

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Year Ended December 31, 2021

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice – conducts financial and legal compliance audits of local governments;

Government Information – collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**Central Minnesota
Violent Offender Task Force
St. Cloud, Minnesota**

Year Ended December 31, 2021



Office of the State Auditor

**Audit Practice Division
Office of the State Auditor
State of Minnesota**

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

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INTRODUCTORY SECTION

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

ORGANIZATION
2021

<u>Board of Directors</u>	<u>Title</u>
Shawn Larsen ²	Morrison County Sheriff
Troy Heck	Benton County Sheriff
Steve Soyka ³	Stearns County Sheriff
Jenelle Kendall	Stearns County Attorney
William Blair Anderson	St. Cloud Police Chief
Vacant	Little Falls Police Chief
Jim Hughes ¹	Sartell Police Chief
Joel Brott	Sherburne County Sheriff

¹Chair
²Secretary
³Treasurer

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Minnesota Violent Offender Task Force
St. Cloud, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the Central Minnesota Violent Offender Task Force, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Task Force's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Central Minnesota Violent Offender Task Force, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Task Force, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Task Force's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Task Force's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

December 14, 2022

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

This section of the annual financial report presents our discussion and analysis of the financial performance during the fiscal year that ended December 31, 2021. The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Certain comparative information between the current year, 2021, and the prior year, 2020, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2021 include the following:

- Government-wide net position increased by 2.0 percent from the prior year.
- Overall fund level revenues totaled \$364,495 and were \$29,321 more than expenditures.
- The General Fund's fund balance increased \$29,321 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts: the Independent Auditor's Report; required supplementary information, which includes the MD&A (this section); the basic financial statements; and notes to the financial statements. The basic financial statements include the General Fund Balance Sheet and Governmental Activities Statement of Net Position and the General Fund Revenues, Expenditures, and Change in Fund Balance and Governmental Activities Statement of Activities.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 summarizes the major features of the Central Minnesota Violent Offender Task Force's (VOTF) financial statements, including the portion of the VOTF's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

**Figure A-1
Major Features of the VOTF's
Government-Wide and Fund Financial Statements**

Type of Statements	Government-Wide	Governmental Fund
Scope	Entire government	The activities of the government that are not proprietary or fiduciary
Required financial statements	Statement of net position, statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurement focus	Full 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, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of outflow/inflow information	All revenues and expenses	Revenues for which cash is received during the year 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 thereafter

Government-Wide and Fund Financial Statements

The financial statements included in this report combine the governmental fund and government-wide activities into two statements.

The governmental or General Fund activity includes the VOTF's basic services that generally focus on: (1) how cash and other financial assets that can be readily converted to cash flow in and out, and (2) the balances left at year-end available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the VOTF's programs.

The government-wide statements report information about the VOTF as a whole using accounting methods similar to those used by private-sector companies. These statements include all of the assets and liabilities of the VOTF, including long-term activity. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

FINANCIAL ANALYSIS OF THE VOTF AS A WHOLE

Governmental Activities

The VOTF's net position was \$630,581 at December 31, 2021.

**Net Position
December 31**

	<u>2021</u>	<u>2020</u>	<u>Percent (%) Change</u>
Assets			
Cash and cash equivalents	\$ 515,667	\$ 449,426	14.7
Cash held from seizures	231,865	161,522	43.6
Due from other governments	73,110	62,638	16.7
Prepaid items	6,847	126	5,334.1
Capital assets	<u>95,969</u>	<u>113,184</u>	(15.2)
 Total Assets	 <u>\$ 923,458</u>	 <u>\$ 786,896</u>	 17.4
Liabilities			
Current liabilities			
Accounts payable	\$ 61,012	\$ 6,899	784.4
Unearned revenue	<u>231,865</u>	<u>161,522</u>	43.6
 Total Liabilities	 <u>\$ 292,877</u>	 <u>\$ 168,421</u>	 73.9
Net Position			
Investment in capital assets	\$ 95,969	\$ 113,184	(15.2)
Restricted	<u>534,612</u>	<u>505,291</u>	5.8
 Total Net Position	 <u><u>\$ 630,581</u></u>	 <u><u>\$ 618,475</u></u>	 2.0

