNIT				
Lac qui Parle-Yellow Bank Watershed District	<u>\$ 1,609,438</u>	<u>\$ 578,409</u>	<u>\$ 701,967</u>	<u>\$ -</u>
GENERAL REVENUES				
Property Taxes				
Mortgage Registry and Deed Tax				
Wheelage Tax				
Payments in Lieu of Tax				
Grants and Contributions not Restricted for a Particular Purpose				
Investment Earnings				
Miscellaneous				
Total General Revenues				
CHANGE IN NET POSITION				
Net Position - Beginning of Year				
NET POSITION - END OF YEAR				

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

***EXHIBIT 2
(Continued)***

Net (Expense) Revenue and Changes in Net
Position

Primary Government	Discretely Presented Component Unit
Governmental Activities	Lac qui Parle- Yellow Bank Watershed District
\$ (1,731,373)	
(1,717,913)	
(911,678)	
66,172	
(1,119,475)	
(101,688)	
117,741	
(242,115)	
<u>(559,438)</u>	
(6,199,767)	
	\$ (329,062)
6,790,816	280,455
7,392	-
87,866	-
303,919	2,752
1,032,171	11,745
1,891,764	5,581
<u>473,973</u>	<u>71,713</u>
<u>10,587,901</u>	<u>372,246</u>
4,388,134	43,184
<u>88,836,516</u>	<u>6,743,001</u>
<u>\$ 93,224,650</u>	<u>\$ 6,786,185</u>

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

FUND FINANCIAL STATEMENTS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Road and Bridge	Family Services	Ditch	EDA	Debt Service	Capital Projects	Total Governmental Funds
ASSETS								
Cash and Investments	\$ 5,775,032	\$ 5,512,783	\$ 3,147,832	\$ 1,842,203	\$ 208,968	\$ 569,037	\$ 16,598,775	\$ 33,654,630
Petty Cash and Change Funds	1,650	-	200	-	-	-	-	1,850
Taxes Receivable - Delinquent	25,757	11,553	8,664	-	10,173	3,681	-	59,828
Special Assessments Receivable								
Delinquent	8,433	-	-	3,920	-	-	-	12,353
Noncurrent	-	-	-	3,152,351	-	-	-	3,152,351
Accounts Receivable	1,868	175,821	38,287	-	-	-	-	215,976
Notes Receivable	-	-	10,969	-	88,822	-	-	99,791
Lease Receivable	80,496	-	-	-	-	-	-	80,496
Interest Receivable	201,359	94,031	64	30,248	2,555	9,419	122,485	460,161
Due from Other Governments	89,835	5,714,396	372,940	53,993	-	-	-	6,231,164
Due From Other Funds	981,000	-	-	-	-	-	-	981,000
Prepaid Items	32,868	266,045	2,404	-	-	-	-	301,317
Total Assets	<u>\$ 7,198,298</u>	<u>\$ 11,774,629</u>	<u>\$ 3,581,360</u>	<u>\$ 5,082,715</u>	<u>\$ 310,518</u>	<u>\$ 582,137</u>	<u>\$ 16,721,260</u>	<u>\$ 45,250,917</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 121,135	\$ 597,369	\$ 99,850	\$ 202,850	\$ -	\$ 1,500	\$ 299,047	\$ 1,321,751
Salaries Payable	86,333	42,421	52,903	-	-	-	-	181,657
Contracts Payable	-	423,240	-	-	-	-	1,303,803	1,727,043
Due to Other Funds	-	-	-	981,000	-	-	-	981,000
Due to Other Governments	90,839	15,920	31,083	350,187	100,000	-	599	588,628
Due to Component Unit	52,166	-	-	1,376,233	-	-	-	1,428,399
Unearned Revenue	141,083	-	-	-	-	-	-	141,083
Total Liabilities	491,556	1,078,950	183,836	2,910,270	100,000	1,500	1,603,449	6,369,561
DEFERRED INFLOWS OF RESOURCES								
Taxes Collected for Subsequent Levy	10,878	4,396	3,291	-	395	-	1,590	20,550
Unavailable Revenue	70,411	5,444,508	170,702	3,210,264	88,822	3,681	-	8,988,388
Lease Related	92,223	-	-	-	-	-	-	92,223
Total Deferred Inflows of Resources	173,512	5,448,904	173,993	3,210,264	89,217	3,681	1,590	9,101,161

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Road and Bridge	Family Services	Ditch	EDA	Debt Service	Capital Projects	Total Governmental Funds
FUND BALANCES								
Nonspendable								
Prepaid Items	\$ 32,868	\$ 266,045	\$ 2,404	\$ -	\$ -	\$ -	\$ -	\$ 301,317
Restricted								
Highway Allotments	-	379,089	-	-	-	-	-	379,089
Recorder's Compliance Fund	30,478	-	-	-	-	-	-	30,478
Recorder's Technology Fund	35,895	-	-	-	-	-	-	35,895
E-911	820,629	-	-	-	-	-	-	820,629
Forfeitures	4,892	-	-	-	-	-	-	4,892
Income Maintenance -EFSP	-	-	53	-	-	-	-	53
Income Maintenance -PrimeWest	-	-	5,168	-	-	-	-	5,168
Social Services -PrimeWest	-	-	12,000	-	-	-	-	12,000
EDA Loans	38,896	-	-	-	-	-	-	38,896
County Park Betty Johnson Estate	234,778	-	-	-	-	-	-	234,778
Building Bond Proceeds	-	-	-	-	-	-	7,191,484	7,191,484
Public Safety Funding	160,571	-	-	-	-	-	-	160,571
EDA Revolving Loans	-	-	-	-	61,491	-	-	61,491
Affordable Housing	83,765	-	-	-	-	-	-	83,765
Ditch Maintenance and Construction	-	-	-	1,849,250	-	-	-	1,849,250
Debt Service	-	-	-	-	-	576,956	-	576,956
Opioid Epidemic Response	-	-	3,710	-	-	-	-	3,710
Committed								
Solid Waste Assessments	28,109	-	-	-	-	-	-	28,109
County Park Bridge	66,818	-	-	-	-	-	-	66,818
Pictometry Flyover	43,500	-	-	-	-	-	-	43,500
Capital Equipment	-	871,593	-	-	-	-	-	871,593
Future Road Construction	-	1,434,417	-	-	-	-	-	1,434,417
Capital Facilities Project	-	-	-	-	-	-	7,924,737	7,924,737
Assigned								
Out of Home Placements	-	-	219,545	-	-	-	-	219,545
Rule 20	-	-	160,000	-	-	-	-	160,000
City Contract Vehicle Purchases	93,820	-	-	-	-	-	-	93,820
Sheriff's Forfeiture	38,919	-	-	-	-	-	-	38,919
Sheriff's Contingency	3,515	-	-	-	-	-	-	3,515
County Park Board	41,148	-	-	-	-	-	-	41,148
Buffer Law	274,620	-	-	-	-	-	-	274,620
IT Capital Purchases	33,619	-	-	-	-	-	-	33,619
Sheriff Fundraising	3,822	-	-	-	-	-	-	3,822
Road and Bridge	-	2,295,631	-	-	-	-	-	2,295,631
Human Services	-	-	2,820,651	-	-	-	-	2,820,651
Economic Development	-	-	-	-	59,810	-	-	59,810
Unassigned	4,462,568	-	-	(2,887,069)	-	-	-	1,575,499
Total Fund Balances (Deficit)	6,533,230	5,246,775	3,223,531	(1,037,819)	121,301	576,956	15,116,221	29,780,195
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 7,198,298	\$ 11,774,629	\$ 3,581,360	\$ 5,082,715	\$ 310,518	\$ 582,137	\$ 16,721,260	\$ 45,250,917

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL
ACTIVITIES
DECEMBER 31, 2023**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$ 29,780,195
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	71,089,866
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Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	8,988,388
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	2,275,809
Deferred Inflows of Resources Related to Pensions	(2,377,456)

Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to OPEB	30,601
Deferred Inflows of Resources Related to OPEB	(152,857)

Long-term liabilities, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds and Notes	\$ (11,494,328)	
Bond Premiums	(366,557)	
Lease Liability	(120,422)	
Accrued Interest	(110,190)	
Compensated Absences	(448,041)	
Net Pension Liability	(3,520,053)	
Total Other Postemployment Benefits	(350,305)	(16,409,896)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 93,224,650

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Road and Bridge	Family Services	Ditch	EDA	Debt Service	Capital Projects	Total Governmental Funds
REVENUES								
Taxes	\$ 3,462,904	\$ 1,400,904	\$ 1,148,177	\$ -	\$ 211,202	\$ 553,209	\$ -	\$ 6,776,396
Other Taxes	3,149	87,866	-	-	-	-	-	91,015
Special Assessments	130,394	-	-	3,099,378	-	-	-	3,229,772
Licenses and Permits	22,295	-	-	-	-	-	-	22,295
Intergovernmental	1,988,487	3,662,234	1,906,592	-	11,186	69,439	-	7,637,938
Charges for Services	568,904	56,725	421,482	-	-	-	-	1,047,111
Fines and Forfeits	9,393	-	-	-	-	-	-	9,393
Gifts and Contributions	10,771	-	-	-	-	-	-	10,771
Investment Earnings	696,965	214,310	233	94,180	13,954	32,888	839,234	1,891,764
Miscellaneous	215,307	162,893	220,199	-	13,172	-	1,680	613,251
Total Revenues	7,108,569	5,584,932	3,696,683	3,193,558	249,514	655,536	840,914	21,329,706
EXPENDITURES								
CURRENT								
General Government	2,617,423	-	-	-	-	1,995	1,820	2,621,238
Public Safety	1,938,888	-	-	-	-	-	-	1,938,888
Highways and Streets	-	13,169,897	-	-	-	-	-	13,169,897
Sanitation	204,065	-	-	-	-	-	-	204,065
Human Services	-	-	3,278,752	-	-	-	-	3,278,752
Health	10,719	-	-	-	-	-	-	10,719
Culture and Recreation	163,411	-	-	-	-	-	-	163,411
Conservation of Natural Resources	628,208	-	-	2,151,908	-	-	-	2,780,116
Economic Development	7,000	-	-	-	235,115	-	-	242,115
INTERGOVERNMENTAL	380,651	614,459	50,600	579,911	-	-	-	1,625,621
CAPITAL OUTLAY	-	-	-	-	-	-	2,803,730	2,803,730
DEBT SERVICE								
Principal	15,027	3,339	8,537	152,000	-	330,000	-	508,903
Interest and Fiscal Charges	1,616	226	317	56,037	-	217,538	263,978	539,712
Total Expenditures	5,967,008	13,787,921	3,338,206	2,939,856	235,115	549,533	3,069,528	29,887,167
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,141,561	(8,202,989)	358,477	253,702	14,399	106,003	(2,228,614)	(8,557,461)
OTHER FINANCING SOURCES (USES)								
Transfers In	36,367	-	-	-	-	-	403,979	440,346
Transfers Out	(403,979)	-	(22,547)	(10,000)	-	(3,820)	-	(440,346)
Proceeds from Sale of Capital Assets	66,550	43,835	-	-	-	-	-	110,385
Issuance of Lease Liability	35,069	6,496	10,062	-	-	-	-	51,627
Total Other Financing Sources (Uses)	(265,993)	50,331	(12,485)	(10,000)	-	(3,820)	403,979	162,012
NET CHANGE IN FUND BALANCES	875,568	(8,152,658)	345,992	243,702	14,399	102,183	(1,824,635)	(8,395,449)
Fund Balances (Deficit) - Beginning of Year	5,657,662	13,399,433	2,877,539	(1,281,521)	106,902	474,773	16,940,856	38,175,644
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 6,533,230</u>	<u>\$ 5,246,775</u>	<u>\$ 3,223,531</u>	<u>\$ (1,037,819)</u>	<u>\$ 121,301</u>	<u>\$ 576,956</u>	<u>\$ 15,116,221</u>	<u>\$ 29,780,195</u>

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-
WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (8,395,449)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Asset Adjustments	\$ 11,613,632	
Net Book Value of Capital Asset Disposals	(234,060)	
Current Year Depreciation and Amortization	<u>(2,432,203)</u>	8,947,369

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	3,691,273
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Governmental funds report expenditures as pension contributions are made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.	(353,183)
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Other postemployment benefit expenditures on the governmental funds are measured by current year employer contributions. Other postemployment benefit expenses in the Statement of Activities are measured by the change in other postemployment benefit obligation and the related outflows of resources.	(1,127)
--	---------

The issuance of long-term debt (e.g., bonds payable, lease liability) provides current financial resources to governmental funds.

