

LEGISLATIVE COORDINATING COMMISSION
FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021



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**LEGISLATIVE COORDINATING COMMISSION
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YEAR ENDED JUNE 30, 2021**

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**LEGISLATIVE COORDINATING COMMISSION
ST. PAUL, MINNESOTA
ORGANIZATION
YEAR ENDED JUNE 30, 2021**

LEGISLATIVE COORDINATING COMMISSION

NAME	ORGANIZATION	BOARD POSITION
Melissa Hortman	House of Representatives	Chairperson
David Osmek	Senate	Vice Chairperson
Gary Dahms	Senate	Member
Mark Johnson	Senate	Member
Melisa Franzen	Senate	Member
Jeremy Miller	Senate	Member
Sandra Pappas	Senate	Member
Kurt Daudt	House of Representatives	Member
Pat Garofalo	House of Representatives	Member
Paul Marquart	House of Representatives	Member
Rena Moran	House of Representatives	Member
Ryan Winkler	House of Representatives	Member

ADMINISTRATION

Michelle Weber
Diane Henry-Wangenstein
Annë Shaw
Deb Skumautz

Director
Deputy Director
Fiscal Service Specialist
Fiscal Service Specialist



INDEPENDENT AUDITORS' REPORT

Commissioners and Administration
Legislative Coordinating Commission
St. Paul, Minnesota

We have audited the accompanying financial statements of the governmental activities and the general fund for the Legislative Coordinating Commission (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund for the Commission as of June 30, 2021, and the respective changes in financial position and the general fund budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Commission are intended to present the financial position and the changes in financial position of only that portion of the General Fund of the State that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the State's general fund as of June 30, 2021 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total OPEB liability, the schedule of the Commission's proportionate share of the net pension liability – state employees retirement fund, and the schedule of the Commission's general plan contributions – state employees retirement fund, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual fund financial statements and schedules, and related budget and actual comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the related departmental budget and actual comparisons have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2022, on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 10, 2022

**LEGISLATIVE COORDINATING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

As management of the Legislative Coordinating Commission (the Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,973,673.
- The Commission's total net position increased by \$371,489 during the fiscal year ended June 30, 2021.
- As of the close of the 2021 fiscal year-end, the Commission's general fund reported ending fund balance of \$7,865,779.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Legislative Coordinating Commission's basic financial statements. The Legislative Coordinating Commission's basic financial statements are composed of the statements of net position, the statement of activities, the general fund balance sheet, the reconciliation of the general fund balance sheet to the statement of net position, the statement of revenues, expenditures, and change in fund balance and the reconciliation of the revenues, expenditures, the change in fund balance of the general fund to the statement of activities, and the budget and actual report for the general fund. This report also contains supplementary information in addition to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statement notes explain some of the information in the financial statements and provide more detailed data. Also, this discussion and analysis contains other supplemental information in addition to the basic financial statements themselves.

**LEGISLATIVE COORDINATING COMMISSION
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2021**

Figure 1 summarizes the major features of the commission’s financial statements. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 1
Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Financial Statements - General Fund
Scope	Entire Government	The Total Activities of the Commission
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due within the year or soon thereafter, no long-term assets or liabilities included.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon after.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements provide a general overview of the Commission’s operations in a manner similar to a private sector business. These statements consist of the statement of net position and the statement of activities and are prepared using an accrual basis of accounting. These statements begin on page 11 of this report.

The *statement of net position* presents the Commission’s assets and deferred outflows of resources and liabilities and deferred inflows of resources; the difference between the two is net position. Over time, the increase or decrease in net position can serve as an indicator as to whether the Commission’s financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Commission’s net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to fully understand the financial statements. The notes to the financial statements start on page 18 of this report.

**LEGISLATIVE COORDINATING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS

Fiscal year 2020 is the first year of the State's two-year budget cycle ending June 30, 2021. During this even-year session, the legislature meets for approximately four months and may consider bonding for statewide capital improvement projects and policy issues that were not addressed in the previous year.

During the second fiscal year of every two-year biennium, the legislature meets for approximately five months. During this odd-year session, which begins in January following the general election, the legislature works to set the state budget for the next two fiscal years.

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. As of June 30, 2021, the Commission's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$4,973,673.

Legislative Coordinating Commission's Summary of Net Position

	Governmental Activities		Increase (Decrease)
	2021	2020	
ASSETS			
Current Assets	\$ 8,689,898	\$ 7,618,770	\$ 1,071,128
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources	145,000	193,000	(48,000)
LIABILITIES			
Current Liabilities	1,398,555	1,461,638	(63,083)
Long-Term Liabilities	2,068,670	1,348,948	719,722
Total Liabilities	<u>3,467,225</u>	<u>2,810,586</u>	<u>656,639</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	<u>394,000</u>	<u>399,000</u>	<u>(5,000)</u>
NET POSITION			
Restricted - State Appropriations	<u>\$ 4,973,673</u>	<u>\$ 4,602,184</u>	<u>\$ 371,489</u>

**LEGISLATIVE COORDINATING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2021**

Key elements of the \$371,489 increase in net position are as follows:

	Governmental Activities		
	2021	2020	Increase (Decrease)
REVENUES			
Intergovernmental			
State Appropriation	\$ 14,981,875	\$ 13,658,714	\$ 1,323,161
Miscellaneous	-	10,425	(10,425)
Total Revenues	<u>14,981,875</u>	<u>13,669,139</u>	<u>1,312,736</u>
EXPENSES			
Salaries and Benefits Including Per Diem	11,457,002	10,353,602	1,103,400
Travel, Subsistence and Registration	117,033	172,206	(55,173)
Communications	329,250	140,810	188,440
Office Equipment	387,670	545,920	(158,250)
Purchased Services	1,567,423	1,765,717 *	(198,294)
Supplies and Materials	112,640	108,803	3,837
Miscellaneous	639,368	507,413	131,955
Total Expenses	<u>14,610,386</u>	<u>13,594,471</u>	<u>1,015,915</u>
CHANGE IN NET POSITION	371,489	74,668	296,821
Net Position - Beginning of Year	<u>4,602,184</u>	<u>4,527,516 *</u>	<u>74,668</u>
NET POSITION - END OF YEAR	<u>\$ 4,973,673</u>	<u>\$ 4,602,184</u>	<u>\$ 371,489</u>

*The difference between external and internal transfers was placed here.

- The Commission's budgeted appropriation increased \$1,323,152 as compared to fiscal year 2020.
- Overall, 2021 expenses increased \$1,015,915 compared to 2020. This was mostly due to an increase in salaries expenses during the year.

Starting on Page 49 there are comparisons of budget to actual expenditures.

**LEGISLATIVE COORDINATING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2021**

BUDGETARY HIGHLIGHTS

The Commission's budget for the 2020-2021 biennium is determined during the latter part of the previous biennium. See Note 2 for narrative of the budget process.

The Commission's budgeted appropriation was increased from fiscal year 2020 to 2021 by \$1,323,152.

The Commission's general carry-forward balance (fund balance) increased from fiscal year 2020 to 2021 by \$1,053,488.

Overall, actual expenditures were under budgeted by 35.93 percent. All categories had expenditures below budgeted levels. The largest variances included the following:

- Miscellaneous expenditures were under budget by \$3,066,496 primarily due to the Commission utilizing other operating costs line items (included in Miscellaneous expenditures line item) as a contingency placeholder for appropriated funds to be utilized beyond what is budgeted for in other areas, should anything unexpected that would require spending occur.
- Salaries and benefits including per diem were under budget by \$1,633,035 primarily due to the Commission having budgeted to have more filled positions than occurred during the year.
- Purchased Services were under budget by \$1,837,652 primarily due to the Commission having budgeted for planned projects that were delayed due to the COVID-19 pandemic.

Starting on page 49 there are comparisons of budgeted expenditures to actual expenditures.

DEBT ADMINISTRATION

Additional information on the Commission's long-term liabilities can be found in Notes 3, 4 and 5 of this report.

Legislative Coordinating Commission's Long-term Liabilities

	Governmental Activities		Increase (Decrease)
	2021	2020	
Compensated Absences	\$ 1,845,106	\$ 1,350,107	\$ 494,999
Other Postemployment Benefits Payable	672,000	554,000	118,000
Net Pension Liability	126,000	100,000	26,000
Total	\$ 2,643,106	\$ 2,004,107	\$ 638,999

The Commission's total long-term liabilities increased \$638,999 compared to 2020. The increase is mostly due to individuals having the ability to carry over more vacation days into the next fiscal year than they previously were able to do. This was the result of exceptions made for the state contract groups so that individuals would not lose unutilized vacation during the pandemic.

**LEGISLATIVE COORDINATING COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEARS ENDED JUNE 30, 2021**

NEXT YEAR'S FUNDING AND BUDGET

The Legislative Coordinating Commission general fund appropriation for fiscal year 2022 is \$22,202,000. The increase in appropriations is for one-time operation projects and for additional funds for operations of the joint legislative offices and commissions. This amount includes appropriations transferred to the Office of the Legislative Auditor.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the Commission finances and to demonstrate the Commission's accountability for the money it receives.