**Change in Net Position
For the Year Ended December 31**

	<u>2021</u>	<u>2020</u>	<u>Percent (%) Change</u>
Revenues			
Intergovernmental	\$ 300,832	\$ 285,000	5.6
Fines and forfeitures	62,525	46,804	33.6
Investment income	930	2,104	(55.8)
Miscellaneous	208	3,388	(93.9)
Gain on sale of capital assets	<u>12,481</u>	<u>-</u>	100.0
 Total Revenues	 <u>\$ 376,976</u>	 <u>\$ 337,296</u>	 11.8
Expenses			
Current			
Public safety	<u>364,870</u>	<u>377,634</u>	(3.4)
 Change in Net Position	 <u>\$ 12,106</u>	 <u>\$ (40,338)</u>	 130.0
 Net Position – January 1	 <u>618,475</u>	 <u>658,813</u>	 (6.1)
 Net Position – December 31	 <u><u>\$ 630,581</u></u>	 <u><u>\$ 618,475</u></u>	 2.0

(Unaudited)

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FINANCIAL ANALYSIS OF THE VOTF AT THE FUND LEVEL

The financial performance of the VOTF as a whole is reflected in its governmental fund as well. The General Fund, which is the only governmental fund of the VOTF, includes the primary operations of the VOTF in providing crime investigation to the citizens of Benton, Morrison, Sherburne, and Stearns Counties. As the VOTF completed the year, the General Fund reported a fund balance of \$534,612.

The following schedule presents a comparative summary of General Fund revenues:

Function	General Fund Revenues		Change	
	Year Ended December 31		Increase	Percent
	2021	2020	(Decrease)	(%)
Intergovernmental	\$ 300,832	\$ 285,000	\$ 15,832	5.6
Fines and forfeitures	62,525	46,804	15,721	33.6
Investment income	930	2,104	(1,174)	(55.8)
Miscellaneous	208	3,388	(3,180)	(93.9)
Total General Fund Revenues	<u>\$ 364,495</u>	<u>\$ 337,296</u>	<u>\$ 27,199</u>	8.1

Total General Fund revenues increased by \$27,199, or 8.1 percent, from the previous year.

The following schedule presents a summary of General Fund expenditures:

Function	General Fund Expenditures		Change	
	Year Ended December 31		Increase	Percent
	2021	2020	(Decrease)	(%)
Public safety	\$ 335,174	\$ 394,207	\$ (59,033)	(15.0)

Total General Fund expenditures decreased by \$59,033, or 15.0 percent, from the previous year.

CAPITAL ASSETS

The VOTF's capital assets for its governmental activities at December 31, 2021, consist of office furniture and equipment totaling \$3,969 and machinery and automotive totaling \$92,000 (both net of accumulated depreciation). The net investment in capital assets decreased by \$17,215, or 15.2 percent, from the previous year. Additional information on the VOTF's capital assets can be found in Note 2.C.

FACTORS BEARING ON THE VOTF'S FUTURE

The VOTF is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that these funds will remain intact. The growth the VOTF experienced in recent years has made it clear that the state funds cannot sustain the annual VOTF operating budget. Each year the grant application is due, the VOTF intends to request an increase in funds. However, the state has informed applicants that the likelihood of a higher award is small as there are new task forces applying for funding. The VOTF plans to supplement any deficit with funds from previous seizures and restitution.

If, for some reason, the State Legislature decreases revenues, the agencies involved in the operation of this unit would attempt to gain funds either through county budgets or federal and state grants that would aid law enforcement. The unit also gains funds through asset seizures during investigations; these funds would also continue to be used to maintain the VOTF. Even if the state were to withdraw financial support for the operation of this unit, the administration of the member agencies agrees that the unit would have to continue to exist, even if in a reduced version.

CONTACTING THE VOTF'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and customers, with a general overview of the VOTF's finances and to demonstrate the VOTF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lt. Lucas Dingmann at 320-251-1200.