Issuance of Lease Liability	(51,627)
-----------------------------	----------

Repayment of liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Repayment of General Obligation Bonds and Notes	482,000	
Amortization of Bond Premium	39,608	
Repayment of Lease Liability	<u>26,903</u>	548,511

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	5,484	
Change in Compensated Absences	<u>(3,117)</u>	<u>2,367</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,388,134</u></u>
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The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 7

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2023**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 4,826	\$ 476,535
Taxes Receivable - Delinquent	-	27,818
Due From Other Governments	-	17,174
Accrued Interest Receivable	-	1,790
Total Assets	<u>\$ 4,826</u>	<u>\$ 523,317</u>
LIABILITIES		
Due to Others	\$ -	\$ 331
Due to Other Governments	-	367,131
Total Liabilities	<u>\$ -</u>	<u>\$ 367,462</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes Collected for Subsequent Levy	<u>\$ -</u>	<u>\$ 20,550</u>
NET POSITION		
Restricted For:		
Individuals, Organizations and Other Governments	<u>\$ 4,826</u>	<u>\$ 135,305</u>

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT 8

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
ADDITIONS		
Contributions:		
Individuals	\$ 32,032	\$ 533,685
Property Tax Collections for Other Governments	-	8,186,324
License and Fees Collected for State	-	1,436,299
Grants for Other Entities	-	51,499
Miscellaneous	-	5,128
Total Additions	<u>32,032</u>	<u>10,212,935</u>
DEDUCTIONS		
Beneficiary Payments to Individuals	34,108	-
Payments of Property Taxes to Other Governments	-	8,203,981
Payments to State	-	1,969,984
Payments to Other Entities	-	85,458
Total Deductions	<u>34,108</u>	<u>10,259,423</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(2,076)	(46,488)
Fiduciary Net Position, Beginning of Year	<u>6,902</u>	<u>181,793</u>
FIDUCIARY NET POSITION - END OF YEAR	<u><u>\$ 4,826</u></u>	<u><u>\$ 135,305</u></u>

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as of and for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in U.S. GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Lac qui Parle County was established in 1871 and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Lac qui Parle County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

The County has considered all potential units for which it is financially accountable and other organizations for which the nature and significant of the relationship with the County are such that the exclusion would cause the County's financial statements to be misleading or incomplete. The Lac qui Parle County Economic Development Authority (the EDA) is considered to be part of the primary government and is presented as a blended component unit. The County Board of Commissioners are members of the EDA board. Separate financial statements are not issued for the EDA.

Discretely Presented Component Unit

While part of the reporting entity, the discretely presently component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The following component unit of Lac qui Parle County is discretely presented:

<u>Component Unit</u>	<u>Component Unit of Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Lac qui Parle-Yellow Bank Watershed District	County appoints a majority of the Board, and it is a financial burden to the County.	Separate financial statements are not prepared.

Significant accounting policies of the discretely presented component unit does not differ significantly from those of the County.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Ventures

The County participates in several joint ventures which are described in Note 5.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately.

In the government-wide statement of net position, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Family Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as committed property tax revenues used for economic assistance and community social services programs.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.
- The EDA Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as property tax revenues used for economic development programs.
- The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.
- The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the County reports the following fiduciary fund type:

- Social Welfare Private Purpose Trust Fund – The Private Purpose Trust Fund is used to report all fiduciary activities that are held in a trust for social welfare accounts.
- Custodial Funds – are custodial in nature. The funds are used for a variety of purposes: to account for the collection and disbursement of taxes on behalf of other local governments within the County, as an agent for the local collaborative, estate recoveries and other state revenues.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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 accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Property taxes are recognized as revenues in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under leasing arrangements are reported as other financing sources.

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

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled investment earnings for 2023 were \$1,891,764.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments (Continued)

Lac qui Parle County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which was created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The County's investment in the pool is measured at the amortized cost per share provided by the pool. More information including the most recent audited financial statement is available on their website www.magicfund.org.

2. Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

Special assessments receivable consist of delinquent special assessments payable in the years 2014 through 2023 and deferred special assessments payable in 2022 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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

The County had no accounts receivable scheduled to be collected beyond one year.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

3. Prepaid Items

Prepaid items consist of prepaid supplies held for consumption. Certain payments to vendors reflect costs applicable to future account periods and are recorded as prepaid items in both government-wide and fund level financial statements. The cost of prepaid items is recorded as expenditures during the periods benefited.

4. Capital Assets

Capital assets, which include property, plant, equipment, right-to-use and infrastructure assets (such as roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. The County and the Lac qui Parle-Yellow Bank Watershed District define capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

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

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

Property, plant, and equipment are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 40
Land Improvements	20 - 35
Public Domain Infrastructure	15 - 70
Furniture, Equipment, and Vehicles	3 - 15

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

4. Capital Assets (Continued)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

5. Leases

The County determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position when the County is the lessor.

Lessor - Lease receivables represent the County's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required, and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to eliminate the price of such components, the County treats the components as a single lease unit.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

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. A liability for compensated absences is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide statements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences.

The current portion consists of an amount based on a trend analysis of current usage of vacation. The noncurrent portion consists of the remaining amount of vacation, total vested sick leave, and comp time. Compensated absences are liquidated by the General Fund, Road and Bridge Special Revenue Fund, the Family Services Special Revenue Fund, and the Ditch Special Revenue Fund. For the Lac qui Parle-Yellow Bank Watershed District, compensated absences are liquidated by the General Fund.

7. Long-Term Obligations

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

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

8. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The County's net pension liability is liquidated through the General Fund and other governmental funds that have personal services. The Lac qui Parle-Yellow Bank Watershed District's net pension liability is liquidated by its General Fund.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The County has two items, deferred pension and deferred other postemployment benefits outflows that qualifies for this category. These outflows arise only under the accrual basis of accounting and consist of contributions paid subsequent to the measurement date, differences between expected and actual plan experience, changes in actuarial assumptions, pension plan changes in proportionate share, and differences between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent, deferred special assessments receivable, lease related, and grant monies receivable for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

9. Deferred Outflows/Inflows of Resources (Continued)

The County reports a deferred inflow for taxes collected for the subsequent tax year levy in the fund level statements, the government wide statements and in the fiduciary fund statements. The County also has deferred pension and OPEB inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual economic experience, changes in assumptions, differences between projected and actual earnings on pension plan investments, and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

10. Unearned Revenue

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

11. Classification of Net Position

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

- Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets. At December 31, 2023, the Lac qui Parle-Yellow Bank Watershed District reported no debt other than accounts payable related to acquisition, construction, or improvement of capital 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

12. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District are bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- Nonspendable - amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board for the County or Board of Managers for the Lac qui Parle-Yellow Bank Watershed District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned - amounts the County or the Lac qui Parle-Yellow Bank Watershed District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Administrator, who has been delegated that authority by Board resolution. The Lac qui Parle-Yellow Bank Watershed District Administrator has been delegated this authority for the District.
- Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

12. Classification of Fund Balances (Continued)

Lac qui Parle County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

13. Minimum Fund Balance

Lac qui Parle County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. At December 31, 2023, unrestricted fund balance for the General Fund exceeded the minimum fund balance level.

14. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the report amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

15. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SIBTA; and requires note disclosures regarding SBITA.

The County adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not have any impact to the financial statements.

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following fund had expenditures in excess of budget:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Major Governmental Funds:			
Road and Bridge Fund	\$ 13,787,921	\$ 13,783,572	\$ 4,349
Family Services Fund	3,338,206	3,227,415	110,791
Ditch Fund	2,939,856	643,165	2,296,691

B. Deficit Fund Balance

The Ditch Fund reported a deficit fund balance of \$1,032,846 as of December 31, 2023. Deficit fund balances are due to expenditures exceeding revenues in the current year and will be recovered through future special assessments.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

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

Government-wide Statement of Net Position	
Governmental Activities	
Cash and Investments	\$ 33,656,480
Statement of Fiduciary Net Position	
Cash and Cash Equivalents	<u>481,361</u>
Total Cash and Investments	<u><u>\$ 34,137,841</u></u>
Petty Cash and Change Funds	\$ 1,850
Checking	3,214,350
Money Market Savings	605,844
Invested in MAGIC	<u>30,315,797</u>
Total Deposits and Investments	<u><u>\$ 34,137,841</u></u>

a. Deposits

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As December 31, 2023, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

The County's exposure to credit risk as of December 31, 2023 is as follows:

	<u>S&P/Moody Rating</u>	<u>Value</u>
Investment Pool/MAGIC Fund		
Portfolio	Not Rated	\$ 13,315,797
Term	Not Rated	17,000,000
		<u>\$ 30,315,797</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County has adopted a policy to minimize investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage are available, and that they qualify under Minn. Stat. § 118A.06 to hold investments.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize concentration of credit risk by diversifying the investment portfolio.

Fair Value Measurements

The MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its new asset value not reasonably practical.

The MAGIC term investment pool is valued at net asset value (NAV) as it does not meet the liquidity criteria to be valued at amortized cost. The County would face penalties if early redemptions were made from the term investment pool. There are no unfunded commitments relating to this investment. The County reports its investment in the term investment pool at the NAV per share, the fair value established by the pool.

The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

2. Receivables

Accounts receivables as of December 31, 2023, for the County's governmental activities follow:

	<u>Total Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities		
Taxes Receivable - Delinquent	\$ 59,828	\$ -
Special Assessments	3,164,704	2,488,139
Accounts Receivable	215,976	-
Interest Receivable	460,161	-
Due from Other Governments	<u>6,231,164</u>	<u>-</u>
Total Governmental Activities	<u><u>\$ 10,131,833</u></u>	<u><u>\$ 2,488,139</u></u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated				
Land	\$ 164,903	\$ -	\$ -	\$ 164,903
Right-of-Way	470,198	-	-	470,198
Construction-in-Process	1,260,374	11,036,047	7,363,494	4,932,927
Total Capital Assets, Not Being Depreciated	1,895,475	11,036,047	7,363,494	5,568,028
Capital Assets, Being Depreciated				
Buildings	3,932,435	-	-	3,932,435
Improvements Other than Buildings	100,993	18,853	-	119,846
Machinery, Furniture, and Equipment	8,188,192	654,460	564,491	8,278,161
Infrastructure	83,733,557	7,216,139	-	90,949,696
	95,955,177	7,889,452	564,491	103,280,138
Less Accumulated Depreciation for				
Buildings	1,354,727	82,926	-	1,437,653
Improvements Other than Buildings	31,433	3,032	-	34,465
Machinery, Furniture, and Equipment	5,548,394	497,880	330,431	5,715,843
Infrastructure	28,866,594	1,818,996	-	30,685,590
Total Accumulated Depreciation	35,801,148	2,402,834	330,431	37,873,551
Total Capital Assets, Being Depreciated, Net	60,154,029	5,486,618	234,060	65,406,587
Right-to-Use Assets, Being Amortized				
Buildings	\$ 84,544	\$ 10,062	\$ 6,768	\$ 87,838
Equipment	32,019	41,565	-	73,584
Total Right-to-Use Assets, Being Amortized	116,563	51,627	6,768	161,422
Less Accumulated Amortization for				
Buildings	14,698	14,668	6,768	22,598
Equipment	8,872	14,701	-	23,573
Total Accumulated Amortization	23,570	29,369	6,768	46,171
Total Right-to-Use Assets, Being Amortized, Net	92,993	22,258	-	115,251
Governmental Activities Capital Assets, Net	\$ 62,142,497	\$ 16,544,923	\$ 7,597,554	\$ 71,089,866

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 109,607
Public Safety	142,599
Highways and Streets	2,140,573
Sanitation	11,157
Human Services	26,031
Conservation of Natural Resources	1,060
Culture and Recreation	1,176
Total Depreciation and Amortization Expense	<u>\$ 2,432,203</u>

4. Lease Receivable

The County, acting as lessor, leases farm land under a long-term, non-cancelable lease agreement. The lease expires on December 31, 2024. During the year ended December 31, 2023, the County recognized \$79,048 and \$2,194 in lease revenue and interest revenue, respectively, pursuant to this contract.

B. Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Due to General Fund from Ditch Special Revenue Fund	<u>\$ 981,000</u>	Provide cash flow for various drainage systems.
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The balance is expected to be liquidated within one year.