Questions about information in this report or requests for additional financial information should be addressed to Diane Henry-Wangenstein, Deputy Director, Legislative Coordinating Commission, 600 State Office Building, 100 Rev. Dr. Martin Luther King Jr. Blvd. , St. Paul, MN 55155.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LEGISLATIVE COORDINATING COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

CURRENT ASSETS

Unliquidated Appropriation	\$ 8,689,898
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Pensions	32,000
Deferred Outflows - Other Postemployment Benefits	113,000
Total Deferred Outflows of Resources	145,000

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	186,122
Wages and Salaries Payable	637,997
Compensated Absences Payable - Due Within One Year	574,436
Total Current Liabilities	1,398,555

LONG-TERM LIABILITIES

Compensated Absences Payable - Due in More Than One Year	1,270,670
Total Other Postemployment Benefits Liability	672,000
Net Pension Liability	126,000
Total Long-Term Liabilities	2,068,670

Total Liabilities	3,467,225
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows - Pensions	286,000
Deferred Inflows - Other Postemployment Benefits	108,000
Total Deferred Inflows of Resources	394,000

NET POSITION

Restricted - State Appropriations	\$ 4,973,673
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**LEGISLATIVE COORDINATING COMMISSION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Primary Government
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities Total
Primary Government:					
Governmental Activities:					
General Government	\$ 14,610,386	\$ -	\$ -	\$ -	\$ (14,610,386)
General Revenues:					
State Appropriation					14,981,875
Change in Net Position					371,489
Net Position - Beginning of Year					4,602,184
Net Position - End of Year					\$ 4,973,673

See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

**LEGISLATIVE COORDINATING COMMISSION
BALANCE SHEET – GENERAL FUND
JUNE 30, 2021**

	<u>General Fund</u>
ASSETS	
Unliquidated Appropriation	<u>\$ 8,689,898</u>
LIABILITIES	
Accounts Payable	\$ 186,122
Wages and Salaries Payable	<u>637,997</u>
Total Liabilities	824,119
FUND BALANCES	
Restricted	<u>7,865,779</u>
Total Liabilities and Fund Balances	<u>\$ 8,689,898</u>

See accompanying Notes to Basic Financial Statements.

**LEGISLATIVE COORDINATING COMMISSION
RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances for General Fund \$ 7,865,779

Total net position reported for governmental activities in the statement of net position is different because:

The Commission's net pension liability and related deferred inflows and deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	\$ (126,000)	
Deferred Inflows of Resources - Pensions	(286,000)	
Deferred Outflows of Resources - Pensions	<u>32,000</u>	(380,000)

The Commission's net OPEB liability and related deferred inflows and deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Total Other Postemployment Benefits Liability	(672,000)	
Deferred Inflows - OPEB	(108,000)	
Deferred Outflows - OPEB	<u>113,000</u>	(667,000)

Long-term liabilities that pertain to governmental funds, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long term - are reported in the statement of net position.

Compensated Absences Payable	<u>(1,845,106)</u>	<u>(1,845,106)</u>
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Total Net Position of Governmental Activities		<u><u>\$ 4,973,673</u></u>
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LEGISLATIVE COORDINATING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GENERAL
FUND
YEAR ENDED JUNE 30, 2021

	General Fund
REVENUES	
Intergovernmental	
State Appropriation	\$ 14,981,875
EXPENDITURES	
General Government	
Salaries and Benefits including Per Diem	10,775,003
Travel, Subsistence, and Registration	1,146
Office Rent and Utilities	115,887
Communications	329,250
Office Equipment	387,670
Purchased Services	1,567,423
Supplies and Materials	112,640
Miscellaneous	639,368
Total Expenditures	13,928,387
NET CHANGE IN FUND BALANCE	1,053,488
FUND BALANCES	
Beginning of Year	6,812,291
End of Year	\$ 7,865,779

See accompanying Notes to Basic Financial Statements.

**LEGISLATIVE COORDINATING COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – GENERAL FUND TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total General Fund \$ 1,053,488

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

In the statement of activities, compensated absences and other postemployment benefits related items are measured by the amounts earned during the year. In the general fund, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Change in Accrued Compensated Absences	(494,999)
Change in OPEB Liability and Deferred Outflows/Inflows	(84,000)

Pension expenditures in the general funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

(103,000)

Change in Net Position of Governmental Activities	<u><u>\$ 371,489</u></u>
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**LEGISLATIVE COORDINATING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 14,981,875	\$ 14,981,875	\$ 14,981,875	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	12,408,037	12,408,037	10,775,003	1,633,034
Travel, Subsistence, and Registration	171,458	171,458	1,146	170,312
Office Rent and Utilities	194,808	194,808	115,887	78,921
Communications	454,782	454,782	329,250	125,532
Office Equipment	1,160,288	1,160,288	387,670	772,618
Purchased Services	3,405,075	3,405,075	1,567,423	1,837,652
Supplies and Materials	238,234	238,234	112,640	125,594
Miscellaneous	3,705,864	3,705,864	639,368	3,066,496
Total Expenditures	<u>21,738,546</u>	<u>21,738,546</u>	<u>13,928,387</u>	<u>7,810,159</u>
NET CHANGE IN FUND BALANCE	(6,756,671)	(6,756,671)	1,053,488	7,810,159
FUND BALANCES				
Beginning of Year	<u>6,812,291</u>	<u>6,812,291</u>	<u>6,812,291</u>	<u>-</u>
End of Year	<u>\$ 55,620</u>	<u>\$ 55,620</u>	<u>\$ 7,865,779</u>	<u>\$ 7,810,159</u>

See accompanying Notes to Basic Financial Statements.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The financial statements include the activities of the Legislative Coordinating Commission and joint agencies for which the Legislative Coordinating Commission (the Commission) has authority to act in matters concerning employment, compensation and budgets except for the Legislative Audit Commission. The activities of the Commission are a part of the state of Minnesota's (the State) General fund and appropriations for the Commission are made each biennium. The Legislative Coordinating Commission and joint agencies serve the purposes described below:

General Support – The Legislative Coordinating Commission was established in 1973. The Commission coordinates certain activities of the Senate and House of Representatives and serves as the umbrella organization providing administrative and fiscal oversight for joint legislative agencies and commissions. It determines the employee benefits for all legislative staff and health benefits for legislators. The Commission reviews budget requests and establishes staffing levels for all legislative commissions and joint agencies under its jurisdiction. The Commission also sets the compensation for all employees under its jurisdiction.

The President of the Senate and the Speaker of the House alternately serve as chair on an annual basis. The Commission provides staff support and/or fiscal service support for the Compensation Council, the University of Minnesota Regent Candidate Advisory Council, the Minnesota State Colleges and Universities Board of Trustees Candidate Advisory Council, the Legislative Commission on Planning and Fiscal Policy, the Subcommittee on Employee Relations, the Great Lakes Commission, the Legislative Health Care Workforce Commission, the Legislative Permanent School Fund Commission, the Legislative Salary Council, and the Joint House-Senate Subcommittee on Claims. The Commission serves as the fiscal agent for the Legislature and pays the annual dues for two national associations that provide policy and administrative support: the Council of State Governments and the National Conference of State Legislatures. The Commission coordinates the provision of sign language interpreters and other accessibility needs for the legislature and serves as the first point of contact for itinerary arrangements for visiting international and state delegations seeking to discuss policy issues and learn more about Minnesota's legislative process.

Within the Commission, the Geographic Information/Technical Services Office develops and maintains spatial databases and produces legislative district maps, reports, and web applications. The Commission maintains the office of the subcommittee on Minnesota Water Policy which reviews water policy reports and makes recommendations to the legislature. Within the Commission, the Office on the Economic Status of Women studies and reports on all matters relating to the economic status of women in Minnesota and supports legislators' efforts to enact legislation that furthers the extent to which women can contribute to the state's economy.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Other Departments within the Commission Include:

Public Info TV and Internet – The Legislative Coordinating Commission serves as the fiscal agent and assists with coordination for public information television, internet, intranet, and other transmission of legislative activities.

Mississippi River Parkway Commission – The Mississippi River Parkway Commission of Minnesota was established in 1963. It is part of the 10-state National Mississippi River Parkway Commission which works collectively to preserve, promote, and enhance the scenic, historic, and recreational resources of the Mississippi River and to develop the national, scenic, and historic parkway known as the Great River Road. In Minnesota, the Great River Road runs 575 miles through the heart of the state, adjacent to the Mississippi River, beginning at the river's headwaters at Lake Itasca through Minnesota's north woods, lake country, Twin Cities, and into bluff country along the Minnesota-Wisconsin border before entering Iowa.

Pensions and Retirement – The Legislative Commission on Pensions and Retirement was established in 1955 to study and investigate on an ongoing basis, the various public retirement systems applicable to nonfederal government employees in the state and to make recommendations to establish and maintain sound public employee pension legislation.

Legislative Budget Office – The Legislative Budget Office (LBO) is a nonpartisan office within the Legislative Branch of Minnesota state government. Effective September 1, 2019, the LBO will be responsible for working with state agencies to provide the House and Senate with information on the fiscal impact of proposed legislation. The product of this work is known as a fiscal note. The role of the LBO is similar to that of the Congressional Budget Office, who performs similar analysis for the United States Congress.

Legislative Reference Library – The Legislative Reference Library collects, indexes, publishes, and makes available public policy information both online and in the Library. The Library works closely with legislators and legislative staff to provide information services that support the legislative process. Executive agencies and the public are also served. Library staff track and acquire all reports mandated by the Legislature. In addition, state law requires that copies of the publications of Minnesota state government agencies, boards, and commissions, and a copy of all state-funded consultants' reports must be deposited with the Library. Rules of the House and Senate assign the director a custodial role of the floor and committee hearing recordings and the accompanying minutes and logs for public access. Library staff is nonpartisan, and all information requests are confidential.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

General and Revisor's Carry Forward – Carry forward amounts in these funds result from under spending in the previous biennium. This may result from salary savings due to vacancies in funded positions or lower than expected program expenses. M.S. 16A.281 limits the use of these funds to three purposes: 1) for nonrecurring expenditures in investments that enhance efficiency or improve effectiveness, 2) to pay expenses associated with sessions, interim activities, public hearings or other public outreach efforts and related activities or 3) to pay severance costs for involuntary terminations.