BASIC FINANCIAL STATEMENTS

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

EXHIBIT 1

**GENERAL FUND BALANCE SHEET AND
GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	General Fund	Reconciliation	Governmental Activities
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 515,667	\$ -	\$ 515,667
Cash held from seizures	231,865	-	231,865
Due from other governments	73,110	-	73,110
Prepaid items	6,847	-	6,847
Noncurrent assets			
Capital assets			
Depreciable – net	-	95,969	95,969
Total Assets	\$ 827,489	\$ 95,969	\$ 923,458
 <u>Liabilities and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 61,012	\$ -	\$ 61,012
Unearned revenue	231,865	-	231,865
Total Liabilities	\$ 292,877	\$ -	\$ 292,877
Fund Balance			
Nonspendable for prepaid items	\$ 6,847	\$ (6,847)	\$ -
Restricted for public safety	527,765	(527,765)	-
Total Fund Balance	\$ 534,612	\$ (534,612)	\$ -
Net Position			
Investment in capital assets		\$ 95,969	\$ 95,969
Restricted for public safety		534,612	534,612
Total Net Position		\$ 630,581	\$ 630,581
Total Liabilities and Fund Balance/Net Position	\$ 827,489	\$ 95,969	\$ 923,458

Reconciliation of the General Fund Balance to Net Position

Fund Balance – General Fund	\$ 534,612
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Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

95,969

Net Position – Governmental Activities

\$ 630,581

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

EXHIBIT 2

**GENERAL FUND REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
AND GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	Reconciliation	Governmental Activities
Revenues			
Intergovernmental	\$ 300,832	\$ -	\$ 300,832
Fines and forfeitures	62,525	-	62,525
Investment income	930	-	930
Miscellaneous	208	-	208
Gain on sale of capital assets	-	12,481	12,481
	\$ 364,495	\$ 12,481	\$ 376,976
Expenditures/Expenses			
Current			
Public safety	\$ 318,454	\$ 46,416	\$ 364,870
Capital outlay			
Public safety	16,720	(16,720)	-
	\$ 335,174	\$ 29,696	\$ 364,870
Net Change in Fund Balance/Net Position	\$ 29,321	\$ (17,215)	\$ 12,106
Fund Balance/Net Position – January 1	505,291	113,184	618,475
Fund Balance/Net Position – December 31	\$ 534,612	\$ 95,969	\$ 630,581
Reconciliation of the General Fund's Revenues, Expenditures, and change in Fund Balance to the Statement of Activities			
Net change in fund balance			\$ 29,321
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Expenditures for capital assets		16,720	
Current year depreciation		\$ (46,416)	(29,696)
The effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, transfers, and retirements) is to increase capital assets.			12,481
Change in Net Position of Governmental Activities			\$ 12,106

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

1. Summary of Significant Accounting Policies

The Central Minnesota Violent Offender Task Force's (VOTF) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2021. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the VOTF are discussed below.

A. Organization

1. General

Benton, Morrison, Sherburne, and Stearns Counties and the Cities of Little Falls, Sartell, Sauk Rapids, St. Cloud, St. Joseph, and Waite Park have formed a joint powers investigative unit. This unit, established in 1979 and named the Central Minnesota Major Crime Investigation Unit (MCIU), was formed to assist in major case investigations within the participating counties by drawing upon the resources of the member units of government. The MCIU established a Board of Directors with general supervision over the MCIU's activities. The MCIU added a gang investigation unit to the drug task force during 2006. In 2012, the MCIU merged with the St. Cloud Gang and Drug Unit and is now operating under the name Central Minnesota Violent Offender Task Force.

2. Board of Directors

The Board consists of nine members, comprising the Sheriff of each member county; the Police Chiefs of the Cities of Little Falls, Sartell, and St. Cloud; and the Benton County Attorney, or their designees. The Board elects a chair, a secretary, and a treasurer from its members. These officers serve a one-year term and may serve more than one term. The Board has adopted bylaws and operating rules as it has deemed necessary.

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

B. Financial Reporting Entity

The VOTF is a separate entity independent of the cities and counties that formed it. In accordance with GAAP, the VOTF's financial statements are not included in any member's financial statements. No single member retains control over the operations or is financially accountable for the VOTF.

C. Basic Financial Statements

Basic financial statements include information on the VOTF's activities as a whole and information on the individual fund of the VOTF. These separate presentations are reported in different columns on Exhibits 1 and 2. Each of the exhibits starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the VOTF as a whole.

The governmental activities columns are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The VOTF's net position is reported in three parts: investment in capital assets, restricted, and unrestricted net position. The statement of activities demonstrates the degree to which the expenses of the VOTF are offset by revenues.