Interfund Transfers

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Ditch Fund	\$ 10,000	Ditch administrative and accounting services provided
General Fund	Family Services Fund	22,547	Transfer of interest earnings
General Fund	Debt Service Fund	3,820	Transfer of interest earnings
Capital Projects	General Fund	403,979	Help fund capital projects

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2023, were as follows:

	Governmental Activities
Accounts Payable	\$ 1,321,751
Salaries Payable	181,657
Contracts Payable	1,727,043
Due to Other Governments	588,628
Total Payables	<u>\$ 3,819,079</u>

2. Unearned Revenues/Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of special assessments, taxes, taxes levied for the subsequent period collected prior to year-end, and state grants not collected soon enough after year-end to pay liabilities of the current period, and state grants received but not yet earned. The fiduciary funds reported a deferred inflow of resources of \$20,550 for taxes collected as prepayments for taxes levied for the subsequent year. Unearned revenues and deferred inflows of resources at December 31, 2023, are summarized below by fund:

	Special Assessments	Taxes	Taxes Collected for Subsequent Levy	Grants and Reimbursements	Loans and Interest	Lease Related	Total
Major Governmental Funds							
General	\$ 8,433	\$ 25,757	\$ 10,878	\$ 177,304	\$ -	\$ 92,223	\$ 314,595
Road and Bridge	-	11,553	4,396	5,432,955	-	-	5,448,904
Family Services	-	8,664	3,291	151,069	10,969	-	173,993
Ditch	3,156,271	-	-	53,993	-	-	3,210,264
Debt Service	-	3,681	-	-	-	-	3,681
EDA	-	-	395	-	88,822	-	89,217
Capital Projects	-	-	1,590	-	-	-	1,590
Total	<u>\$ 3,164,704</u>	<u>\$ 49,655</u>	<u>\$ 20,550</u>	<u>\$ 5,815,321</u>	<u>\$ 99,791</u>	<u>\$ 92,223</u>	<u>\$ 9,242,244</u>
Liability							
Unearned Revenue	\$ -	\$ -	\$ -	\$ 141,083	\$ -	\$ -	\$ 141,083
Deferred Inflows of Resources							
Unavailable Revenue	3,164,704	49,655	-	5,674,238	99,791	-	8,988,388
Taxes Collected for Subsequent Levy	-	-	20,550	-	-	-	20,550
Lease Related	-	-	-	-	-	92,223	92,223
Total	<u>\$ 3,164,704</u>	<u>\$ 49,655</u>	<u>\$ 20,550</u>	<u>\$ 5,815,321</u>	<u>\$ 99,791</u>	<u>\$ 92,223</u>	<u>\$ 9,242,244</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Bonds and Notes Payable

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General Obligation Drainage Bonds, Series 2015A	2031	\$3,000 - \$10,000	3.5	\$308,000	<u>\$52,328</u>
General Obligation Drainage Notes, Series 2016A	2032	\$26,000 - \$35,000	2.75	\$465,000	<u>\$286,000</u>
General Obligation Drainage Notes, Series 2018A	2034	\$14,000 - \$29,000	3.95	\$328,000	<u>\$260,000</u>
General Obligation Drainage Notes, Series 2020A	2037	\$59,000 - \$77,000	1.9	\$1,061,000	<u>\$957,000</u>
General Obligation Capital Improvement Plan Bonds, Series 2021A	2042	\$330,000 - \$585,000	3	\$9,540,000	<u>\$9,210,000</u>
General Obligation Drainage Notes, Series 2022A	2037	\$43,000- \$60,000	2.2	\$772,000	<u>\$729,000</u>

4. Lease Liability

On May 1, 2019, the County entered into a long-term, noncancelable lease agreement with the Lac qui Parle Agricultural Society for space in a storage shed. The lease will expire on December 31, 2030.

The County has several long-term, noncancelable lease agreements with the Xerox for copiers with commencement dates ranging from June 1, 2020 to February 2, 2023. The leases will expire on dates ranging from June 1, 2025 to February 2, 2027.

The County has two long-term, noncancelable lease agreements with the Pitney Bowes for postage machines with commencement dates of January 1, 2020 and June 28, 2021. The leases will expire on March 1, 2025 and September 30, 2026.

On May 1, 2023, the County entered into a long-term, noncancelable lease agreement with Madison Healthcare Services for office space. The lease will expire on May 1, 2025.

On May 25, 2023, the County entered into a long-term, noncancelable lease agreement with Axon for tasers. The lease will expire on June 1, 2028.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Debt Service Requirements

Payments on the Series 2015A through Series 2020A general obligation bonds and notes are made by the Ditch Special Revenue Fund. Payments on the Series 2021A G.O. bonds will be made from the Debt Service Fund starting in 2023 when the first payment becomes due. Payments on the lease liability are made by the General Fund, Road and Bridge Fund and the Family Services Fund. Debt service requirements at December 31, 2023, were as follows:

Year Ending December 31,	General Obligation Bonds		General Obligation Notes		Lease Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 389,000	\$ 208,574	\$ 152,000	\$ 50,532	\$ 29,567	\$ 2,293
2025	400,000	196,716	157,000	46,818	24,699	1,608
2026	411,000	184,524	161,000	42,986	20,080	1,079
2027	427,000	171,921	165,000	39,046	15,789	612
2028	437,000	158,926	169,000	34,999	12,260	258
2029-2033	2,358,328	624,084	868,000	111,241	18,027	128
2034-2038	2,575,000	375,188	560,000	23,194	-	-
2039-2042	2,265,000	101,481	-	-	-	-
Total	<u>\$ 9,262,328</u>	<u>\$ 2,021,414</u>	<u>\$ 2,232,000</u>	<u>\$ 348,816</u>	<u>\$ 120,422</u>	<u>\$ 5,978</u>

6. Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds/Notes Payable					
General Obligation Bonds	\$ 9,596,328	\$ -	\$ (334,000)	\$ 9,262,328	\$ 389,000
General Obligation Notes	2,380,000	-	(148,000)	2,232,000	152,000
Premium	406,165	-	(39,608)	366,557	-
Total Bonds/Notes Payable	12,382,493	-	(521,608)	11,860,885	541,000
Lease Liability	95,698	51,627	(26,903)	120,422	29,567
Compensated Absences	444,924	280,691	(277,574)	448,041	39,685
Governmental Activities					
Long-Term Liabilities	<u>\$ 12,923,115</u>	<u>\$ 332,318</u>	<u>\$ (826,085)</u>	<u>\$ 12,429,348</u>	<u>\$ 610,252</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits

A. Defined Benefit Pension Plans

1. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

2. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided (Continued)

Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. In 2023, legislation clarified that if the annual increase cap was reduced to 1%, there is a way to return to the 2.5% increase if certain criteria are met. 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.

In 2023, the legislature allocated funding for a one-time lump-sum payment to General Employee and Police and Fire Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is non-compounding towards future benefits.

3. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2023, were \$272,047. The County's contributions were equal to the required contributions as set by state statute.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

3. Contributions (Continued)

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$118,586. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2023 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2023, were \$26,730. The County's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the County reported a liability of \$2,611,412 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$72,007. The net pension liability was measured as of June 30, 2023, 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 proportionate share 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0467% at the end of the measurement period and 0.0447% for the beginning of the period.

County's Proportionate Share of the Net Pension Liability	\$	2,611,412
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County		<u>72,007</u>
Total	\$	<u>2,683,419</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

General Employees Retirement Fund (Continued)

For the year ended December 31, 2023, the County recognized pension expense of \$472,893 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$324 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 85,760	\$ 17,990
Changes in Actuarial Assumptions	422,751	715,766
Net Difference between Projected and Actual Investment Earnings	-	97,658
Changes in Proportion	143,832	8,340
Contributions paid to PERA Subsequent to the Measurement Date	138,189	-
Total	<u>\$ 790,532</u>	<u>\$ 839,754</u>

The \$138,189 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	Pension Expense Amount
2024	\$ 143,416
2025	(365,352)
2026	91,175
2027	(56,650)

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2023, the County reported a liability of \$854,801 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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 proportionate share 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.0495% at the end of the measurement period and 0.0518% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet 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. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

County's Proportionate Share of the Net Pension Liability	\$ 854,801
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	<u>34,436</u>
Total	<u><u>\$ 889,237</u></u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund (Continued)

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the County recognized pension expense of \$256,699 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized (\$2,074) as grant revenue (expense) for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$4,455 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual		
Economic Experience	\$ 235,697	\$ -
Changes in Actuarial Assumptions	991,927	1,201,860
Net Difference between Projected and Actual		
Investment Earnings	-	41,035
Changes in Proportion	17,256	37,580
Contributions paid to PERA Subsequent to the Measurement Date	61,285	-
Total	<u>\$ 1,306,165</u>	<u>\$ 1,280,475</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Police and Fire Fund (Continued)

The \$61,285 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Pension Expense Amount
2024	\$ 34,932
2025	5,664
2026	205,824
2027	(64,214)
2028	(217,801)

Public Employees Correctional Fund

At December 31, 2023, the County reported a liability of \$53,840 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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 proportionate share 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.119% at the end of the measurement period and 0.104% for the beginning of the period.

For the year ended December 31, 2023, the County recognized pension expense of \$45,753 for its proportionate share of the Correctional Plan's pension expense.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Public Employees Correctional Fund (Continued)

At December 31, 2023, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual		
Economic Experience	\$ 20,736	\$ 4,727
Changes in Actuarial Assumptions	128,193	245,621
Net Difference between Projected and Actual		
Investment Earnings	-	6,879
Changes in Proportion	15,795	-
Contributions paid to PERA Subsequent to the Measurement Date	14,388	-
Total	<u>\$ 179,112</u>	<u>\$ 257,227</u>

The \$14,388 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an addition of the net pension asset in the year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>December 31</u>	Pension Expense Amount
2024	\$ 6,307
2025	(123,791)
2026	30,663
2027	(5,682)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was \$773,595.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

4. Pension Costs (Continued)

Summary

	General Employees Retirement Plan	Public Employees Police and Fire Plan	Public Employees Correctional Plan	Total
Net Pension Liability	\$ 2,611,412	\$ 854,801	\$ 53,840	\$ 3,520,053
Deferred Inflows	839,754	1,280,475	257,227	2,377,456
Deferred Outflows	790,532	1,306,165	179,112	2,275,809
Pension Expense	473,217	254,625	45,753	773,595

5. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100%	

6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

Inflation is assumed to be 2.25% for the General Employees Plan, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

6. Actuarial Assumptions (Continued)

Police and Fire Fund (Continued)

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.42% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

7. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

A. Defined Benefit Pension Plans (Continued)

8. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees		Public Employees		Public Employees	
	Retirement Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 4,619,797	6.00%	\$ 1,696,026	6.00%	\$ 283,793
Current	7.00	2,611,412	7.00	854,801	7.00	53,840
1% Increase	8.00	959,438	8.00	163,201	8.00	(129,634)

9. Pension Plan Fiduciary Net Position

Detailed information about each 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.

B. Defined Contribution Plan

Five employees of Lac qui Parle County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

B. Defined Contribution Plan (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. 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% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2023 were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 5,507	\$ 5,507
Percentage of Covered Payroll	5%	5%

C. Other Postemployment Benefits (OPEB)

Plan Description

Employees retiring from County service with at least ten years of service and meeting the established requirements to receive a pension from the Public Employees Retirement Association may have their severance pay transferred to an individual health insurance account to pay their monthly health insurance premiums until this balance is exhausted or they reach age 65. The County finances the plan on a pay-as-you-go basis and made no payments in 2023.

The County pays the health insurance for qualified former elected officials. This is a single-employer defined benefit health care plan. To be eligible, elected officials must have been serving on or after the date of November 2, 2004, and must have served a minimum of eight years and one day as an elected official in Lac qui Parle County. Elected officials eligible for this benefit are limited to the County Attorney, County Sheriff, and County Commissioners. Those eligible are entitled to one year of individual health insurance coverage for each four-year term in an elected position, with additional coverage provided on a pro rata basis for partial terms served. If the former elected official becomes eligible for Medicare benefits, then that official is no longer eligible for this benefit. The County has three current elected officials eligible, and zero former elected officials receiving this benefit in 2023. The County finances the program on a pay-as-you-go basis.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

The County also provides health insurance benefits for eligible retired employees and their dependents as required by Minnesota Statute §471.61 subd 2b. Retirees are required to pay the premium. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of December 31, 2023, the County had no inactive plan members entitled to but not receiving benefits.

Active Plan Members with Coverage	75
Spouses receiving payments	1
Inactive Plan Members with Coverage	<u>3</u>
Total	<u><u>79</u></u>

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Lac qui Parle County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements.

The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The County's total OPEB liability was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2022. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll forward techniques. The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement unless otherwise specified:

Discount Rate	4.0%
Payroll Growth Rate	Service graded table
Healthcare Cost Trend Rates	6.25% as of January 1, 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weight Mortality Tables with MP-2021 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

The salary scale used to value the liability is similar to the table used to value pension liabilities for Minnesota public employees. The rates are based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019 and the inflation assumption.

The discount rate used to measure the total OPEB liability was 4.0%. The discount rate is equal to the 20-year municipal bond yield.

Summary of Changes in Actuarial Assumptions

There have been no changes to plan provisions, assumptions, or methods since the prior report except for the following:

- The discount rate was changed from 2.00% to 4.00%.
- The inflation rate was changed from 2.00% to 2.50%.

Total OPEB Liability

	Total OPEB Liability
Balances - December 31, 2022	\$ 363,109
Changes for the Year:	
Service Cost	40,962
Interest	7,902
Changes in Assumptions	(43,671)
Differences Between Expected and Actual Experience	-
Benefit Payments	(17,997)
Net Changes	(12,804)
Balances - December 31, 2023	\$ 350,305

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Discount Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
OPEB Plan Discount Rate	3.0%	4.0%	5.0%
Total OPEB Liability	\$ 377,519	\$ 350,305	\$ 325,024

Healthcare Trend Rate Sensitivity

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Description	1% Decrease in Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
Medical Trend Rate	5.25%	6.25%	7.25%
Total OPEB Liability	\$ 308,405	\$ 350,305	\$ 400,127

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits Paid Subsequent to the Measurement Date	\$ 18,473	\$ -
Changes in Actuarial Assumptions	12,128	46,490
Differences between Actual and Expected Experience	-	106,367
Total	<u>\$ 30,601</u>	<u>\$ 152,857</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

4. Pension Plans and Other Postemployment Benefits (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

For the year ended December 31, 2023, the County recognized OPEB expense of \$17,706.

At December 31, 2023, the County reported \$152,857 in deferred inflows of resources, and \$30,601 in deferred outflows of resources, of which, \$18,473 result from benefits paid subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2024.

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

Year Ending December 31,	OPEB Expense Amount
2024	\$ (31,158)
2025	(31,154)
2026	(29,505)
2027	(20,069)
2028	(22,606)
Thereafter	(6,237)

5. Summary of Significant Contingencies and Other Items

A. Risk Management

Lac qui Parle County and the Lac qui Parle-Yellow Bank Watershed District are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters for which the County and District carry commercial insurance. To manage these risks, the County and the Lac qui Parle-Yellow Bank Watershed District have entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

A. Risk Management (Continued)

The County and the Lac qui Parle-Yellow Bank Watershed District are members of both the MCIT Workers' Compensation and Property and Casualty Divisions. For group employee health benefits, the County has entered into a joint powers agreement, the Southwest/West Central Service Cooperative.

For all other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims, liabilities, and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County and the District in a method and amount to be determined by MCIT.

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

The Southwest/West Central Service Cooperative (Service Cooperative) is a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by the Service Cooperative and are based partially on the experience of the County and partially on the experience of the group. The Service Cooperative solicits proposals from carriers and negotiates the contracts.

B. Contingent Liabilities

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

A. Contingent Liabilities (Continued)

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

Lincoln-Pipestone Rural Water System

At December 31, 2023, the most recent information available, the Lincoln-Pipestone Rural Water System had \$30,642,000 of general obligation bonds and other loans outstanding through 2056. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

The debt is paid by the Lincoln-Pipestone Rural Water System from special assessments levied against property benefited by the applicable expansion, extension, or enlargement of the system and from the net revenues from time to time received in excess of the current costs of operating and maintaining the system. The bonds are general obligations of the issuing counties for which their full faith, credit, and unlimited taxing powers are pledged. The participating counties (Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine) have adopted Board resolutions and have signed joint powers agreements to define their liability for a proportional share of the debt should the issuing counties make any debt service payments. In such a situation, each of the other counties will promptly reimburse the paying counties in proportion to the percentage of Lincoln-Pipestone Rural Water System customers located in such county, in accordance with Minn. Stat. § 116A.24, subd. 3. The outstanding bonds are reported as liabilities in the annual financial statements of the Lincoln-Pipestone Rural Water System and are not reported as liabilities in the financial statements of any of the ten participating counties. The participating counties disclose a contingent liability due to the guarantee of indebtedness.

C. Joint Ventures

Countryside Public Health Service

The Countryside Public Health Service was established July 1, 1979, by a joint powers agreement among Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties. The agreement was established to provide community health care for the residents of the five-county area. Each county's proportionate share of the total responsibility of the project is established on a per capita basis as determined by the most recent statistical estimates provided by the Minnesota Board of Health.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Countryside Public Health Service (Continued)

Control is vested in the Countryside Public Health Service Board of Health. The Board consists of 11 persons, 3 from Yellow Medicine County, and 2 from each of the other participating counties. Each member of the Board is appointed by the County Commissioners of the county represented.

Financing is provided by state and federal grants, appropriations from member counties, and charges for services. Lac qui Parle County's contribution for 2023 was \$102,574.

Complete financial statements for the Countryside Public Health Service can be obtained from its administrative office at P. O. Box 313, Benson, Minnesota 56215.

Region 6W Community Corrections

Lac qui Parle County participates with Chippewa, Swift, and Yellow Medicine Counties to provide community corrections services. Region 6W Community Corrections develops and implements humane and effective methods of prevention, control, punishment, and rehabilitation of offenders.

The County Boards of the participating counties have direct authority over and responsibility for the Community Corrections' activities.

Lac qui Parle County's contribution for 2023 was \$266,449.

Complete financial statements for Region 6W Community Corrections can be obtained at 1215 Black Oak Avenue, P. O. Box 551, Montevideo, Minnesota 56265.

Prairie Lakes Youth Programs (Kandiyohi - Region 6W Community Corrections Agencies Detention Center)

The County entered into a joint powers agreement to create and operate the Kandiyohi - Region 6W Community Corrections Agencies Detention Center (commonly referred to as the Prairie Lakes Youth Programs (PLYP)), pursuant to Minn. Stat. § 471.59. The PLYP provides detention services to juveniles under the jurisdiction of the counties which are parties to the agreement (Chippewa, Lac qui Parle, Swift, and Yellow Medicine--which are served by Region 6W Community Corrections) and Kandiyohi County.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Prairie Lakes Youth Programs (Kandiyohi - Region 6W Community Corrections Agencies Detention Center) (Continued)

Control of the PLYP is vested in a joint board composed of one Commissioner from each participating county. An advisory board has also been established, composed of the directors of the Kandiyohi County Community Corrections Agency and Region 6W Community Corrections and the directors of the family services or human services departments of the counties participating in the agreement. The PLYP is located at the Willmar Regional Treatment Center in space rented from the state of Minnesota.

Financing is provided by charges for services to member and nonmember counties. Complete financial information can be obtained from the PLYP Office, P. O. Box 894, Willmar, Minnesota 56201.

Lincoln-Pipestone Rural Water System

Lac qui Parle County, along with Jackson, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine Counties, jointly established the Lincoln-Pipestone Rural Water System pursuant to Minn. Stat. ch. 116A. The Rural Water System is responsible for storing, treating, and distributing water for domestic, commercial, and industrial use within the area it serves. The cost of providing these services is recovered through user charges. The Lincoln-Pipestone Rural Water System is governed by a Board appointed by the District Court. The Rural Water System's Board is solely responsible for the budgeting and financing of the Rural Water System.

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefitted properties pay approximately 85% of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2023, were \$30,642,000.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at East Highway 14, P. O. Box 188, Lake Benton, Minnesota 56149-0188.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Southwest Minnesota Regional Emergency Communications Board

As of August 23, 2013, the Southwest Minnesota Regional Radio Board changed its name to the Southwest Minnesota Regional Emergency Communication Joint Powers Board. The Southwest Minnesota Regional Emergency Communications Joint Powers Board was established April 22, 2008, between Lac qui Parle County, the Cities of Marshall and Worthington, and 12 other counties under the authority of Minn. Stat. §§ 471.59 and 403.39. The purpose of the agreement is to formulate a regional radio board to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in a Joint Powers Board consisting of one County Commissioner and one City Council member for each party to the agreement. The members representing counties and cities shall be appointed by their respective governing bodies for the membership of that governing body. In addition, voting members of the Board include a member of the Southwest Minnesota Regional Advisory Committee, a member of the Southwest Minnesota Regional Radio System User Committee, and a member of the Southwest Minnesota Owners and Operators Committee.

Financing is provided by the appropriations from member parties and by state and federal grants. During 2023, Lac qui Parle County contributed \$1,977 to the Joint Powers Board.

Minnesota Counties Information Systems (MCIS)

Aitkin, Carlton, Cass, Chippewa, Cook, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by an 11-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved.

Separate financial information for the Minnesota Counties Information Systems can be obtained at 413 Southeast 7th Avenue, Grand Rapids, Minnesota 55744.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Pioneerland Library System

Lac qui Parle County, along with 32 cities and 9 other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional public library service. The Pioneerland Library System is governed by the Pioneerland Library System Board, composed of 35 members appointed by member cities and counties. During the year, the County contributed \$75,697 to the System.

Separate financial information for the Pioneerland Library System can be obtained from its administrative office at Pioneerland Regional Library, 410 - 5th Street Southwest, Willmar, Minnesota 56201.

Southwestern Minnesota Adult Mental Health Consortium Board

The County entered into a joint powers agreement with Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, McLeod, Meeker, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine Counties; and Lincoln, Lyon, and Murray Counties, represented by the Lincoln, Lyon, & Murray Human Services Board, creating and operating the Southwestern Minnesota Adult Mental Health Consortium Board (the Board) under the authority of Minnesota Statutes §471.59. The Board is headquartered in Windom, Minnesota, where Cottonwood County acts as fiscal host.

The Board takes actions and enters into such agreements as necessary to plan and develop, within the Board's geographic jurisdiction, a system of care that will serve the needs of adults with serious and persistent mental illness. The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

The following is a summary of the Consortium Board's annual financial report for the year ended December 31, 2023:

Total Assets	\$	1,694,552
Total Liabilities		594,383
Total Net Position		1,100,169
Total Revenues		2,135,289
Total Expenses		2,290,217
Net Change in Net Position		(154,928)

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

C. Joint Ventures (Continued)

Area II Minnesota River Basin Project

The Area II Minnesota River Basin Project was established pursuant to Minn. Stat. §§ 471.59 and a joint powers agreement. The counties in the agreement are Brown, Cottonwood, Lac qui Parle, Lincoln, Lyon, Murray, Pipestone, Redwood and Yellow Medicine. The purpose of the project is to provide cost-share and technical assistance for the implementation of flood reduction measures to the drainage area outletting into the south side of the Minnesota River between the cities of Ortonville and Mankato. During the year, Lac qui Parle County made payments of \$12,545 to the project. Separate financial information for the joint venture can be obtained at 1424 E. College Drive, Suite 300, Marshall, MN 56258.

Supporting Hands Nurse Family Partnership Board

The Supporting Hands Nurse Family Partnership Board was established pursuant to Minn. Stat. §§ 145A.17 and 471.59 and a joint powers agreement, effective May 31, 2007. The Board is comprised of one representative from each county to the agreement. The counties in the agreement are Big Stone, Chippewa, Douglas, Grant, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Pipestone, Pope, Redwood, Renville, Rock, Stevens, Swift, Traverse, and Yellow Medicine. Southwest Health and Human Services represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock County in this agreement. Horizon Public Health represents Douglas, Grant, Pope, Stevens, and Traverse Counties in this agreement. Countryside Public Health represents Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties in this agreement. The purpose of this agreement is to organize, govern, plan, and administer a multi-county based nurse family partnership program specifically within the jurisdictional boundaries of the counties involved. The governing board is composed of one Board member from each of the participating counties. Each participating county will contribute to the budget of the Supporting Hands Nurse Family Partnership. In 2023, Lac qui Parle County contributed \$0 to the partnership. Renville County acts as fiscal agent for Supporting Hands Nurse Family Partnership Board.

A complete financial report of the Supporting Hands Nurse Family Partnership Board can be obtained from Renville County at Renville County Public Health, Renville County Government Services Center, 105 South 5th Street, Suite 1194, Olivia, Minnesota 56277.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

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

D. Tax Abatement

The County has entered into a tax abatement agreement with Puris Proteins LLC, under Minnesota Statutes §469.1812 through 469.1815. The abatement agreement shall be for 20 years and shall apply to the property taxes payable in the years 2023 through 2041. The abatement shall be for 100% of the County's share of the increase in ad valorem property taxes generated by the Property resulting from development on the parcels which are attributable to the Project. The County will recapture the abated taxes through continued operations of local business and increased employment. For the year ended December 31, 2023, the County abated taxes of \$3,826. The County has not made any commitments as part of the agreement other than to reduce taxes.

E. Construction Commitments

The County has entered into construction contracts for a building project. The construction commitment at December 31, 2023 related to the project is as follows:

<u>Project</u>	<u>Work Performed to Date</u>	<u>Construction Commitment</u>
Lac Qui Parle County Government Center	\$ 1,289,260	\$ 13,371,827

F. Opioid Settlement

The Minnesota County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive \$153,284 over the next 16 years. The majority of the funds are intended for opioid abatement. The Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA) identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a separate fund to account for the settlements, and the County has elected to combine that fund with the Family Services Fund for reporting purposes. Funds are restricted until expended. The MOA requires that the county recognize the settlement revenues when the annual distribution is made to the participating governments. The county has recorded the entire settlement as receivable and since the funding is not available reported a deferred inflows for the unavailable revenue. For the year ended December 31, 2023, the County received \$9,155 as part of the settlement.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District

A. Summary of Significant Accounting Policies

In addition to those policies identified in Note 1, the Lac qui Parle-Yellow Bank Watershed District has the following significant accounting policies.

Reporting Entity

The Lac qui Parle-Yellow Bank Watershed District is governed by a five-member Board of Managers, with three members appointed by the Lac qui Parle County Board, one member appointed by the Yellow Medicine County Board, and one member appointed by the Lincoln County Board.

Because of the significance of the financial relationship, Lac qui Parle County considers this entity a major component unit.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

A. Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The Lac qui Parle-Yellow Bank Watershed District does not prepare separate financial statements. The District has the following major governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- 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 benefitted property.

B. Detailed Notes on All Funds

1. Assets and Deferred Outflows of Resources

Deposits

The cash balances of the General Fund and the Ditch Special Revenue are pooled and invested for the purpose of increasing earnings through interest-bearing activities.

Reconciliation of the District's total deposits to the basic financial statements follows:

Cash and Cash Equivalents	<u>\$ 1,615,219</u>
Checking	\$ 999,046
Money Market Savings	439,739
Non-Negotiable Certificates of Deposit	<u>176,434</u>
Total Deposits	<u>\$ 1,615,219</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Deposits

The District 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 10% 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. The District does not have a policy addressing custodial credit risk. As of December 31, 2023, the balance was fully insured and collateralized as required by Minnesota Statutes § 118A.03.

The District had no investments at December 31, 2023.

Receivables

Accounts receivable as of December 31, 2023, for the Lac qui Parle-Yellow Bank Watershed District follow:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 15,237	\$ -
Special Assessments	734,091	596,814
Total Governmental Activities	<u>\$ 749,328</u>	<u>\$ 596,814</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets and Deferred Outflows of Resources (Continued)

Capital Assets

The Lac qui Parle-Yellow Bank Watershed District capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 628,458	\$ -	\$ -	\$ 628,458
Capital Assets, Being Depreciated				
Buildings	266,731	89,673	-	356,404
Machinery, Furniture and Equipment	170,018	18,999	-	189,017
Land Improvements	539,573	9,570	-	549,143
Infrastructure	5,334,207	-	-	5,334,207
Total Capital Assets, Being Depreciated	6,310,529	118,242	-	6,428,771
Less Accumulated Depreciation For				
Buildings	77,889	13,147	-	91,036
Machinery, Furniture and Equipment	76,484	16,566	-	93,050
Land Improvements	222,032	12,484	-	234,516
Infrastructure	1,732,018	53,342	-	1,785,360
Total Accumulated Depreciation	2,108,423	95,539	-	2,203,962
Total Capital Assets, Being Depreciated, Net	4,202,106	22,703	-	4,224,809
Capital Assets, Net	\$ 4,830,564	\$ 22,703	\$ -	\$ 4,853,267

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

Conservation of Natural Resources	\$ 82,900
Culture and Recreation	12,639
Total Depreciation Expense	<u>\$ 95,539</u>

Lease Receivable

The District, acting as lessor, leases farm land and a shop under long-term, non-cancelable lease agreements. The leases expire on various dates between October 15 2021 and March 1, 2025. During the year ended December 31, 2023, the District recognized \$57,486 and \$5,144 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2023, were as follows:

Accounts Payable	\$ 68,261
Contracts Payable	163,096
Due to Other Governments	14,322
Salaries Payable	26,063
Total Payables	<u>\$ 271,742</u>

Long-Term Debt - Loans Payable- Direct Borrowing

The Lac qui Parle-Yellow Bank Watershed District entered into a loan agreement with the Minnesota Pollution Control Agency for funding Clean Water Partnership (CWP) Projects. The loans are secured by special assessments placed on the individual parcels. Loan payments are reported in the General Fund.

Long-term debt outstanding at December 31, 2023, for the Lac qui Parle-Yellow Bank Watershed District consists of the following:

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Long-Term Debt - Loans Payable – Direct Borrowing (Continued)

Types of Indebtedness	Final Maturity	Semi Annual Installment Amounts	Interest Rate (%)	Original Issues Amount	Outstanding Balance December 31, 2023
Direct Borrowing:					
SRF 0250 - North and South Fork Yellow Bank Rivers	2026	\$ 24,840	2.00%	\$ 448,248	\$ 143,958
SRF 0302 - Clean Water Partnership Project - Direct Borrowing	2029	23,274	2.00%	419,997	241,299
SRF 0315 - CWP Project - Direct Borrowing	2032	34,436	N/A	688,725	619,852
SRF 0349 - CWP Project - Direct Borrowing	Not Finalized	Not Finalized	Not Finalized	750,000	145,217
Total Loans Payable - Direct Borrowing				<u>\$ 2,306,970</u>	<u>\$ 1,150,326</u>

Debt service requirements at December 31, 2023, were as follows:

Year Ending December 31,	Loans Payable - Direct Borrowing	
	Principal	Interest
2024	\$ 157,837	\$ 7,262
2025	159,627	5,475
2026	161,450	3,650
2027	113,384	2,038
2028	114,279	1,144
2029-2032	298,532	230
Total	<u>\$ 1,005,109</u>	<u>\$ 19,799</u>

Loans of \$145,217 for the Clean Water Partnership Project were not included in the debt service requirements because fixed repayment schedules are not available. In the event of default all loans will become due and payable.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities and Deferred Inflows of Resources (Continued)

Changes in Long-Term Liabilities

Changes in long-term liabilities of the Lac qui Parle-Yellow Bank Watershed District for the year ended December 31, 2023, were:

	Balance January 1	Additions	Deductions	Balance December 31	Amount Due Within One Year
Loans Payable - Direct Borrowing	\$ 1,198,990	\$ 107,421	\$ 156,085	\$ 1,150,326	\$ 157,837
Compensated Balances	19,244	33,850	30,611	22,483	4,211
Total	<u>\$ 1,218,234</u>	<u>\$ 141,271</u>	<u>\$ 186,696</u>	<u>\$ 1,172,809</u>	<u>\$ 162,048</u>

C. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of the Lac qui Parle-Yellow Bank Watershed District are covered by defined benefit pension plans administered by PERA. See Note 4.A. for information on PERA.

2. Contributions

The District's contributions for the General Employees Retirement Plan for the year ended December 31, 2023, were \$26,810. The contributions are equal to the contractually required contributions as set by state statute.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs

At December 31, 2023, the District reported a liability of \$240,451 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$6,751. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.0043% at the end of the measurement period and 0.0033% for the beginning of the period.

District's Proportionate Share of the Net Pension Liability	\$ 240,451
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	<u>6,751</u>
Total	<u><u>\$ 247,202</u></u>

For the year ended December 31, 2023, the District recognized pension expense of \$58,354 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$30 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plans (Continued)

3. Pension Costs (Continued)

The District 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
	<u> </u>	<u> </u>
Differences between Expected and Actual		
Economic Experience	\$ 7,897	\$ 1,656
Changes in Actuarial Assumptions	38,926	65,906
Difference between Projected and Actual		
Investment Earnings	-	8,992
Changes in Proportion	56,427	-
Contributions paid to PERA Subsequent to the Measurement Date	<u>13,461</u>	<u>-</u>
Total	<u>\$ 116,711</u>	<u>\$ 76,554</u>

The \$13,461 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 ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	Pension Expense Amount
<u> </u>	<u> </u>
2024	\$ 26,570
2025	(15,375)
2026	20,716
2027	(5,215)

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

6. Component Unit Disclosures - Lac qui Parle-Yellow Bank Watershed District (Continued)

C. Defined Benefit Pension Plan (Continued)

4. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District'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 (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Proportionate share of the General Employees Retirement Fund Net Pension Liability	\$ 425,377	\$ 240,451	\$ 88,342

REQUIRED SUPPLEMENTARY INFORMATION

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,595,348	\$ 3,595,348	\$ 3,462,904	\$ (132,444)
Other Taxes	8,000	8,000	3,149	(4,851)
Special Assessments	141,000	141,000	130,394	(10,606)
Licenses and Permits	18,010	18,010	22,295	4,285
Intergovernmental	1,321,693	1,321,693	1,988,487	666,794
Charges for Services	558,537	558,537	568,904	10,367
Fines and Forfeits	-	-	9,393	9,393
Gifts and Contributions	3,000	3,000	10,771	7,771
Investment Earnings	136,665	136,665	696,965	560,300
Miscellaneous	187,580	187,580	215,307	27,727
Total Revenues	5,969,833	5,969,833	7,108,569	1,138,736
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	265,482	265,482	253,900	11,582
Courts	5,000	5,000	2,970	2,030
Auditor-Treasurer	670,372	670,372	649,255	21,117
Administrator	183,556	183,556	201,385	(17,829)
Data Processing	131,730	131,730	139,872	(8,142)
Elections	26,000	26,000	24,564	1,436
County Car	604	604	1,520	(916)
Attorney	297,264	297,264	296,170	1,094
Land Records	527,951	527,951	512,048	15,903
GIS	9,000	9,000	29,031	(20,031)
Planning and Zoning	18,008	18,008	10,261	7,747
Building and Plant	202,550	202,550	323,839	(121,289)
Veterans Service Officer	103,838	103,838	89,925	13,913
Employee Wellness	-	-	5,424	(5,424)
Other General Government	200,190	200,190	77,259	122,931
Total General Government	2,641,545	2,641,545	2,617,423	24,122
PUBLIC SAFETY				
Sheriff	1,055,021	1,055,021	1,106,800	(51,779)
Safety/AWAIR	9,000	9,000	5,461	3,539
Boat and Water Safety	3,774	3,774	6,221	(2,447)
Snowmobile Safety	3,987	3,987	300	3,687

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
PUBLIC SAFETY (CONTINUED)				
Coroner	\$ 13,500	\$ 13,500	\$ 14,020	\$ (520)
Federal Safe and Sober	-	-	5,723	(5,723)
Crisis Transportation	7,500	7,500	3,619	3,881
Community Corrections	-	-	519	(519)
E-911 System	161,179	161,179	85,529	75,650
County Jail	617,077	617,077	649,701	(32,624)
Civil Defense	49,058	49,058	48,113	945
Ambulance	7,000	7,000	7,000	-
Other	1,742	1,742	2,133	(391)
Total Public Safety	1,928,838	1,928,838	1,938,888	(10,050)
SANITATION				
Solid Waste	23,733	23,733	24,087	(354)
Recycling	190,859	190,859	179,978	10,881
Total Sanitation	214,592	214,592	204,065	10,527
HEALTH				
CPH	155	155	155	-
Praire Five Transportation	7,000	7,000	10,564	(3,564)
Total Health	7,155	7,155	10,719	(3,564)
CULTURE AND RECREATION				
Historical Society	24,000	24,000	24,000	-
Parks	10,756	10,756	9,796	960
Senior Citizens	1,000	1,000	1,000	-
County/Regional Library	75,697	75,697	75,697	-
Other	54,000	54,000	52,918	1,082
Total Culture and Recreation	165,453	165,453	163,411	2,042
CONSERVATION OF NATURAL RESOURCES				
Extension	108,197	108,197	105,335	2,862
Riparian Project	142,896	142,896	102,411	40,485
Soil and Water Conservation	151,595	151,595	151,595	-
Water Quality	24,231	24,231	66,679	(42,448)
Agricultural Society/County Fair	41,200	41,200	41,200	-
Environmental Officer	43,606	43,606	38,637	4,969
Planning and Zoning	70,255	70,255	71,947	(1,692)
Feedlot Administration	39,156	39,156	37,859	1,297
Minnesota River Basin	12,545	12,545	12,545	-
Total Conservation of Natural Resources	633,681	633,681	628,208	5,473

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-1

(Continued)

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
ECONOMIC DEVELOPMENT				
Airport	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
INTERGOVERNMENTAL				
Public Safety	266,449	266,449	266,449	-
Health	115,120	115,120	114,202	918
Total Intergovernmental	381,569	381,569	380,651	918
DEBT SERVICE				
Principal	-	-	15,027	(15,027)
Interest and Fiscal Charges	-	-	1,616	(1,616)
Total Debt Service	-	-	16,643	(16,643)
Total Expenditures	5,979,833	5,979,833	5,967,008	12,825
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(10,000)	1,141,561	1,151,561
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	36,367	26,367
Transfers Out	-	-	(403,979)	(403,979)
Issuance of Lease Liability	-	-	35,069	35,069
Proceeds from Sale of Capital Assets	-	-	66,550	66,550
Total Other Financing Sources (Uses)	10,000	10,000	(265,993)	(275,993)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	875,568	\$ 875,568
Fund Balance - Beginning of Year			5,657,662	
FUND BALANCE - END OF YEAR			\$ 6,533,230	

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,469,990	\$ 1,469,990	\$ 1,400,904	\$ (69,086)
Other Taxes	85,000	85,000	87,866	2,866
Intergovernmental	4,613,182	4,613,182	3,662,234	(950,948)
Charges for Services	69,000	69,000	56,725	(12,275)
Investment Earnings	20,000	20,000	214,310	194,310
Miscellaneous	295,000	295,000	162,893	(132,107)
Total Revenues	6,552,172	6,552,172	5,584,932	(967,240)
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Administration	297,015	297,015	412,421	(115,406)
Construction	9,219,673	9,219,673	8,960,711	258,962
Maintenance	3,290,380	3,290,380	3,395,127	(104,747)
Equipment and Maintenance Shops	326,504	326,504	401,638	(75,134)
Total Highways and Streets	13,133,572	13,133,572	13,169,897	(36,325)
INTERGOVERNMENTAL				
Highways and Streets	650,000	650,000	614,459	35,541
DEBT SERVICE				
Principal	-	-	3,339	(3,339)
Interest and Fiscal Charges	-	-	226	(226)
Total Debt Service	-	-	3,565	(3,565)
Total Expenditures	13,783,572	13,783,572	13,787,921	(4,349)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,231,400)	(7,231,400)	(8,202,989)	(971,589)
OTHER FINANCING SOURCES				
Issuance of Lease Liability	-	-	6,496	6,496
Proceeds from Sale of Capital Assets	-	-	43,835	43,835
Total Other Financing Sources	-	-	50,331	50,331
NET CHANGE IN FUND BALANCE	<u>\$ (7,231,400)</u>	<u>\$ (7,231,400)</u>	(8,152,658)	<u>\$ (921,258)</u>
Fund Balance - Beginning of Year			13,399,433	
FUND BALANCE - END OF YEAR			<u>\$ 5,246,775</u>	

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,205,701	\$ 1,205,701	\$ 1,148,177	\$ (57,524)
Intergovernmental	1,633,273	1,633,273	1,906,592	273,319
Charges for Services	351,143	351,143	421,482	70,339
Investment Earnings	-	-	233	233
Miscellaneous	37,298	37,298	220,199	182,901
Total Revenues	3,227,415	3,227,415	3,696,683	469,268
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	919,197	919,197	1,111,018	(191,821)
Social Services	2,308,218	2,308,218	2,167,734	140,484
Total Human Services	3,227,415	3,227,415	3,278,752	(51,337)
INTERGOVERNMENTAL				
Human Services	-	-	50,600	(50,600)
DEBT SERVICE				
Principal	-	-	8,537	(8,537)
Interest	-	-	317	(317)
Total Debt Service	-	-	8,854	(8,854)
Total Expenditures	3,227,415	3,227,415	3,338,206	(110,791)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	358,477	358,477
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(22,547)	(22,547)
Issuance of Lease Liability	-	-	10,062	10,062
Total Other Financing Sources (Uses)	-	-	(12,485)	(12,485)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	345,992	<u>\$ 368,539</u>
Fund Balance - Beginning of Year			2,877,539	
FUND BALANCE - END OF YEAR			<u>\$ 3,223,531</u>	

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-4

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 644,879	\$ 644,879	\$ 3,099,378	\$ 2,454,499
Investment Earnings	8,286	8,286	94,180	85,894
Total Revenues	653,165	653,165	3,193,558	2,540,393
EXPENDITURES				
CURRENT				
CONSERVATION OF NATURAL RESOURCES				
Other	643,165	643,165	2,151,908	(1,508,743)
INTERGOVERNMENTAL				
Conservation	-	-	579,911	(579,911)
DEBT SERVICE				
Principal	-	-	152,000	(152,000)
Interest and Fiscal Charges	-	-	56,037	(56,037)
Total Debt Service	-	-	208,037	(208,037)
Total Expenditures	643,165	643,165	2,939,856	(2,296,691)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,000	10,000	253,702	243,702
OTHER FINANCING (USES)				
Transfers Out	(10,000)	(10,000)	(10,000)	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	243,702	\$ 243,702
Fund Balance (Deficit) - Beginning of Year			(1,281,521)	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (1,037,819)</u>	

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS**

Plan Reporting Period Ended	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Employer Measurement Date	1/1/2023	1/1/2022	1/1/2021	1/1/2020	1/1/2019	1/1/2018
Total OPEB Liability						
Service Cost	\$ 40,962	\$ 51,785	\$ 52,840	\$ 45,512	\$ 42,682	\$ 44,428
Interest	7,902	9,653	12,321	16,967	14,107	13,737
Difference Between Expected and Actual Experience	-	(106,541)	-	(70,632)	-	-
Changes of Assumptions	(43,671)	(8,070)	17,832	4,528	(11,539)	-
Benefit Payments	(17,997)	(28,991)	(19,315)	(31,228)	(26,985)	(63,142)
Net Change in Total OPEB Liability	(12,804)	(82,164)	63,678	(34,853)	18,265	(4,977)
Total OPEB Liability - Beginning	363,109	445,273	381,595	416,448	398,183	403,160
Total OPEB Liability - Ending	<u>\$ 350,305</u>	<u>\$ 363,109</u>	<u>\$ 445,273</u>	<u>\$ 381,595</u>	<u>\$ 416,448</u>	<u>\$ 398,183</u>
Covered Employee Payroll	\$ 4,182,931	\$ 4,061,098	\$ 3,969,382	\$ 3,853,769	\$ 3,267,157	\$ 3,171,997
Total OPEB Liability as a Percentage of the						
Covered Employee Payroll	8.4%	8.9%	11.2%	9.9%	12.7%	12.6%

Notes to Schedule:

The OPEB plan is not administered through a trust, and there are no assets accumulated in trust for payment of benefits.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAC QUI PARLE COUNTY
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
PERA - General Employees Retirement Plan					
County's Proportion of the Net Pension Liability	0.0467%	0.0447%	0.0450%	0.0415%	0.0414%
County's Proportionate Share of the Net Pension Liability	\$ 2,611,412	\$ 3,540,255	\$ 1,921,702	\$ 2,488,115	\$ 2,288,913
State's Proportionate Share of the Net Pension Liability	\$ 72,007	\$ 103,766	\$ 58,591	\$ 76,582	\$ 71,164
Total Proportionate Share of the Net Pension Liability	\$ 2,683,419	\$ 3,644,021	\$ 1,980,293	\$ 2,564,697	\$ 2,360,077
County's Covered Payroll	\$ 3,711,356	\$ 3,349,547	\$ 3,233,308	\$ 2,958,198	\$ 2,929,563
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	70.36%	105.69%	59.43%	84.11%	78.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.70%	87.00%	79.10%	80.20%
PERA - Public Employees Police and Fire Plan					
County's Proportion of the Net Pension Liability	0.0495%	0.0518%	0.0524%	0.0505%	0.0511%
County's Proportionate Share of the Net Pension Liability	\$ 854,801	\$ 2,254,131	\$ 404,471	\$ 665,644	\$ 544,011
State's Proportionate Share of the Net Pension Liability	\$ 34,436	\$ 98,541	\$ 18,165	\$ 15,685	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 889,237	\$ 2,352,672	\$ 422,636	\$ 681,329	\$ 544,011
County's Covered Payroll	\$ 650,398	\$ 629,767	\$ 618,846	\$ 570,127	\$ 538,809
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	131.43%	357.93%	65.36%	116.75%	100.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.50%	70.50%	93.70%	87.20%	89.30%
PERA - Local Government Correctional Plan					
County's Proportion of the Net Pension Liability (Asset)	0.1190%	0.1040%	0.0920%	0.0885%	0.1004%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 53,840	\$ 345,362	\$ (15,148)	\$ 24,013	\$ 13,899
County's Covered Payroll	\$ 279,160	\$ 228,190	\$ 203,812	\$ 192,558	\$ 214,153
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	19.29%	151.35%	-7.43%	12.47%	6.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	95.90%	74.60%	101.60%	96.70%	98.20%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The measurement date for each year-end is June 30.

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-6 (Continued)

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
(CONTINUED)
LAC QUI PARLE COUNTY
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
PERA - General Employees Retirement Plan				
County's Proportion of the Net Pension Liability	0.0415%	0.0422%	0.0424%	0.0407%
County's Proportionate Share of the Net Pension Liability	\$ 2,302,250	\$ 2,694,020	\$ 3,442,670	\$ 2,109,285
State's Proportionate Share of the Net Pension Liability	\$ 78,581	\$ 33,843	\$ 45,011	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 2,380,831	\$ 2,727,863	\$ 3,487,681	\$ 2,109,285
County's Covered Payroll	\$ 2,792,289	\$ 2,716,091	\$ 2,631,796	\$ 2,394,275
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	82.45%	99.19%	130.81%	88.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.50%	75.90%	68.90%	78.20%
PERA - Public Employees Police and Fire Plan				
County's Proportion of the Net Pension Liability	0.0506%	0.0480%	0.0520%	0.0540%
County's Proportionate Share of the Net Pension Liability	\$ 539,344	\$ 648,057	\$ 2,086,850	\$ 613,566
State's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 539,344	\$ 648,057	\$ 2,086,850	\$ 613,566
County's Covered Payroll	\$ 504,975	\$ 495,557	\$ 499,799	\$ 492,919
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	106.81%	130.77%	417.54%	124.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.80%	85.43%	63.90%	82.30%
PERA - Local Government Correctional Plan				
County's Proportion of the Net Pension Liability (Asset)	0.1044%	0.0900%	0.0900%	0.0900%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,172	\$ 256,501	\$ 328,783	\$ 13,914
County's Covered Payroll	\$ 212,544	\$ 180,906	\$ 164,570	\$ 161,567
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	8.08%	141.79%	199.78%	8.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	97.60%	67.89%	58.20%	96.90%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year-end is June 30.

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PENSION CONTRIBUTIONS
LAC QUI PARLE COUNTY
LAST TEN YEARS**

	2023	2022	2021	2020	2019
PERA - General Employees Retirement Plan					
Contractually Required Contribution	\$ 272,047	\$ 262,972	\$ 245,259	\$ 238,576	\$ 232,204
Contributions in Relation to the Contractually Required Contribution	(272,047)	(262,972)	(245,259)	(238,576)	(232,204)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 3,627,293	\$ 3,506,293	\$ 3,270,120	\$ 3,181,013	\$ 3,096,053
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%
PERA - Public Employees Police and Fire Plan					
Contractually Required Contribution	\$ 118,586	\$ 107,519	\$ 112,537	\$ 107,942	\$ 100,043
Contributions in Relation to the Contractually Required Contribution	(118,586)	(107,519)	(112,537)	(107,942)	(100,043)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 669,977	\$ 607,451	\$ 635,802	\$ 609,842	\$ 590,224
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	16.95%
PERA - Local Government Correctional Plan					
Contractually Required Contribution	\$ 26,730	\$ 20,891	\$ 19,883	\$ 16,232	\$ 19,601
Contributions in Relation to the Contractually Required Contribution	(26,730)	(20,891)	(19,883)	(16,232)	(19,601)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 305,486	\$ 238,759	\$ 227,234	\$ 185,509	\$ 224,011
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%	8.75%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-7 (CONTINUED)

**SCHEDULE OF PENSION CONTRIBUTIONS (CONTINUED)
LAC QUI PARLE COUNTY
LAST TEN YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERA - General Employees Retirement Plan				
Contractually Required Contribution	\$ 215,615	\$ 204,271	\$ 202,193	\$ 186,855
Contributions in Relation to the Contractually Required Contribution	<u>(215,615)</u>	<u>(204,271)</u>	<u>(202,193)</u>	<u>(186,855)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 2,874,867	\$ 2,723,613	\$ 2,695,883	\$ 2,491,400
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%
PERA - Public Employees Police and Fire Plan				
Contractually Required Contribution	\$ 82,719	\$ 86,276	\$ 80,604	\$ 80,893
Contributions in Relation to the Contractually Required Contribution	<u>(82,719)</u>	<u>(86,276)</u>	<u>(80,604)</u>	<u>(80,893)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 510,611	\$ 532,568	\$ 497,554	\$ 499,343
Contributions as a Percentage of Covered Payroll	16.20%	16.20%	16.20%	16.20%
PERA - Local Government Correctional Plan				
Contractually Required Contribution	\$ 18,993	\$ 17,472	\$ 14,664	\$ 14,134
Contributions in Relation to the Contractually Required Contribution	<u>(18,993)</u>	<u>(17,472)</u>	<u>(14,664)</u>	<u>(14,134)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's Covered Payroll	\$ 217,063	\$ 199,680	\$ 167,592	\$ 161,527
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
PERA - General Employees Retirement Plan					
District's Proportion of the Net Pension Liability	0.0043%	0.0033%	0.0029%	0.0029%	0.0028%
District's Proportionate Share of the Net Pension Liability	\$ 240,451	\$ 261,361	\$ 123,843	\$ 173,868	\$ 154,806
State's Proportionate Share of the Net Pension Liability	\$ 6,751	\$ 7,670	\$ 3,796	\$ 5,380	\$ 4,666
Total Proportionate Share of the Net Pension Liability	\$ 247,202	\$ 269,031	\$ 127,639	\$ 179,248	\$ 159,472
District's Covered Payroll	\$ 333,424	\$ 248,840	\$ 208,100	\$ 205,105	\$ 199,550
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	72.12%	105.03%	59.51%	84.77%	77.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	76.70%	87.00%	79.10%	80.20%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The measurement date for each year-end is June 30.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-8 (Continued)

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (CONTINUED)
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
PERA - General Employees Retirement Plan				
District's Proportion of the Net Pension Liability	0.0025%	0.0024%	0.0023%	0.0022%
District's Proportionate Share of the Net Pension Liability	\$ 138,690	\$ 153,214	\$ 186,749	\$ 114,015
State's Proportionate Share of the Net Pension Liability	\$ 4,581	\$ 1,910	\$ 2,408	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 143,271	\$ 155,124	\$ 189,157	\$ 114,015
District's Covered Payroll	\$ 150,487	\$ 148,867	\$ 137,077	\$ 133,986
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	92.16%	102.92%	136.24%	85.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.50%	75.90%	68.90%	78.20%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year-end is June 30.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF PENSION CONTRIBUTIONS
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PERA - General Employees Retirement Plan					
Contractually Required Contribution	\$ 26,810	\$ 22,707	\$ 16,465	\$ 15,654	\$ 14,779
Contributions in Relation to the Contractually Required Contribution	<u>(26,810)</u>	<u>(22,707)</u>	<u>(16,465)</u>	<u>(15,654)</u>	<u>(14,779)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 District's Covered Payroll	 \$357,467	 \$ 302,760	 \$ 219,533	 \$ 208,720	 \$ 197,053
 Contributions as a Percentage of Covered Payroll	 7.50%	 7.50%	 7.50%	 7.50%	 7.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The Watershed District's year-end is December 31.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT A-9 (Continued)

**SCHEDULE OF PENSION CONTRIBUTIONS (CONTINUED)
LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
LAST TEN YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERA - General Employees Retirement Plan				
Contractually Required Contribution	\$ 14,354	\$ 10,312	\$ 11,016	\$ 10,077
Contributions in Relation to the Contractually Required Contribution	<u>(14,354)</u>	<u>(10,312)</u>	<u>(11,016)</u>	<u>(10,077)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 District's Covered Payroll	 \$ 191,387	 \$ 137,493	 \$ 146,883	 \$ 134,353
 Contributions as a Percentage of Covered Payroll	 7.50%	 7.50%	 7.50%	 7.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
The Watershed District's year-end is December 31.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. General Budget Policies

The Lac qui Parle County Board adopts estimated revenue and expenditure budgets for the General Fund, the special revenue funds, except the EDA fund, and the Debt Service Fund. The expenditure budget is approved at the fund level.

The budgets may be amended or modified at any time by the County Board. Expenditures may not legally exceed budgeted appropriations. Comparison of the final budgeted revenues and expenditures to actual are presented in required supplementary information for the General Fund, special revenue funds, except the EDA Fund.

2. Budget Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

3. Budget Amendments

The County did not amend the budgets for the General Fund or any of the special revenue funds.

4. Excess of Expenditures Over Budget

Expenditures exceeded final budgets in the following funds:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Major Governmental Funds:			
Road and Bridge Fund	\$ 13,787,921	\$ 13,783,572	\$ 4,349
Family Services Fund	3,338,206	3,227,415	110,791
Ditch Fund	2,939,856	643,165	2,296,691

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. Defined Benefit Pension Plans

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 Fund

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

General Employees Fund (Continued)

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% 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 2-5 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 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 annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

General Employees Fund (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Police and Fire Fund

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumption were applied.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Police and Fire Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- Postretirement benefit increases were 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.
- New 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 from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- 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 Changes

Changes in Actuarial Assumptions

- 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.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for nonvested 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 tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- 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.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Police and Fire Fund (Continued)

2017 Changes(Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed postretirement 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Correctional Fund

2023 Changes

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.42% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate change from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Correctional Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Correctional Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- 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 MP-2016).
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for nonvested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Correctional Fund (Continued)

2016 Changes (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

5. Other Postemployment Benefit Plans

The following changes were reflected for the year ended December 31:

2023

- The discount rate was changed from 2.00% to 4.00%.
- The inflation rate was changed from 2.00% to 2.50%.

2022

- The mortality rates, medical trend rates, salary increase rates, retirement rates, and withdrawal rates were all updated.
- The inflation rate was changed from 2.50% to 2.00%.

2021

- The discount rate was changed from 2.9% to 2.0%.

2020

- The discount rate was changed from 3.8% to 2.9%.
- 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 with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables 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.

2019

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

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

5. Other Postemployment Benefit Plans (Continued)

2018

Benefit Changes

- There have been no substantive plan provision changes since the last full valuation.

Assumption Changes

- The healthcare trend rates were changed to better anticipate short-term and long term medical increases.
- The mortality tables were updated from the RP-2000 Combined Healthy Tables projected to 2012 with Scale BB (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal table for all employees were updated.
- The discount rate was changed from 4.50% to 3.30%.

SUPPLEMENTARY INFORMATION

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 581,050	\$ 581,050	\$ 553,209	\$ (27,841)
Intergovernmental	46,417	46,417	69,439	23,022
Investment Earnings	-	-	32,888	32,888
Total Revenues	627,467	627,467	655,536	28,069
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Other	1,250	1,250	1,995	(745)
DEBT SERVICE				
Principal	330,000	330,000	330,000	-
Interest and Fiscal Charges	296,217	296,217	217,538	78,679
Total Debt Service	626,217	626,217	547,538	78,679
Total Expenditures	627,467	627,467	549,533	77,934
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	-	106,003	106,003
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(3,820)	(3,820)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	102,183	<u>\$ 102,183</u>
Fund Balance - Beginning of Year			474,773	
FUND BALANCE - END OF YEAR			<u>\$ 576,956</u>	

FIDUCIARY FUNDS

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**DESCRIPTION OF THE FUNDS
CUSTODIAL FUNDS**

The Collaborative Fund is used to account for the collection and payments to the local collaborative.

The State Revenue Fund is used to account for the collection and payments to the state of Minnesota.

The Taxes and Penalties Fund is used to account for the receipts and disbursements of taxes and penalties in the various taxing districts.

The Estate Recoveries Fund is used to account for the State's portion of funds that are recovered from estates for clients that are on Medical Assistance and other programs.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT B-2

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
DECEMBER 31, 2023**

	Custodial Funds				Total Custodial Funds
	Collaborative	State Revenue	Taxes and Penalties	Estate Recoveries	
ASSETS					
Cash and Cash Equivalents	\$ 103,051	\$ 19,072	\$ 354,081	\$ 331	\$ 476,535
Taxes Receivable - Delinquent	-	-	27,818	-	27,818
Due From Other Governments	17,059	115	-	-	17,174
Accrued Interest Receivable	1,790	-	-	-	1,790
Total Assets	<u>\$ 121,900</u>	<u>\$ 19,187</u>	<u>\$ 381,899</u>	<u>\$ 331</u>	<u>\$ 523,317</u>
LIABILITIES					
Due to Others	\$ -	\$ -	\$ -	\$ 331	\$ 331
Due to Other Governments	14,413	19,187	333,531	-	367,131
Total Liabilities	<u>\$ 14,413</u>	<u>\$ 19,187</u>	<u>\$ 333,531</u>	<u>\$ 331</u>	<u>\$ 367,462</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes Collected for Subsequent Levy	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,550</u>	<u>\$ -</u>	<u>\$ 20,550</u>
NET POSITION					
Restricted For:					
Individuals, Organizations and Other					
Governments	<u>\$ 107,487</u>	<u>\$ -</u>	<u>\$ 27,818</u>	<u>\$ -</u>	<u>\$ 135,305</u>

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT B-3

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Custodial Funds				Total Custodial Funds
	Collaborative	State Revenue	Taxes and Penalties	Estate Recoveries	
ADDITIONS					
Contributions:					
Individuals	\$ -	\$ -	\$ -	\$ 533,685	\$ 533,685
Property Tax Collections for Other					
Governments	-	-	8,186,324	-	8,186,324
License and Fees Collected for State	-	1,436,299	-	-	1,436,299
Grants for Other Entities	51,499	-	-	-	51,499
Miscellaneous	5,128	-	-	-	5,128
Total Additions	<u>56,627</u>	<u>1,436,299</u>	<u>8,186,324</u>	<u>533,685</u>	<u>10,212,935</u>
DEDUCTIONS					
Payments of Property Taxes to Other					
Governments	\$ -	\$ -	\$ 8,203,981	\$ -	\$ 8,203,981
Payments to State	-	1,436,299	-	533,685	1,969,984
Payments to Other Entities	85,458	-	-	-	85,458
Total Deductions	<u>85,458</u>	<u>1,436,299</u>	<u>8,203,981</u>	<u>533,685</u>	<u>10,259,423</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	\$ (28,831)	\$ -	\$ (17,657)	\$ -	\$ (46,488)
Fiduciary Net Position, Beginning of Year	<u>136,318</u>	<u>-</u>	<u>45,475</u>	<u>-</u>	<u>181,793</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 107,487</u>	<u>\$ -</u>	<u>\$ 27,818</u>	<u>\$ -</u>	<u>\$ 135,305</u>

OTHER SCHEDULES

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

EXHIBIT C-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Primary Government	Discretely Presented Component Unit Lac qui Parle- Yellow Bank Watershed District
Appropriations and Shared Revenue		
State		
Highway Users Tax	\$ 3,397,650	\$ -
Market Value Credit	266,872	11,745
PERA Indirect Aid	11,927	-
Disparity Reduction Aid	51,196	-
County Program Aid	540,662	-
County Aquatic Inspection Aid	41,160	-
Police Aid	92,560	-
Public Safety Aid	160,571	-
Local Housing Aid	95,393	-
E-911	156,546	-
Riparian Protection Aid	142,896	-
SCORE	72,440	-
Total Appropriations and Shared Revenue	\$ 5,029,873	\$ 11,745
Reimbursement for Services		
State		
Minnesota Department of Human Services	\$ 328,901	\$ -
Minnesota Department of Public Safety	7,071	-
Local		
Lac qui Parle County	-	2,324
Total Reimbursements for Services	\$ 335,972	\$ 2,324
Payments		
Local		
Payments in Lieu of Taxes	\$ 303,919	\$ -
Grants		
State		
Minnesota Department/Board of		
Education	\$ 5,390	\$ -
Human Services	711,268	-
Natural Resources	60,453	-
Public Safety	17,740	1,148
Veterans Affairs	7,500	-
Water and Soil Resources	89,111	191,813
Pollution Control Agency	22,915	-
Total State	\$ 914,377	\$ 191,813
Federal		
Department of		
Agriculture	\$ 101,262	\$ -
Treasury	223,117	-
Justice	19,488	-
Health and Human Services	669,955	-
Homeland Security	39,975	3,825
Total Federal	\$ 1,053,797	\$ -
Total State and Federal Grants	\$ 1,968,174	\$ 191,813
Total Intergovernmental Revenue	\$ 7,637,938	\$ 205,882

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

EXHIBIT C-2

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	232MN101S2514	\$ 101,262	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2022-LACCAO	13,809	-
U.S. Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	173,117	-
Local Assistance and Tribal Consistency Fund	21.032	N/A	50,000	-
Total U.S. Department of Treasury			223,117	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2201MNFPS	836	-
Temporary Assistance for Needy Families	93.558	2301MNTANF	18,476	-
Child Support Enforcement	93.563	2301MNCES	94,748	-
Child Support Enforcement	93.563	2301MNCSES	17,529	-
(Total Child Support Enforcement 93.563 \$112,277)				
Refugee and Entrant Assistance State/Replacement				
Designee Administered Programs	93.566	2301MNRCA	329	-
Child Care and Development Block Cluster				
Child Care and Development Block Grant	93.575	2301MNCDF	1,567	-
Parental Support Outreach Program - Children's Trust Fund	93.590	2202MNBCAP	2,889	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	1,326	-
Foster Care Title IV-E	93.658	2301MNFOS	47,163	-
Social Services Block Grant	93.667	2301MNSOS	66,453	-
Children Health Insurance Program	93.767	2305MN5021	411	-
Medicaid Cluster				
Medical Assistance Program	93.778	2305MN5ADM	399,525	-
Medical Assistance Program	93.778	2305MN5MAP	3,482	-
(Total Medical Assistance Program 93.778 \$403,007)				
Total U.S. Department of Health and Human Services			654,734	-

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

**EXHIBIT C-2
(Continued)**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	R29G70CGBLA21	\$ 7,394	\$ -
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4722 PW39 (731223)	9,422	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4722 PW90 (731222)	19,897	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4658 PW7	962	-
(Total Disaster Grants - Public Assistance 97.036 \$30,281)				
Passed Through Emergency Food and Shelter National Board Emergency Food and Shelter	97.024	485919-007	2,300	-
Total U.S. Department of Homeland Security			<u>39,975</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,032,897</u>	<u>\$ -</u>
Totals by Cluster				
Total Expenditures for SNAP Cluster			\$ 101,262	
Total Expenditures for Child Care and Development Block Cluster			1,567	
Total Expenditures for Medicaid Cluster			403,007	

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023**

1. Reporting Entity

The schedule of expenditures of federal awards presents the activities of federal award programs expended by Lac qui Parle County. The County's reporting entity is defined in Notes 1 to the financial statements.

2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lac qui Parle County under programs of the federal government for the year ended December 31, 2023. 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 Lac qui Parle County, it is not intended to and does not present the financial position or changes in net position of Lac qui Parle County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on a modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures were not allowable or are limited as to reimbursements. Lac qui Parle County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation of SEFA to Schedule of Intergovernmental Revenue

Total Federal Revenue per Schedule of Intergovernmental Revenue	\$ 1,053,797
Grants received more than 60 days after year-end deferred in 2022	
MaryLee Allen Promoting Safe and Stable Families Program	209
Stephanie Tubbs Jones Child Welfare Services Program	208
Emergency Management Performance Grants	20,326
Grants Unavailable in 2023, Recognized as Revenue in 2024	
MaryLee Allen Promoting Safe and Stable Families Program	(418)
Community-Based Child Abuse Prevention Grants	(855)
Stephanie Tubbs Jones Child Welfare Services Program	(745)
Block Grants for Community Mental Health Services	(1,120)
Block Grants for Prevention and Treatment of Substance Abuse	(12,500)
Emergency Management Performance Grants	(20,326)
16.575 Crime Victim Assistance	(5,679)
Total Federal Awards per Schedule of Expenditures of Federal Awards	\$ 1,032,897

**LAC QUI PARLE – YELLOW BANK
WATERSHED DISTRICT**

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-1

LAC QUI PARLE – YELLOW BANK WATERSHED DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 1,615,219
Taxes Receivable	15,237
Special Assessments Receivable	734,091
Lease Receivable	156,596
Due from Primary Government	1,428,399
Capital Assets	
Non-depreciable	628,458
Depreciable (Net)	4,224,809
Total Assets	<u>\$ 8,802,809</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	<u>\$ 116,710</u>
LIABILITIES	
Accounts Payable	\$ 68,261
Contracts Payable	163,096
Salaries Payable	26,063
Due to Other Governments	14,322
Unearned Revenue	204,283
ISTS Loans	
Due Within One Year	157,837
Due in More than One Year	992,489
Compensated Absences Payable	
Due Within One Year	4,211
Due in More than One Year	18,272
Net Pension Liability	240,451
Total Liabilities	<u>\$ 1,889,285</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related	\$ 76,554
Lease Related	167,495
Total Deferred Inflows of Resources	<u>244,049</u>
NET POSITION	
Investment in Capital Assets	\$ 4,853,267
Restricted For:	
Conservation of Natural Resources	1,225,706
Unrestricted	707,212
Total Net Position	<u><u>\$ 6,786,185</u></u>

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-2

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
GOVERNMENTAL ACTIVITIES					
Culture and Recreation	\$ 152,459	\$ 125,843	\$ -	\$ -	\$ (26,616)
Conservation of Natural Resources	1,447,963	452,566	701,967	-	(293,430)
Interest	9,016	-	-	-	(9,016)
Total Governmental Activities	<u>\$ 1,609,438</u>	<u>\$ 578,409</u>	<u>\$ 701,967</u>	<u>\$ -</u>	<u>\$ (329,062)</u>
GENERAL REVENUES					
Property Taxes					\$ 280,455
Payments in Lieu of Tax					2,752
Grants and Contributions not Restricted for a Particular Purpose					11,745
Investment Earnings					5,581
Miscellaneous					71,713
Total General Revenues					<u>372,246</u>
CHANGE IN NET POSITION					43,184
Net Position - Beginning of Year					<u>6,743,001</u>
NET POSITION - END OF YEAR					<u>\$ 6,786,185</u>

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-3

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
GOVERNMENTAL FUNDS – BALANCE SHEET
DECEMBER 31, 2023

	General	Ditch Special Revenue	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,542,907	\$ 72,312	\$ 1,615,219
Taxes Receivable	15,237	-	15,237
Special Assessments Receivable	734,091	-	734,091
Lease Receivable	156,596	-	156,596
Due from Primary Government	1,428,399	-	1,428,399
Total Assets	<u>\$ 3,877,230</u>	<u>\$ 72,312</u>	<u>\$ 3,949,542</u>
LIABILITIES			
Accounts Payable	\$ 68,261	\$ -	\$ 68,261
Contracts Payable	163,096	-	163,096
Salaries Payable	26,063	-	26,063
Due to Other Governments	14,322	-	14,322
Unearned Revenue	204,283	-	204,283
Total Liabilities	476,025	-	476,025
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	2,091,558	-	2,091,558
Lease Related	167,495	-	167,495
Total Deferred Inflows of Resources	2,259,053	-	2,259,053
FUND BALANCES			
Restricted			
Septic/Sewer Loans	420,854	-	420,854
Ditch Repairs and Maintenance	-	72,312	72,312
Assigned			
Flood Control	18,885	-	18,885
Unassigned	702,413	-	702,413
Total Fund Balances	1,142,152	72,312	1,214,464
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,877,230</u>	<u>\$ 72,312</u>	<u>\$ 3,949,542</u>

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-4

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL
ACTIVITIES
DECEMBER 31, 2023

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS	\$ 1,214,464
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Total net position reported for governmental activities in the statement of net position is 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.	4,853,267
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The Watershed's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	\$ (240,451)	
Deferred Inflows of Resources - Pension Related	(76,554)	
Deferred Outflows of Resources - Pension Related	<u>116,710</u>	(200,295)

Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	2,091,558
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Loans Payable	(1,150,326)	
Compensated Absences	<u>(22,483)</u>	<u>(1,172,809)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 6,786,185</u></u>
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LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-5

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Ditch Special Revenue	Total
REVENUES			
Taxes	\$ 279,592	\$ 2,890	\$ 282,482
Special Assessments	169,386	-	169,386
Intergovernmental	210,855	-	210,855
Charges for Services	448,604	-	448,604
Investment Earnings	5,573	8	5,581
Miscellaneous	787,716	-	787,716
Total Revenues	1,901,726	2,898	1,904,624
EXPENDITURES			
CURRENT			
Culture and Recreation	139,820	-	139,820
Conservation of Natural Resources	1,322,141	7,870	1,330,011
CAPITAL OUTLAY			
Culture and Recreation	110,542	-	110,542
DEBT SERVICE			
Principal	156,085	-	156,085
Interest	9,016	-	9,016
Total Expenditures	1,737,604	7,870	1,745,474
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	164,122	(4,972)	159,150
OTHER FINANCING SOURCES (USES)			
Loans Issued	107,421	-	107,421
NET CHANGE IN FUND BALANCES	271,543	(4,972)	266,571
Fund Balances - Beginning of Year	870,609	77,284	947,893
FUND BALANCES - END OF YEAR	\$ 1,142,152	\$ 72,312	\$ 1,214,464

LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-6

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-
WIDE STATEMENT OF ACTIVITIES GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 266,571
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Amounts reported for governmental activities in the statement of activities are different because:

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease as unavailable.

Unavailable Revenue - December 31	\$ 2,091,558	
Unavailable Revenue - January 1	<u>(2,351,260)</u>	(259,702)

Governmental funds report capital outlays 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		118,242
Current Year Depreciation		<u>(95,539)</u>

Governmental funds report loans issued as other financing sources. However, in the statement of activities, the loans are reported as a liability.	(107,421)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	156,085
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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 Compensated Absences	(3,239)	
Change in Net Pension Liability	20,910	
Change in Deferred Pension Outflows	19,976	
Change in Deferred Pension Inflows	<u>(72,699)</u>	<u>(35,052)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 43,184</u>
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LAC QUI PARLE COUNTY
MADISON, MINNESOTA

EXHIBIT D-7

LAC QUI PARLE-YELLOW BANK WATERSHED DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 290,000	\$ 290,000	\$ 279,592	\$ (10,408)
Special Assessments	-	-	169,386	169,386
Intergovernmental	120,855	120,855	210,855	90,000
Charges for Services	418,874	418,874	448,604	29,730
Investment Earnings	1,645	1,645	5,573	3,928
Miscellaneous	51,250	51,250	787,716	736,466
Total Revenues	882,624	882,624	1,901,726	1,019,102
EXPENDITURES				
CURRENT				
CULTURE AND RECREATION				
Parks	126,272	126,272	139,820	(13,548)
CONSERVATION OF NATURAL RESOURCES				
Watershed	614,939	614,939	1,322,141	(707,202)
DEBT SERVICE				
Principal	-	-	156,085	(156,085)
Interest	-	-	9,016	(9,016)
Total Debt Service	-	-	165,101	(165,101)
Total Expenditures	741,211	741,211	1,737,604	(996,393)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	141,413	141,413	164,122	22,709
OTHER FINANCING SOURCES				
Loans Issued	750,000	750,000	107,421	(642,579)
NET CHANGE IN FUND BALANCE	<u>\$ 891,413</u>	<u>\$ 891,413</u>	271,543	<u>\$ (619,870)</u>
Fund Balance - Beginning of Year			870,609	
FUND BALANCE - END OF YEAR			<u>\$ 1,142,152</u>	



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of County Commissioners
Lac qui Parle County, Minnesota
Madison, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 15, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Alexandria, Minnesota
August 15, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners
Lac qui Parle County
Madison, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lac qui Parle County's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Alexandria, Minnesota
August 15, 2024

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 200.516(a)? yes X no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X No

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 – MATERIAL AUDIT ADJUSTMENTS – COUNTY EDA FUND AND WATERSHED DISTRICT

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: There was a material adjustment in the EDA fund of the County to record taxes receivable. There were material audit adjustments to the Watershed District to properly state contracts payable, lease receivable and related deferred inflows, and unearned revenues.

Criteria or Specific Requirement: The County and the District's management is responsible for establishing and maintaining internal controls for the proper recording of all the entity's receipts and disbursements, including applicable accruals.

Effect: Errors in the preparation of year-end balances increases the risk related to financial statement misstatements.

Cause: The County and Watershed District have limited number of personnel.

Repeat Finding: Yes, reported originally as 2017-001

Recommendation: We recommend management be aware of all procedures and processes involved in recording year-end balances and develop internal controls to ensure proper recording of these items.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will ensure all year-end balances are reconciled.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023-002 – LACK OF SEGREGATION OF DUTIES – WATERSHED DISTRICT

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: The Lac qui Parle-Yellow Bank Watershed District lacks proper segregation of duties. Throughout 2023, the responsibilities for billing, collecting, recoding, and reconciling the financial transactions were not adequately segregated among office staff.

Criteria or Specific Requirement: Effective internal control provides an adequate segregation of duties so that no one individual regularly handles a transaction from its inception to its completion.

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

Cause: The District and authority have a limited number of employees and therefore is not able to adequately segregate duties.

Repeat Finding: Yes, reported originally as 2007-001

Recommendation: We recommend the Board be aware of the lack of segregation of duties within the accounting functions and continue to provide oversight by thoroughly reviewing financial data on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will look for ways to further segregate duties in 2024.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2023-003 – ACCOUNTING POLICIES AND PROCEDURES – WATERSHED DISTRICT

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Condition: The Lac qui Parle-Yellow Bank Watershed District does not have written accounting policies and procedures.

Criteria or Specific Requirement: District management is responsible for the District's internal control over financial reporting. Documentation of the internal controls should occur in the form of an accounting manual or through formal policies. These policies should be designed to help detect and deter fraud and include monitoring procedures.

Effect: A lack of formal accounting policies and procedures could result in inconsistent accounting from year to year. In addition, should a key individual terminate employment, the procedures would not be documented to allow for a smooth transition.

Cause: No formal action has been taken to provide District personnel with procedures to perform consistent treatment of accounting transactions.

Repeat Finding: Yes, reported originally as 2016-001

Recommendation: We recommend the District develop and approve written accounting policies and procedures.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will continue to develop accounting policies and procedures.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

SECTION IV – MINNESOTA LEGAL COMPLIANCE

2023-004 – PUBLISHED COUNTY BOARD MEETING MINUTES - COUNTY

Condition: County Board meeting minutes are not published within 30 days of each meeting.

Criteria or Specific Requirement: State statute 375.12 states that within 30 days of each meeting, the County Board should have the official proceedings of its sessions or a summary published in a qualified newspaper of general circulation in the county.

Effect: Noncompliance with Minnesota Statutes.

Cause: Lack of personnel resources.

Repeat Finding: Yes, reported originally as 2018-005

Recommendation: We recommend County management cross train employees to allow for adequate back of up necessary county functions to ensure compliance with state statutes.

Views of Responsible Officials: There is no disagreement with the finding.

2023-005 – PROMPT PAYMENT OF CLAIMS - WATERSHED

Condition: 1 of 25 disbursement transactions tested were not paid within the standard payment period.

Criteria or Specific Requirement: State statute 471.421 requires that payments be made to vendors with a standard payment period of 35 days from receipt of the invoice.

Effect: Noncompliance with Minnesota Statutes.

Cause: Record of the receipt date for invoices received late were not kept.

Repeat Finding: Yes, reported originally as 2022-006

Recommendation: We recommend the Watershed add a record of the received date to invoices that are received late.

Views of Responsible Officials: There is no disagreement with the finding.

**LAC QUI PARLE COUNTY
MADISON, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

PREVIOUSLY REPORTED ITEMS RESOLVED

2022-004 – SUSPENSION AND DEBARMENT

Condition: The County did not check to see if vendors were suspended or debarred.

Status: Resolved in 2023.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Lac qui Parle County, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lac qui Parle County (the County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 15, 2024.

In connection with our audit, we noted that the County failed to comply with provisions of the miscellaneous and claims and disbursements sections of *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and questioned costs as items 2023-004 and 2023-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the provisions of the depositories of public funds and public investments, contracting – bid laws, conflicts of interest, and public indebtedness sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 15, 2024



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