Revisor of Statutes – The Office of the Revisor of Statutes is a nonpartisan, professional joint legislative office providing drafting, editing, publication, and computer services to the Legislature, executive departments, and to the Governor and other constitutional officers. Drafting services are provided on a confidential basis and consist primarily of bills and administrative rules. The Office also prepares amendments, including House floor amendments, committee reports, engrossments, side-by-side bill comparisons, and conference committee reports. Under the direction of the House and Senate, the Office enrolls bills and presents them to the Governor. Publications produced by the Office include the following: Laws of Minnesota, Minnesota Statutes, Minnesota Rules, and other miscellaneous publications of legislative and public interest. The computer system designed and maintained by the Office is used by legislative staff to draft, edit, and publish legislative materials, including electronic publication on the Legislature's website.

Minnesota Resources – The Legislative-Citizen Commission on Minnesota Resources advises the legislature on the allocations for certain dedicated funding sources (primarily the Environment and Natural Resources Trust Fund) for projects “for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources” - Minnesota Constitution, Article 11, Section 14 as amended November 3, 1998. The governing statute is M.S. 116P.

Lessard-Sams Outdoor Heritage Council – The Lessard-Sams Outdoor Heritage Council advises the Legislature on appropriations from the Outdoor Heritage Fund, a fund constitutionally dedicated to be spent “only to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife” - Minnesota Constitution, Article 11, Section 15. The governing statute is M.S. 97A.056.

Energy Commission – The Legislative Energy Commission was established under M.S. 3.8851 to evaluate the energy policies of this state and the degree to which they promote an environmentally and economically sustainable energy future.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

Captioning Program – Legislative Coordinating Commission was appropriated funds to facilitate the captioning of the live streaming of legislative sessions on the Legislature’s website.

Legacy Website – The Legislative Coordinating Commission created and maintains Minnesota’s Legacy website to help citizens monitor how dollars from the Legacy Amendment and the Environment and Natural Resources Trust Fund are being invested in the state (<http://www.legacy.leg.mn>).

Coronavirus Relief Fund – Legislative Coordinating Commission was appropriated funds to respond to the COVID-19 pandemic. This budget category shows how those dollars are used by the Commission.

B. Basis of Presentation

The financial statements of Legislative Coordinating Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

C. Basic Financial Statement Presentation

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the Commission as a whole. These statements include all the financial activities of the Commission.

The Statement of Activities demonstrates the degree to which the direct expenses of the Commission are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Commission has no program revenues.

The Commission applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net position are available.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

General 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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Commission funds are disbursed by Minnesota Management and Budget.

The Commission is funded by an appropriation from the General Fund of the State of Minnesota. The unspent portion of the appropriation is carried forward indefinitely in accordance with the laws of Minnesota. The cumulative amount of the unspent portion of the appropriations is included in the balance sheet. A portion of the unspent appropriations are reserved for encumbrances.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

The state of Minnesota operates on a biennial budget. Every other year the Legislative Coordinating Commission and joint agencies prepare their budget requests and submit them to the Legislative Coordinating Commission. Budgets are approved by the Commission and included in the omnibus state government finance bill. The bill must be approved by the House and Senate and signed into law by the Governor. Budgets for each appropriation awarded to the Commission are prepared by the Commission and submitted to the Minnesota Management and Budget Agency and set up in the state's accounting system.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budgetary controls are at the appropriation level. Unexpended appropriations from the first year (year ended June 30, 2020) of the biennium are carried over and are available for operations in the second year (year ended June 30, 2021) of the biennium.

The Commission's expenditures are classified according to the state administrative guidelines. Commission funds are disbursed by the Minnesota Management and Budget Agency.

F. Unliquidated Appropriations

Represents the amount of appropriations allocated to the Commission that they can collectively utilize for approved expenditures in line with the Commission's purpose and expect to have the state pay the expenditures as the expenditures are approved and submitted.

G. Compensated Absences

Permanent employees accrue vacation, sick and compensatory leave according to state administrative guidelines set forth in the Legislative Plan for Employees Benefits and Policies. Temporary full-time employees accrue sick leave after six months of service. Other temporary employees do not accrue vacation, sick leave, or compensation time. Upon termination of employment, employees are compensated for their earned but unused vacation (generally, up to 275 hours) and a percentage of their sick leave depending upon length of state service and the nature of their termination (voluntary or involuntary). In the fund financial statements, the cost of these benefits is recognized when payments are made to the employees.

Payments for vacation, sick and compensatory leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2021 are determined on the basis of current salary rates and include salary related payments.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements report a separate section for deferred outflows of resources. In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that is applicable to future periods. Deferred inflows of resources represent the acquisition of net assets that is applicable to future periods. The Commission has two items that qualify as reporting in these categories related to pensions and other postemployment benefits.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and additions to/deductions from MSRS' fiduciary net position have been determined on the same basis as they are reported by MSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

J. Other Postemployment Benefits

The state of Minnesota provides postretirement medical coverage to retired participants and their spouses as allowed by Minnesota Statute §43A.27 subdivision 3 and §471.61 subdivision 2a and as required under the terms of selected employment contracts. The Commission is allocated a portion of the State's overall liability and related deferred inflows/outflows as it relates to this postretirement medical coverage plan.

K. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions can affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the reported revenues and expenses. The most significant area, which requires the use of management's estimates, relates to other postemployment benefits liability, and the estimated proportionate share of Minnesota State Retirement System State Employees Retirement Fund net pension liability.

L. Fund Balance

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

Nonspendable – Amounts that cannot be spent because they are not in spendable form, such as prepaid items or inventories.

Restricted – Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by Minnesota statutory provisions.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Balance (Continued)

Committed – Amounts constrained for specific purposes that are internally imposed by the government through formal, of the highest level of decision making, authority.

Assigned – Includes spendable fund balance amounts that are intended to be used for specific purpose that are not considered restricted or committed.

Unassigned – The residual classification for the General fund

The Commission considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Commission would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

M. Net Position

In the government-wide financial statements, net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is displayed in two components:

Restricted Net Position – Consist of net position balances restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors, laws, or regulation of other governments.

Unrestricted Net Position – All other net position balances that do not meet the definition of “restricted”.

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

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Actual expenditures did not exceed budgeted expenditures in any department within the general fund.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 LONG-TERM LIABILITIES

During the year ended June 30, 2021, the following changes occurred in long-term liabilities:

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion
Liabilities for:					
Compensated Absences	\$ 1,350,107	\$ 988,712	\$ 493,713	\$ 1,845,106	\$ 574,436

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS

The Commission provides health insurance benefits for certain retired employees under a single employer defined benefit healthcare plan, as required by Minnesota Statute, 471.61, subdivision 2a. Active employees who retire when eligible to receive a retirement benefit from a Minnesota public pension plan and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of June 30, 2021, the following current and former employees were covered by benefit terms under the plan:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Active Plan Members	<u>86</u>
Total	<u><u>92</u></u>

The total Other Postemployment Benefit (OPEB) liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.21 %
Payroll Growth	3.00 %
Inflation	2.25 %
Initial Medical Trend Rate	7.50 %
Ultimate Trend Rate Reached Year	2071

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

In the July 1, 2020, actuarial valuation, the entry age normal as a level percentage of pay actuarial cost method was used. The actuarial assumptions included a 2.21% discount rate, which is based on the 20-year tax-exempt general obligation municipal bond index rate as of the measurement date. The plan is not funded by assets in a separate trust. The municipal bond rate was applied to all periods of the projected benefit payments to determine the total OPEB liability. The payroll growth rate was assumed to be 3.00%. For postretirement mortality assumptions, the MSRS general plan utilized the Pub-2010 Healthy retired General Headcount-Weighted Mortality Table, adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.04 for males and 1.10 for females. For pre-retirement mortality assumptions, the MSRS general plan utilized the Pub-2010 General Employee Mortality Headcount-Weighted Table, adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 0.97 for males and 1.06 for females. The annual healthcare cost trend rate is 7.5% in 2020 reduced incrementally to an ultimate rate of 3.8% in the year 2071.

The following changes in actuarial assumptions for General Employees Fund Occurred between the July 1, 2018, valuation and July 1, 2020 valuation:

- The mortality assumption was updated to use the specific pension assumptions for MSRS, PERA, or TRA, with the exception of using the Pub-2010 General Headcount-Weighted Mortality Table instead of the Pub-2010 General Amount-Weighted Mortality Table, as applicable.
- The projected mortality improvement was updated to the MP-2020 mortality improvement scale.
- The withdrawal and retirement assumptions were updated to use the specific pension assumptions for MSRS, PERA, or TRA, after adjustment from benefit-weighting to headcount-weighting, as applicable.
- The salary increase and spouse age difference assumptions were updated to use the specific pension assumptions for MSRS, PERA, or TRA, as applicable.
- The annual medical and dental claims costs and premiums were updated based on recent experience.
- The discount rate decreased from 4.87% to 2.21%.
- The inflation rate decreased from 2.5% to 2.25%, consistent with MSRS and PERA.
- The payroll growth rate decreased from 3.25% to 3.00%, consistent with MSRS and PERA.
- The coverage at retirement assumption was updated from 75% single/25% family to 85% single/15% family for MSRS General.
- The annual medical trend was updated based on recent trend surveys, short-term expectations specific to state of Minnesota plans, and the current version of the SOA-Getzen trend model.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability were as follows:

Balance at July 1, 2020	\$ 554,000
Changes for the Year:	
Service Cost	45,000
Interest Cost	22,000
Changes in Assumptions	96,000
Differences Between Expected and Actual Experience	(65,000)
Benefit Payments	(36,000)
Change in Proportionate Share	56,000
Net Changes	<u>118,000</u>
Balance at July 1, 2021	<u><u>\$ 672,000</u></u>

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB 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:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 724,000	\$ 672,000	\$ 624,000

The following presents the total OPEB liability of the Commission, as well as what the Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (6.50% decreasing to 2.80% by 2071) or 1% point higher (8.50% decreasing to 4.80% by 2071) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (6.50%) Decreasing to 2.80% by 2071)	Current Trend Rates (7.50%) Decreasing to 3.8% by 2071)	1% Increase (8.50%) Decreasing to 4.80% by 2071)
Total OPEB Liability	<u>\$ 607,000</u>	<u>\$ 672,000</u>	<u>\$ 749,000</u>

For the year ended June 30, 2021, the Commission recognized OPEB expense of \$84,000. At June 30, 2021, the Commission reported deferred inflows of resources of \$108,000 and total deferred outflows of resources of \$113,000.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Plan Experience	\$ -	\$ 90,000
Change of Assumptions	81,000	18,000
Contributions Between Measurement Date and Reporting Date	32,000	-
Total	<u>\$ 113,000</u>	<u>\$ 108,000</u>

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Commission's OPEB payments subsequent to the measurement date of \$32,000 reported as a deferred outflow of resources will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. 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 June 30,	Amount
2022	\$ (8,000)
2023	(8,000)
2024	(8,000)
2025	(5,000)
2026	1,000
Thereafter	1,000

The Commission's OPEB plan does not issue a stand-alone financial report.

NOTE 5 EMPLOYEE PENSION PLANS

The State Employees Retirement Fund (SERF) is administered by MSRS and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans: the Military Affairs Plan, the Transportation Pilots Plan, and the Fire Marshals Plan. Only certain employees of the Department of Military Affairs, the Department of Transportation, and the State Fire Marshal's Division are eligible to be members of those plans, but all state employees who are not members of another plan are covered by the General Plan.

Substantially all employees of the Commission are covered by pension plans administered by MSRS. The MSRS administers the General Employee Plan (the General Plan) and the Unclassified Employees Retirement Plan (the Unclassified Plan), which are cost sharing, multiple-employer, public employee retirement plans. The General Plan is a defined benefit plan, and the Unclassified Plan is a defined contribution plan. All full-time and certain part-time employees are required to participate in the plans. Both plans provide for death and disability benefits.

There is a separate financial report of the pension plan in the Comprehensive Annual Financial Report for the MSRS. That report may be obtained at www.msrs.state.mn.us/financial-information; by writing to MSRS at 60 Empire Drive, #300, St. Paul, Minnesota, 55103; or by calling 651-296-2761 or 1-800-657-5757.

Employees covered by the Unclassified Plan are entitled to receive the cash value of their account upon termination of public service as a lump sum or by purchasing an annuity or a combination thereof.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 EMPLOYEE PENSION PLANS (CONTINUED)

Benefits Provided

MSRS provides retirement, disability, and death benefits through SERF. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any 60 successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2% each year. When the fund reaches a 90% funded status for two consecutive years, annuitants will receive a 2.5% increase.

Retirement benefits can be computed using one of two methods: the Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2% of the high-five average salary for each of the first 10 years of covered service, plus 1.7% for each year thereafter.

It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7% of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

Contributions

Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Required contribution rates, amounts contributed and covered payroll for the year ended June 30, 2021 for the plans are as follows:

	Covered Payroll	Commission Contribution		Participant Contribution	
		Amount	Percent	Amount	Percent
2021:					
Unclassified Plan	\$ 7,210,560	\$ 450,660	6.25 %	\$ 432,635	6.0 %
General Plan	382,431	23,902	6.25 %	22,946	6.0 %

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial Assumptions

The Commission's net pension liability was measured as of June 30, 2020, which was the most recent actuarial report, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% per year
Investment Rate	7.50%, Net of Pension Plan Investment Expense, Including Inflation
Payroll Growth	3.00%

Salary increases were based on reported salary at the valuation date increased according to the rate table, to current fiscal year and annually for each future year. Prior fiscal year salary is annualized for members with less than one year of service. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2018. Rates are multiplied by a factor of 9.97 for males and 1.06 for females. The postretirement mortality rates are based on the same information as the pre-retirement mortality rates but multiply by a factor of 1.04 for males and 1.10 for females.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of the last experience studies for the period July 1, 2014, through June 30, 2018.

The review also factored in information from the Social Security Trustees Report, U.S. Department of the Treasury yield curve rates, and historical observations of inflation statistics and investment returns.

The long-term expected rate of return on pension plan investments is 7.5%. The SBI, which manages the investments of MSRS, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5 %	5.10 %
International Equity	17.5	5.30
Fixed Income	10.0	0.75
Treasuries	10.0	0.50
Private Markets	25.0	5.90
Cash	2.0	-
Totals	<u>100 %</u>	

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 EMPLOYEE PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for General Employees Fund occurred between the July 1, 2019 valuation and the July 1, 2020 valuation:

- 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 proposed rates that average 0.25% less than the previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in a more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer 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 1 – 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 mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65% to 60%.
- The assumed age difference was changed from three years younger for males to 2 years younger.
- The assumed number of married male new retirees electing the 50% and 100% Joint & Survivor options changed from 15% to 10% and from 30% to 65%, respectively. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 30% to 40%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Benefit increases were 2.0% through December 31, 2018. From January 1, 2019 through December 31, 2023, benefit increases are assumed to be 1.0%. From January 1, 2024 and later, benefit increases are assumed to be 1.5%. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees), disability benefit recipients, or survivors)

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 EMPLOYEE PENSION PLANS (CONTINUED)

Discount Rate

The single discount rate used to measure the total pension liability as of June 30, 2020 was 7.50%. This is also the long-term expected return on investments rate.

The single discount rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating. For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.62% (based on the Fidelity Index as of June 30, 2018).

The projection of cash flows used to determine a single discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year ending June 30, 2049. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year ending June 30, 2049, and the municipal bond rate was applied to all benefit payments after the point of asset depletion.

Net Pension Liability

At June 30, 2021, the Commission reported a liability of \$126,000 for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by MSRS during the measurement period July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of MSRS' participating employers. The Commission's proportion was 0.00949% at the end of the measurement period and 0.00711% at the beginning of the measurement period.

Pension Liability Sensitivity

At June 30, 2021, the following presents the Commission's proportionate share of the net pension liability, calculated using the discount rate disclosed in the related section on page 33, as well as what the proportionate share of the net pension 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 Discount Rate	Current Discount Rate	1% Increase in Discount Rate
MSRS Discount Rate	6.50 %	7.50 %	8.50 %
LCC's Proportionate Share of the MSRS Net Pension Liability (Asset)	\$ 299,183	\$ 126,000	\$ (18,053)

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 EMPLOYEE PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the MSRS Comprehensive Annual Financial Report, available on the MSRS website (<https://www.msrs.state.mn.us/annual-reports-fy-2021>).

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the Commission recognized pension expense of \$103,000. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 2,000	\$ 1,000
Changes in Actuarial Assumptions	-	285,000
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	6,000	-
Changes in Proportion and Differences Between LCC		
Contributions and Proportionate Share of Contributions	4,000	-
LCC Contributions Subsequent to the Measurement		
Date	20,000	-
Total	<u>\$ 32,000</u>	<u>\$ 286,000</u>

\$20,000 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2022	\$ (188,000)
2023	(87,000)
2024	1,000
2025	-

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 TRANSACTIONS WITH STATE

Services received from various state agencies include legal services from the Attorney General's Office and the Department of Natural Resources; audit services from the Office of the Legislative Auditor; background check services from the Department of Public Safety; technology services from Minnesota IT Services; accounting, banking, human resource, and health insurance services from Minnesota Management and Budget; and purchasing, contract management, workers compensation, and liability insurance services from the Department of Administration. These services are either charged to the Commission through an administration fee or provided at no charge.

NOTE 7 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; to theft of, damage to, or destruction of assets; to errors or omissions; and to the employer obligations. The state manages these risks through the Risk Management Fund (internal service fund), a self-insurance fund, and other self-insurance mechanisms. All health plans are self-insured. The Commission is not required to contribute to the Risk Management Fund.

Statutory provisions prohibit the state from insuring property against loss. The Commissioner of the Department of Administration may authorize the purchase of insurance on state properties should it be deemed necessary and appropriate to protect buildings and contents. All losses of state property are self-insured, covered by programs of the Risk Management Fund or covered by insurance policies purchased by the Risk Management Fund on behalf of state agencies.

Tort Claims

Tort claims against the Commission are limited by statute to \$300,000 per person for property damage or bodily injury and \$1,000,000 per occurrence. These risks are not covered through insurance. The Commission is responsible to pay for the cost of claims from its operating budget of various funds. The legislature also makes an annual Tort Claim Appropriation to cover claims that would unduly impair agency operations. Agencies not able to cover claims through these two avenues must seek additional appropriations from the legislature.

Workers' Compensation

The State, as a self-insured employer, assumes all risks for workers' compensation related claims and is required by state law to be a member of the Workers' Compensation Reinsurance Association (WCRA). The Commission remits premiums to the State. Settled claims have not exceeded coverage in any of the past three years.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 RISK MANAGEMENT (CONTINUED)

State Employment Group Insurance Program

The Minnesota State Legislature created an employee insurance trust fund administered by the State Employee Group Insurance Program (SEGIP) to provide eligible employees and other eligible persons with life insurance and hospital, medical and dental benefits coverage through provider organizations. The insurance trust fund is not associated with any other public risk pools. The fund type used to account for SEGIP fiscal activities is an internal service fund dedicated solely for the purpose of this program. A contingency reserve is maintained within the trust fund to increase the controls over medical plan provisions and other insurance costs for the purpose of moderating premium and claim fluctuations, and to assume all inherent risk associated with the self-funded insurance programs, which would also include losses to the fund.

SEGIP provides benefits coverage to employees by contracting with carriers through a network of providers throughout the State. SEGIP had settlements of \$476,349 greater than coverage during the fiscal year ended June 30, 2021. SEGIP has had settlements of \$530,678 greater than coverage during the fiscal year ended June 30, 2020.

In January 2000, the fund became fully self-insured for medical coverage and assumes all liability for medical claims. The self-funded programs within the fund establish claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not paid, and of claims that have been incurred but not reported. These estimates are agreed to by the insurance carriers and the state and are reviewed for accuracy and reasonableness. The estimates are based on claim experience and claim lag timetables provided by the carriers and do not include additional estimates for subrogation, salvage or unallocated claim adjustments.

REQUIRED SUPPLEMENTARY INFORMATION

**LEGISLATIVE COORDINATING COMMISSION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
JUNE 30, 2021**

	Measurement Date July 1, 2020	Measurement Date July 1, 2019	Measurement Date July 1, 2018	Measurement Date July 1, 2017
Service Cost	\$ 45,000	\$ 41,000	\$ 44,000	\$ 48,000
Interest	22,000	22,000	22,000	17,000
Changes in Assumptions - Discount	62,000	14,000	-	-
Differences Between Expected and Actual Experience	(65,000)	(13,000)	(41,000)	-
Changes of Assumptions of Other Inputs	34,000	(15,000)	(6,000)	(31,000)
Benefit Payments	(36,000)	(30,000)	(33,000)	(29,000)
Changes in Proportionate Share	56,000	(32,000)	-	-
Net Changes	<u>118,000</u>	<u>(13,000)</u>	<u>(14,000)</u>	<u>5,000</u>
Total OPEB Liability - Beginning	<u>554,000</u>	<u>567,000</u>	<u>581,000</u>	<u>576,000</u>
Total OPEB Liability - Ending	<u>\$ 672,000</u>	<u>\$ 554,000</u>	<u>\$ 567,000</u>	<u>\$ 581,000</u>
Covered Employee Payroll	\$ 8,154,000	\$ 7,346,000	\$ 6,207,000	\$ 6,323,000
Total OPEB Liability as a Percentage of Covered Employee Payroll	8.24 %	7.54 %	9.13 %	9.19 %

*Ten Years of Data Will be Presented as it Becomes Available

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
JUNE 30, 2021**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Minnesota Other Postemployment Benefit Plan.

There have been no changes in plan provisions from the July 1, 2018 valuation to the July 1, 2020 valuation.

The change in actuarial assumptions from July 1, 2018 valuation to July 1, 2020.

- The mortality assumption was updated to use the specific pension assumptions for MSRS, PERA, or TRA, with the exception of using the Pub-2010 General Headcount-Weighted Mortality Table instead of the Pub-2010 General Amount-Weighted Mortality Table, as applicable.
- The projected mortality improvement was updated to the MP-2020 mortality improvement scale.
- The withdrawal and retirement assumptions were updated to use the specific pension assumptions for MSRS, PERA, or TRA, after adjustment from benefit-weighting to headcount-weighting, as applicable.
- The salary increase and spouse age difference assumptions were updated to use the specific pension assumptions for MSRS, PERA, or TRA, as applicable.
- The annual medical and dental claims costs and premiums were updated based on recent experience.
- The discount rate decreased from 4.87% to 2.21%.
- The inflation rate decreased from 2.5% to 2.25%, consistent with MSRS and PERA.
- The payroll growth rate decreased from 3.25% to 3.00%, consistent with MSRS and PERA.
- The coverage at retirement assumption was updated from 75% single/25% family to 85% single/15% family for MSRS General.
- The annual medical trend was updated based on recent trend surveys, short-term expectations specific to state of Minnesota plans, and the current version of the SOA-Getzen trend model.
-

The changes in actuarial assumptions from July 1, 2016 valuation to July 1, 2018.

- The mortality assumption was updated to use the specific pension assumptions with the exception of the projected mortality improvement scale.
- The mortality, withdrawal, retirement, salary increase, and spouse age difference assumptions were updated to use the specific pension assumption for MSRS, PERA, and TRA, as applicable.
- Annual medical and dental claims costs and premiums were updated based on recent experience.
- Discount rate was increased from 2.85% to 3.87%
- Inflation rate decreased from 3.5% to 3.25%.

**LEGISLATIVE COORDINATING COMMISSION
SCHEDULE OF COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE EMPLOYEES RETIREMENT FUNDS
LAST FOUR MEASUREMENT DATES
JUNE 30, 2021**

**MSRS Schedule of the LCC's Proportionate Share of the Net Pension Liability
Last Four Measurement Dates***

	Measurement Date			
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
LCC's Proportion of the Net Pension Liability	0.00949%	0.00711%	0.00822%	0.01050%
LCC's Proportionate Share of the Net Pension Liability	\$ 126,000	\$ 100,000	\$ 114,000	\$ 779,000
LCC's Covered Payroll	\$ 382,431	\$ 290,296	\$ 229,807	\$ 321,122
LCC's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	32.95 %	34.45 %	49.61 %	242.59 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.25 %	90.73 %	90.56 %	62.73 %

*The LCC implemented GASB Statement No. 68 in fiscal 2019, and the above table will be expanded to 10 years as information is available.

**LEGISLATIVE COORDINATING COMMISSION
SCHEDULE OF COMMISSION'S GENERAL PLAN CONTRIBUTIONS
STATE EMPLOYEES RETIREMENT FUND
LAST FOUR FISCAL YEARS
JUNE 30, 2021**

**MSRS Schedule of Commission Contributions
Last Four Fiscal Years***

	2021	2020	2019	2018
Statutorily Required Contribution	\$ 23,902	\$ 18,144	\$ 13,501	\$ 17,662
Contributions in Relation to the Statutorily Required Contribution	<u>(23,902)</u>	<u>(18,144)</u>	<u>(13,501)</u>	<u>(17,662)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LCC's Covered Payroll	\$ 382,431	\$ 290,296	\$ 229,807	\$ 321,122
Contributions as a Percentage of Covered Payroll	6.25%	6.25%	5.88%	5.50%

*The LCC implemented GASB Statement No. 68 in fiscal 2019, and the above table will be expanded to 10 years as information is available.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATE EMPLOYEES RETIREMENT FUND
JUNE 30, 2021**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Minnesota State Retirement System-State employees Retirement Fund

There have been no changes in plan provisions since the July 1, 2018 valuation to July 1, 2020.

The changes in plan provisions from July 1, 2017 to July 1, 2018.

- 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.
- Member contributions increased from 5.50% to 5.75% of pay, effective July 1, 2018, and 6.00% to pay effective July 1, 2019.
- Employer contributions increased from 5.50% to 5.75% of pay, effective July 1, 2018, and 6.00% of pay effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% for future accruing benefits, effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from a 2.00% to 2.50% per year increase based upon funded ratio, to a fixed rate of 1.00% for five years beginning January 1, 2019, and 1.50% per year thereafter.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement age.

The changes in actuarial assumptions from July 1, 2019 valuation to July 1, 2020.

- 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 proposed rates that average 0.25% less than the previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in a more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer 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 1 – 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 mortality improvement scale was changed from Scale MP-2015 to Scale MP-2018. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015) to the Pub-2010 General/Teacher disabled annuitant mortality table (with future mortality improvement according to Scale MP-2018), with adjustments.
- The percent married assumption for female members was changed from 65% to 60%.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATE EMPLOYEES RETIREMENT FUND
JUNE 30, 2021**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

- The assumed age difference was changed from three years younger for males to 2 years younger.
- The assumed number of married male new retirees electing the 50% and 100% Joint & Survivor options changed from 15% to 10% and from 30% to 65%, respectively. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 30% to 40%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

There were no changes in assumptions from July 1, 2018 valuation to July 1, 2019.

The changes in actuarial assumptions from July 1, 2017 valuation to July 1, 2018.

- The Combined Service Annuity (CAS) loads were 1.2% for active member liability and 40% for vested and nonvested deferred member liability. The revised CSA loads are now 0.00% for active member liability, 4.00% for vested deferred member liability, and 5.00% for nonvested deferred member liability.
- The Single Discount Rate was changed from 4.17% per annum to 5.42% per annum.

The changes in actuarial assumptions from July 1, 2016 valuation to July 1, 2017.

- Assumed salary increase rates were changed as recommended in the June 30, 2015 experience study. The net effect is proposed rates that average 0.2% greater than the previous rates. These rates were decreased by 0.25% at all years for this valuation.
- Assumed rates of retirement were changed as recommended in the June 30, 2015 experience study. The changes result in fewer unreduced (Normal) retirements and fewer Rule of 90 retirements. In addition, distinct rates for reduced (Early) retirements were adopted for members hired prior to July 1, 1989, and members hired after June 30, 1989.
- Assumed rates of termination were changed as recommended in the June 30, 2015 experience study. The new rates are based on service and are generally greater than the previous rates for years three – nine and less than the previous rates after 15 years.
- Assumed rates of disability were changed as recommended in the June 30, 2015 experience study. The new rates are 75% of previous rates for females and rates for male members were lowered by utilizing the same disability rates as for females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2014), white-collar adjustments, with age adjustments. The mortality improvement scale was changed from Scale AA to Scale MP-2015. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table (no projection for future mortality improvement) to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2015), with age adjustments.
- The percent married assumption was changed from 85% of active male members and 70% of female members to 80% of active members and 65% of active female members.

**LEGISLATIVE COORDINATING COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATE EMPLOYEES RETIREMENT FUND
JUNE 30, 2021**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

- The assumed number of married male new retirees electing the 75% Joint & Survivor option changed from 10% to 15%. The assumed number of married female new retirees electing the 75% and 100% Joint & Survivor options changed from 0% to 10% and from 25% to 30%, respectively. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- The assumed postretirement benefit increase rate was changed from 2.00% per year through 2043 and 2.50% per year thereafter to 2.00% per year for all future years.
- The long-term expected rate of return on pension plan investments has been reduced from 7.90% to 7.50% as of July 1, 2016.
- The single discount rate changed from 7.90% as of July 1, 2015 to 4.17% as of July 1, 2016.
- The inflation assumption has been reduced from 2.75% to 2.50%, and the payroll growth assumption was reduced from 3.50% to 3.25%.

**COMBINING AND INDIVIDUAL DEPARTMENT
FINANCIAL STATEMENTS AND SCHEDULES**

**LEGISLATIVE COORDINATING COMMISSION
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>General Support</u>	<u>Public Info TV and Internet</u>	<u>Mississippi River Parkway Commission</u>	<u>Pensions And Retirement</u>	<u>Legislative Budget Office</u>
ASSETS					
Unliquidated Appropriation	<u>\$ 71,097</u>	<u>\$ 34,585</u>	<u>\$ 13,439</u>	<u>\$ 35,919</u>	<u>\$ 729,213</u>
LIABILITIES					
Accounts Payable	\$ 5,926	\$ 33,218	\$ 13,439	\$ 10,189	\$ 44,679
Wages and Salaries Payable	<u>65,171</u>	<u>1,367</u>	<u>-</u>	<u>25,730</u>	<u>62,715</u>
Total Liabilities	<u>71,097</u>	<u>34,585</u>	<u>13,439</u>	<u>35,919</u>	<u>107,394</u>
FUND BALANCES					
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>621,819</u>
Total Liabilities and Fund Balances	<u>\$ 71,097</u>	<u>\$ 34,585</u>	<u>\$ 13,439</u>	<u>\$ 35,919</u>	<u>\$ 729,213</u>

	<u>Legislative Reference Library</u>	<u>General Carry Forward</u>	<u>Revisor of Statutes</u>	<u>Revisor's Carryforward</u>	<u>Minnesota Resources</u>
ASSETS					
Unliquidated Appropriation	<u>\$ 121,354</u>	<u>\$ 2,059,313</u>	<u>\$ 357,431</u>	<u>\$ 3,246,509</u>	<u>\$ 669,211</u>
LIABILITIES					
Accounts Payable	\$ 35,494	\$ 10,071	\$ 22,023	\$ 472	\$ 1,953
Wages and Salaries Payable	<u>85,860</u>	<u>1,303</u>	<u>335,408</u>	<u>-</u>	<u>31,475</u>
Total Liabilities	<u>121,354</u>	<u>11,374</u>	<u>357,431</u>	<u>472</u>	<u>33,428</u>
FUND BALANCES					
Restricted	<u>-</u>	<u>2,047,939</u>	<u>-</u>	<u>3,246,037</u>	<u>635,783</u>
Total Liabilities and Fund Balances	<u>\$ 121,354</u>	<u>\$ 2,059,313</u>	<u>\$ 357,431</u>	<u>\$ 3,246,509</u>	<u>\$ 669,211</u>

**LEGISLATIVE COORDINATING COMMISSION
GENERAL FUND
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2021**

	Lessard-Sams Outdoor Heritage Council	Energy Commission	Captioning Program	Legacy Website	Coronavirus Relief Fund	Total
ASSETS						
Unliquidated Appropriation	\$ 1,008,682	\$ 226,382	\$ 78,999	\$ 37,764	\$ -	\$ 8,689,898
LIABILITIES						
Accounts Payable	\$ 2,559	\$ -	\$ 5,729	\$ 370	\$ -	\$ 186,122
Wages and Salaries Payable	27,862	-	1,106	-	-	637,997
Total Liabilities	30,421	-	6,835	370	-	824,119
FUND BALANCES						
Restricted	978,261	226,382	72,164	37,394	-	7,865,779
Total Liabilities and Fund Balances	\$ 1,008,682	\$ 226,382	\$ 78,999	\$ 37,764	\$ -	\$ 8,689,898

**LEGISLATIVE COORDINATING COMMISSION
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GENERAL FUND
JUNE 30, 2021**

	General Support	Public Info TV and Internet	Mississippi River Parkway Commission	Pensions And Retirement	Legislative Budget Office
REVENUES					
Intergovernmental					
State Appropriation	\$ 1,843,000	\$ 499,000	\$ 78,000	\$ 589,000	\$ 1,483,000
EXPENDITURES					
General Government					
Salaries and Benefits including Per Diem	1,174,517	22,471	447	416,419	1,088,251
Travel, Subsistence, and Registration	35	-	-	-	-
Office Rent and Utilities	198	-	-	166	-
Communications	3,664	2,412	13,900	529	2,190
Office Equipment	22,280	34,818	-	2,448	736
Purchased Services	66,986	509,911	47,215	117,491	61,345
Supplies and Materials	2,828	2,238	-	5,584	382
Miscellaneous	495,101	-	15,150	2,243	1,776
Total Expenditures	<u>1,765,609</u>	<u>571,850</u>	<u>76,712</u>	<u>544,880</u>	<u>1,154,680</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	77,391	(72,850)	1,288	44,120	328,320
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	-	-	393,067
Transfer Out	(215,338)	(80,585)	(59,127)	(52,377)	(393,067)
Total Other Financing Sources (Uses)	<u>(215,338)</u>	<u>(80,585)</u>	<u>(59,127)</u>	<u>(52,377)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(137,947)	(153,435)	(57,839)	(8,257)	328,320
FUND BALANCES					
Beginning of Year	137,947	153,435	57,839	8,257	293,499
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621,819</u>

**LEGISLATIVE COORDINATING COMMISSION
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Legislative Reference Library	General Carry Forward	Revisor of Statutes	Revisor's Carryforward	Minnesota Resources
REVENUES					
Intergovernmental					
State Appropriation	\$ 1,775,000	\$ -	\$ 7,207,000	\$ -	\$ 700,000
EXPENDITURES					
General Government					
Salaries and Benefits including Per Diem	1,468,158	112,813	5,422,808	-	538,132
Travel, Subsistence, and Registration	-	-	64	-	779
Office Rent and Utilities	-	-	114,211	-	1,312
Communications	3,320	-	295,051	-	1,977
Office Equipment	76,882	-	178,315	45,134	430
Purchased Services	79,603	10,076	364,321	44,764	78,302
Supplies and Materials	52,541	-	46,329	-	1,339
Miscellaneous	150	-	15,980	-	108,793
Total Expenditures	<u>1,680,654</u>	<u>122,889</u>	<u>6,437,079</u>	<u>89,898</u>	<u>731,064</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	94,346	(122,889)	769,921	(89,898)	(31,064)
OTHER FINANCING SOURCES (USES)					
Transfer In	-	610,447	-	1,961,798	-
Transfer Out	(193,020)	(10,000)	(1,961,798)	-	-
Total Other Financing Sources (Uses)	<u>(193,020)</u>	<u>600,447</u>	<u>(1,961,798)</u>	<u>1,961,798</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(98,674)	477,558	(1,191,877)	1,871,900	(31,064)
FUND BALANCES					
Beginning of Year	98,674	1,570,381	1,191,877	1,374,137	666,847
End of Year	<u>\$ -</u>	<u>\$ 2,047,939</u>	<u>\$ -</u>	<u>\$ 3,246,037</u>	<u>\$ 635,783</u>

**LEGISLATIVE COORDINATING COMMISSION
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	Lessard-Sams Outdoor Heritage Council	Energy Commission	Captioning Program	Legacy Website	Coronavirus Relief Fund	Total
REVENUES						
Intergovernmental						
State Appropriation	\$ 560,000	\$ -	\$ 100,000	\$ 5,000	\$ 142,875	\$ 14,981,875
EXPENDITURES						
General Government						
Salaries and Benefits including Per Diem	450,624	238	18,577	-	61,548	10,775,003
Travel, Subsistence, and Registration	268	-	-	-	-	1,146
Office Rent and Utilities	-	-	-	-	-	115,887
Communications	3,232	-	2,308	-	667	329,250
Office Equipment	633	-	-	-	25,994	387,670
Purchased Services	122,778	-	51,180	11,731	1,720	1,567,423
Supplies and Materials	1,064	-	-	-	335	112,640
Miscellaneous	175	-	-	-	-	639,368
Total Expenditures	<u>578,774</u>	<u>238</u>	<u>72,065</u>	<u>11,731</u>	<u>90,264</u>	<u>13,928,387</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(18,774)	(238)	27,935	(6,731)	52,611	1,053,488
OTHER FINANCING SOURCES (USES)						
Transfer In	68,320	-	72,164	-	-	3,105,796
Transfer Out	<u>(68,320)</u>	<u>-</u>	<u>(72,164)</u>	<u>-</u>	<u>-</u>	<u>(3,105,796)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(18,774)	(238)	27,935	(6,731)	52,611	1,053,488
FUND BALANCES						
Beginning of Year	997,035	226,620	44,229	44,125	(52,611)	6,812,291
End of Year	<u>\$ 978,261</u>	<u>\$ 226,382</u>	<u>\$ 72,164</u>	<u>\$ 37,394</u>	<u>\$ -</u>	<u>\$ 7,865,779</u>

**LEGISLATIVE COORDINATING COMMISSION
GENERAL SUPPORT DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 1,843,000	\$ 1,843,000	1,843,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including per diem	1,203,426	1,203,426	1,174,517	28,909
Travel, subsistence and registration	26,708	26,708	35	26,673
Office Rent and Utilities	-	-	198	(198)
Communications	6,180	6,180	3,664	2,516
Office Equipment	35,000	35,000	22,280	12,720
Purchased Services	79,111	79,111	66,986	12,125
Supplies and Materials	8,500	8,500	2,828	5,672
Miscellaneous	622,022	622,022	495,101	126,921
Total Expenditures	<u>1,980,947</u>	<u>1,980,947</u>	<u>1,765,609</u>	<u>215,338</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(137,947)	(137,947)	77,391	215,338
OTHER FINANCING SOURCES (USES)				
Transfer Out	-	-	(215,338)	(215,338)
NET CHANGE IN DEPARTMENT FUND BALANCE	(137,947)	(137,947)	(137,947)	-
DEPARTMENT FUND BALANCES				
Beginning of Year	137,947	137,947	137,947	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGISLATIVE COORDINATING COMMISSION
PUBLIC INFO TV & INTERNET DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 499,000	\$ 499,000	\$ 499,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including per diem	22,615	22,615	22,471	144
Communications	2,500	2,500	2,412	88
Office Equipment	35,000	35,000	34,818	182
Purchased Services	504,124	504,124	509,911	(5,787)
Supplies and Materials	-	-	2,238	(2,238)
Miscellaneous	88,196	88,196	-	88,196
Total Expenditures	<u>652,435</u>	<u>652,435</u>	<u>571,850</u>	<u>80,585</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(153,435)	(153,435)	(72,850)	80,585
OTHER FINANCING USES				
Transfer Out	-	-	(80,585)	(80,585)
NET CHANGE IN DEPARTMENT FUND BALANCE	(153,435)	(153,435)	(153,435)	-
DEPARTMENT FUND BALANCES				
Beginning of Year	153,435	153,435	153,435	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGISLATIVE COORDINATING COMMISSION
MISSISSIPPI RIVER PARKWAY COMMISSION DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 78,000	\$ 78,000	\$ 78,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	4,000	4,000	447	3,553
Travel, Subsistence, and Registration	16,830	16,830	-	16,830
Communications	28,108	28,108	13,900	14,208
Purchased Services	66,701	66,701	47,215	19,486
Supplies and Materials	3,200	3,200	-	3,200
Miscellaneous	16,000	16,000	15,150	850
Total Expenditures	<u>135,839</u>	<u>135,839</u>	<u>76,712</u>	<u>59,127</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(57,839)	(57,839)	1,288	59,127
OTHER FINANCING USES				
Transfer Out	-	-	(59,127)	(59,127)
NET CHANGE IN DEPARTMENT FUND BALANCE	(57,839)	(57,839)	(57,839)	-
DEPARTMENT FUND BALANCES				
Beginning of Year	57,839	57,839	57,839	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGISLATIVE COORDINATING COMMISSION
PENSIONS AND RETIREMENT DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 589,000	\$ 589,000	\$ 589,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	420,923	420,923	416,419	4,504
Travel, Subsistence, and Registration	5,000	5,000	166	4,834
Communications	1,500	1,500	529	971
Office Equipment	11,457	11,457	2,448	9,009
Purchased Services	155,377	155,377	117,491	37,886
Supplies and Materials	1,000	1,000	5,584	(4,584)
Miscellaneous	2,000	2,000	2,243	(243)
Total Expenditures	<u>597,257</u>	<u>597,257</u>	<u>544,880</u>	<u>52,377</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(8,257)	(8,257)	44,120	52,377
OTHER FINANCING USES				
Transfer Out	-	-	(52,377)	(52,377)
NET CHANGE IN DEPARTMENT FUND BALANCE	(8,257)	(8,257)	(8,257)	-
DEPARTMENT FUND BALANCES				
Beginning of Year	8,257	8,257	8,257	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGISLATIVE COORDINATING COMMISSION
 LEGISLATIVE BUDGET OFFICE DEPARTMENT
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
 BALANCES
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 1,483,000	\$ 1,483,000	\$ 1,483,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	1,210,150	1,210,150	1,088,251	121,899
Travel, Subsistence, and Registration	70,000	70,000	-	70,000
Communications	3,000	3,000	2,190	810
Office Equipment	25,000	25,000	736	24,264
Purchased Services	219,000	219,000	61,345	157,655
Supplies and Materials	4,000	4,000	382	3,618
Miscellaneous	245,348	245,348	1,776	243,572
Total Expenditures	<u>1,776,498</u>	<u>1,776,498</u>	<u>1,154,680</u>	<u>621,818</u>
EXCESS OF REVENUES OVER EXPENDITURES	(293,498)	(293,498)	328,320	621,818
OTHER FINANCING USES				
Transfer Out	-	-	(393,067)	(393,067)
NET CHANGE IN DEPARTMENT FUND BALANCE	(293,498)	(293,498)	328,320	621,818
DEPARTMENT FUND BALANCES				
Beginning of Year	293,499	293,499	293,499	-
End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 621,819</u>	<u>\$ 621,818</u>

**LEGISLATIVE COORDINATING COMMISSION
LEGISLATIVE REFERENCE LIBRARY DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 1,775,000	\$ 1,775,000	\$ 1,775,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	1,521,342	1,521,342	1,468,158	53,184
Travel, Subsistence, and Registration	2,000	2,000	-	2,000
Communications	4,500	4,500	3,320	1,180
Office Equipment	63,500	63,500	76,882	(13,382)
Purchased Services	150,000	150,000	79,603	70,397
Supplies and Materials	131,332	131,332	52,541	78,791
Miscellaneous	1,000	1,000	150	850
Total Expenditures	<u>1,873,674</u>	<u>1,873,674</u>	<u>1,680,654</u>	<u>193,020</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(98,674)	(98,674)	94,346	193,020
OTHER FINANCING USES				
Transfer Out	-	-	(193,020)	(193,020)
NET CHANGE IN DEPARTMENT FUND BALANCE	(98,674)	(98,674)	(98,674)	-
DEPARTMENT FUND BALANCES				
Beginning of Year	98,674	98,674	98,674	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGISLATIVE COORDINATING COMMISSION
GENERAL CARRY FORWARD DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	219,895	219,895	112,813	107,082
Travel, Subsistence, and Registration	-	-	-	-
Communications	60,500	60,500	-	60,500
Office Equipment	61,000	61,000	-	61,000
Purchased Services	190,500	190,500	10,076	180,424
Supplies and Materials	15,500	15,500	-	15,500
Miscellaneous	1,022,986	1,022,986	-	1,022,986
Total Expenditures	<u>1,570,381</u>	<u>1,570,381</u>	<u>122,889</u>	<u>1,447,492</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(1,570,381)	(1,570,381)	(122,889)	1,447,492
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	610,447	610,447
Transfer Out	-	-	(10,000)	(10,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>600,447</u>	<u>600,447</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(1,570,381)	(1,570,381)	477,558	2,047,939
DEPARTMENT FUND BALANCES				
Beginning of Year	1,570,381	1,570,381	1,570,381	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,047,939</u>	<u>\$ 2,047,939</u>

**LEGISLATIVE COORDINATING COMMISSION
REVISOR OF STATUTES DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 7,207,000	\$ 7,207,000	\$ 7,207,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	5,910,000	5,910,000	5,422,808	487,192
Travel, Subsistence, and Registration	5,100	5,100	64	5,036
Office Rent and Utilities	122,008	122,008	114,211	7,797
Communications	321,000	321,000	295,051	25,949
Office Equipment	319,870	319,870	178,315	141,555
Purchased Services	820,000	820,000	364,321	455,679
Supplies and Materials	60,000	60,000	46,329	13,671
Miscellaneous	840,899	840,899	15,980	824,919
Total Expenditures	<u>8,398,877</u>	<u>8,398,877</u>	<u>6,437,079</u>	<u>1,961,798</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(1,191,877)	(1,191,877)	769,921	1,961,798
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>-</u>	<u>-</u>	<u>(1,961,798)</u>	<u>(1,961,798)</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(1,191,877)	(1,191,877)	(1,191,877)	-
DEPARTMENT FUND BALANCES				
Beginning of Year	<u>1,191,877</u>	<u>1,191,877</u>	<u>1,191,877</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**LEGISLATIVE COORDINATING COMMISSION
 REVISOR'S CARRY FORWARD DEPARTMENT
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
 BALANCES
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Office Equipment	524,137	524,137	45,134	479,003
Purchased Services	450,000	450,000	44,764	405,236
Miscellaneous	400,000	400,000	-	400,000
Total Expenditures	<u>1,374,137</u>	<u>1,374,137</u>	<u>89,898</u>	<u>1,284,239</u>
DEFICIT OF REVENUES UNDER EXPENDITURES	(1,374,137)	(1,374,137)	(89,898)	1,284,239
OTHER FINANCING SOURCES				
Transfer In	<u>-</u>	<u>-</u>	<u>1,961,798</u>	<u>1,961,798</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(1,374,137)	(1,374,137)	1,871,900	3,246,037
DEPARTMENT FUND BALANCES				
Beginning of Year	1,374,137	1,374,137	1,374,137	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,246,037</u>	<u>\$ 3,246,037</u>

**LEGISLATIVE COORDINATING COMMISSION
MINNESOTA RESOURCES DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 700,000	\$ 700,000	\$ 700,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	667,971	667,971	538,132	129,839
Travel, Subsistence, and Registration	40,000	40,000	779	39,221
Office Rent and Utilities	2,000	2,000	1,312	688
Communications	5,750	5,750	1,977	3,773
Office Equipment	30,000	30,000	430	29,570
Purchased Services	433,892	433,892	78,302	355,590
Supplies and Materials	6,000	6,000	1,339	4,661
Miscellaneous	73,004	73,004	108,793	(35,789)
Total Expenditures	<u>1,258,617</u>	<u>1,258,617</u>	<u>731,064</u>	<u>527,553</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(558,617)	(558,617)	(31,064)	527,553
DEPARTMENT FUND BALANCES				
Beginning of Year	666,847	666,847	666,847	-
End of Year	<u>\$ 108,230</u>	<u>\$ 108,230</u>	<u>\$ 635,783</u>	<u>\$ 527,553</u>

**LEGISLATIVE COORDINATING COMMISSION
LESSARD-SAMS OUTDOOR HERITAGE COUNCIL DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 560,000	\$ 560,000	\$ 560,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	947,800	947,800	450,624	497,176
Travel, Subsistence, and Registration	35,000	35,000	268	34,732
Communications	12,000	12,000	3,232	8,768
Office Equipment	8,000	8,000	633	7,367
Purchased Services	158,826	158,826	122,778	36,048
Supplies and Materials	4,000	4,000	1,064	2,936
Miscellaneous	391,409	391,409	175	391,234
Total Expenditures	<u>1,557,035</u>	<u>1,557,035</u>	<u>578,774</u>	<u>978,261</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	(997,035)	(997,035)	(18,774)	978,261
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	68,320	68,320
Transfer Out	-	-	(68,320)	(68,320)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(997,035)	(997,035)	(18,774)	978,261
DEPARTMENT FUND BALANCES				
Beginning of Year	997,035	997,035	997,035	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 978,261</u>	<u>\$ 978,261</u>

**LEGISLATIVE COORDINATING COMMISSION
ENERGY COMMISSION DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including Per Diem	168,000	168,000	238	167,762
Travel, Subsistence, and Registration	41,620	41,620	-	41,620
Communications	4,000	4,000	-	4,000
Office Equipment	2,000	2,000	-	2,000
Purchased Services	5,000	5,000	-	5,000
Supplies and Materials	3,000	3,000	-	3,000
Miscellaneous	3,000	3,000	-	3,000
Total Expenditures	<u>226,620</u>	<u>226,620</u>	<u>238</u>	<u>226,382</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(226,620)	(226,620)	(238)	226,382
DEPARTMENT FUND BALANCES				
Beginning of Year	226,620	226,620	226,620	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,382</u>	<u>\$ 226,382</u>

**LEGISLATIVE COORDINATING COMMISSION
CAPTIONING PROGRAM DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including per diem	19,592	19,592	18,577	1,015
Communications	4,000	4,000	2,308	1,692
Purchased Services	119,737	119,737	51,180	68,557
Supplies and Materials	900	900	-	900
Total Expenditures	<u>144,229</u>	<u>144,229</u>	<u>72,065</u>	<u>72,164</u>
EXCESS OF REVENUES OVER EXPENDITURES	(44,229)	(44,229)	27,935	(72,164)
OTHER FINANCING SOURCES (USES)				
Transfer In	-	-	72,164	(72,164)
Transfer Out	-	-	(72,164)	72,164
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	(44,229)	(44,229)	27,935	72,164
DEPARTMENT FUND BALANCES				
Beginning of Year	44,229	44,229	44,229	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,164</u>	<u>\$ 72,164</u>

**LEGISLATIVE COORDINATING COMMISSION
 LEGACY WEBSITE DEPARTMENT
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
 BALANCES
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
EXPENDITURES				
General Government				
Purchased Services	49,125	49,125	11,731	37,394
NET CHANGE IN DEPARTMENT FUND BALANCE	(44,125)	(44,125)	(6,731)	37,394
DEPARTMENT FUND BALANCES				
Beginning of Year	44,125	44,125	44,125	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,394</u>	<u>\$ 37,394</u>

**LEGISLATIVE COORDINATING COMMISSION
CORONAVIRUS RELIEF FUND DEPARTMENT
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN DEPARTMENT FUND
BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
State Appropriation	\$ 142,875	\$ 142,875	\$ 142,875	\$ -
EXPENDITURES				
General Government				
Salaries and Benefits including per diem	92,323	92,323	61,548	30,775
Communications	1,744	1,744	667	1,077
Office Equipment	44,324	44,324	25,994	18,330
Purchased Services	3,682	3,682	1,720	1,962
Supplies and Materials	802	802	335	467
Total Expenditures	<u>142,875</u>	<u>142,875</u>	<u>90,264</u>	<u>52,611</u>
NET CHANGE IN DEPARTMENT FUND BALANCE	-	-	52,611	52,611
DEPARTMENT FUND BALANCES				
Beginning of Year	<u>(52,611)</u>	<u>(52,611)</u>	<u>(52,611)</u>	<u>-</u>
End of Year	<u>\$ (52,611)</u>	<u>\$ (52,611)</u>	<u>\$ -</u>	<u>\$ 52,611</u>



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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Commissioners
Legislative Coordinating Commission

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 and the general fund of the Legislative Coordinating Commission as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated August 10, 2022.

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

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 10, 2022



Commissioners
Legislative Coordinating Commission
St. Paul, Minnesota

We have audited the financial statements of the governmental activities and the general fund of the Legislative Coordinating Commission as of and for the year ended June 30, 2021, and have issued our report thereon dated August 10, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Legislative Coordinating Commission are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The estimated proportionate share of Minnesota State Retirement System State Employees Retirement Fund net pension liability and the related deferred inflows and outflows of resources. These estimates are based on an actuarial report and reliance on the key assumptions utilized in that report.
- Management's estimate of the OPEB liability is based on actuarial calculations. Management's estimate of the Commission's proportionate share of Minnesota Retirement System State Employees Retirement Fund net pension liability is based on guidance from GASB Statement Nos. 68 and 71 and the plan's allocation tables. The plan's allocation tables allocate a portion of the plan's net pension liability based on the Commission's prior fiscal year contributions as a percentage of the total contributions received for the related year by the plan.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- The balance for compensated absences as of June 30, 2020 was increased by \$144,215 and the balance for compensated absences as of June 30, 2021 was increased by \$437,828.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 10, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate letter to you dated August 10, 2022, communicating internal control related matters identified during the audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

The Combining Balance Sheet for General Fund, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund, and the Schedules of Revenues, Expenditures, and Changes in Departmental Fund Balances – Budget to Actual (collectively, the Other Information) accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

* * *

This communication is intended solely for the information and use of the commissioners and management of Legislative Coordinating Commission and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 10, 2022



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*

Commissioners and Management of
Legislative Coordinating Commission
St. Paul, 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 and general fund of Legislative Coordinating Commission, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Legislative Coordinating Commission's basic financial statements, and have issued our report thereon dated August 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Legislative Coordinating Commission'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 Legislative Coordinating Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Legislative Coordinating Commission's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2021-001 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Legislative Coordinating Commission'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*.

Legislative Coordinating Commission's Response to Findings

Legislative Coordinating Commission's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. Legislative Coordinating Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 10, 2022

**LEGISLATIVE COORDINATING COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021**

2021 – 001 – Compensated Absences Accrual

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

Condition: It was noted in our testing of the compensated absences accrual that it was not including the accrual for paid time off accrued as of year-end.

Criteria: Government accounting standards require the entity to accrue all paid time off as of year-end whether it is the liability for the time that could be utilized by the employees or paid out upon termination.

Effect: The compensated absences balance was understated by \$144,215 for fiscal year 2020 and understated by \$437,828 for fiscal year 2021.

Cause: During the pandemic, the State adjusted their paid time off carryover policies so that the maximum carryover of paid time off no longer was equal to the amount to be paid out upon termination and the entity was not aware they had to accrue more than the amount to be paid out upon termination.

Repeat Finding: No

Recommendation: We recommend implementing a proper reconciliation process where all paid time off hours are properly accrued at year-end. This reconciliation should then be reviewed, and that review documented by someone other than the preparer of the reconciliation.

Views of responsible officials and planned corrective actions: Management is in agreement with the recommendation.