The balance sheet and statement of revenues, expenditures, and change in fund balance for the General Fund are presented on the modified accrual basis and report current financial resources.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The VOTF considers all revenues as available if collected within 60 days after the end of the current period. Charges for services and interest are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred.

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Measurement Focus and Basis of Accounting (Continued)

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

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

1. Capital Assets

Capital assets are recorded in the governmental activities column in the statement of net position. The VOTF defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Capital assets of the VOTF are depreciated using the straight-line method over an estimated five-year useful life.

2. Unearned Revenue

Governmental fund and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. At year-end, the unearned revenue balance consists of forfeitures not yet settled.

3. Classification of Net Position

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

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

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Classification of Net Position (Continued)

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

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

4. Classification of Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the VOTF is bound to observe constraints imposed upon the use of the resources in the General Fund. The classifications are as follows:

Nonspendable – amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – amounts for which constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation.

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

Assigned – amounts the VOTF intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed.

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies

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

4. Classification of Fund Balance (Continued)

Unassigned – the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications.

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

At December 31, 2021, the General Fund had \$527,765 in restricted fund balance.

F. Use of Estimates

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

G. Budgetary Information

The VOTF maintains five accounts: the grant account used to account for the VOTF's federal, state, and local grant proceeds; the membership account used to pay the State of Minnesota's portion of forfeitures received by the VOTF; the federal forfeiture account used to account for the federal drug forfeiture monies received by the VOTF; a program income account used to account for forfeitures and restitution monies received by the VOTF; and a seizure holding account used to account for seized funds while the investigation and trial are still in progress.

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

1. Summary of Significant Accounting Policies

G. Budgetary Information (Continued)

An annual budget is adopted for the grant account. The VOTF does not adopt budgets for the activity in the membership, federal forfeiture, program income, and seizure holding accounts.

2. Detailed Notes on All Funds

A. Deposits

The VOTF is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The VOTF is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the VOTF's deposits may not be returned to it. The VOTF does not have a deposit policy for custodial credit risk. As of December 31, 2021, the bank balance of the VOTF's deposits totaled \$744,639 and was not exposed to custodial credit risk.

B. Receivables

The VOTF did not have any receivables scheduled to be collected beyond one year.

**CENTRAL MINNESOTA VIOLENT OFFENDER TASK FORCE
ST. CLOUD, MINNESOTA**

2. Detailed Notes on All Funds (Continued)

C. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2021:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets depreciated				
Office furniture and equipment	\$ 35,593	\$ -	\$ -	\$ 35,593
Machinery and automotive	<u>290,253</u>	<u>29,201</u>	<u>29,900</u>	<u>289,554</u>
Total capital assets depreciated	<u>\$ 325,846</u>	<u>\$ 29,201</u>	<u>\$ 29,900</u>	<u>\$ 325,147</u>
Less: accumulated depreciation for				
Office furniture and equipment	\$ 29,640	\$ 1,984	\$ -	\$ 31,624
Machinery and automotive	<u>183,022</u>	<u>44,432</u>	<u>29,900</u>	<u>197,554</u>
Total accumulated depreciation	<u>\$ 212,662</u>	<u>\$ 46,416</u>	<u>\$ 29,900</u>	<u>\$ 229,178</u>
Total Capital Assets Depreciated, Net	<u><u>\$ 113,184</u></u>	<u><u>\$ (17,215)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 95,969</u></u>

Depreciation expense was charged to public safety expenses in the amount of \$46,416.

D. Risk Management

The VOTF is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. For all risks, the VOTF relies upon the insurance coverage of the participants in the joint venture. There have been no significant reductions in insurance from the previous year. The amount of settlements did not exceed insurance coverage for each of the past three years.

E. Contingencies

The expenditures under the state grant are subject to audit by state agencies. To the extent that these agencies may disallow expenditures claimed, a liability to the VOTF could result.

MANAGEMENT AND COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Board of Directors
Central Minnesota Violent Offender Task Force
St. Cloud, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities and the General Fund of the Central Minnesota Violent Offender Task Force as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Task Force's basic financial statements and have issued our report thereon dated December 14, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the Central Minnesota Violent Offender Task Force 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 Task Force's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of Board of Directors and management of the Central Minnesota Violent Offender Task Force and the State Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

December 14, 2022

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR