State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Nicollet County
St. Peter, Minnesota

Year Ended December 31, 2020

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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Nicollet County
St. Peter, Minnesota

Year Ended December 31, 2020

Office of the State Auditor

Audit Practice Division
Office of the State Auditor
State of Minnesota

NICOLLET COUNTY
ST. PETER, MINNESOTA

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ST. PETER, MINNESOTA

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Introductory Section

NICOLLET COUNTY
ST. PETER, MINNESOTA

ORGANIZATION
DECEMBER 31, 2020

Office	Name	Term Expires
Commissioners		
1st District	Marie Dranttel	January 2025
2nd District	Terry Morrow	January 2023
3rd District	Denny Kemp	January 2025
4th District	Jack Kolars	January 2023
5th District	John Luepke*	January 2025
Officers Elected		
Attorney	Michelle Zehnder Fischer	January 2023
County Judge	Allison Krehbiel	January 2023
County Judge	Todd Westphal	January 2027
Sheriff	David Lange	January 2023
Officers Appointed		
Assessor	Lorna Sandvik	December 2024
Finance Director	Heather McCormick	Indefinite
Court Administrator	Carol Weikle	Indefinite
Public Works Director	Seth Greenwood	May 2021
Probation Officer (Court Services Director)	Richard Molitor	Indefinite
Surveyor	Bolton & Menk	Indefinite
Veterans Service Officer	Nathan Tish	December 2020
Coroner	Dr. Kelly Mills	December 2022
Administrator	Ryan Krosch	March 2021
Health and Human Services Director	Cassandra Sassenberg	Indefinite
Property and Public Services Director	Mandy Landkamer	Indefinite
Extension Director	Craig Taylor	Indefinite
Human Resources Director	Jamie Haefner	March 2021
Technologies Director	Dayle Moore	Indefinite
Facilities Maintenance Director	Cody Johnson	Indefinite

*Chair

Financial Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Nicollet County
St. Peter, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we

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express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet County, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons of the General Fund, Road and Bridge Special Revenue Fund, and Health and Human Services Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2021, on our consideration of Nicollet County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nicollet County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nicollet County's internal control over financial reporting and compliance.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

July 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

NICOLLET COUNTY
ST. PETER, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(Unaudited)

As management of Nicollet County, we offer readers of the Nicollet County financial statements this narrative overview and analysis of the financial activities of Nicollet County for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Nicollet County exceeded its liabilities and deferred inflows of resources by $130,779,553 at the close of 2020. Of this amount, $19,024,236 (unrestricted net position) may be used to meet Nicollet County's ongoing obligations to citizens and creditors.

- At the close of 2020, Nicollet County's governmental funds reported combined ending fund balances of $51,374,754, an increase of $16,128,553 in comparison with the prior year. Of the total fund balance, $12,526,067 is available for spending at the County's discretion and is noted as unassigned fund balance.

- At the close of 2020, the unassigned fund balance for the General Fund was $14,459,660, or 71.6 percent, of total General Fund expenditures.

- Nicollet County's total bonds payable increased by $5,330,000. There were payments of $775,000 to G.O. Capital Improvement Bonds – Human Services Building, Series 2013A. There were also payments of $155,000 to G.O. Drainage Bonds, Series 2018A; $315,000 to G.O. Capital Improvement Bonds, Series 2018B; $480,000 to G.O. Road Reconstruction Refunding Bonds, Series 2018C; and $45,000 to G.O. Drainage Refunding Bonds, Series 2018C. Nicollet County also issued $7,100,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2020A (Crossover Advance Refunding of Series 2013A). Proceeds from the sale of bonds will be used to refund $6,950,000 of General Obligation Capital Improvement Plan Bonds, Series 2013A, in 2022. The County is refunding the Series 2013A bonds to obtain a savings of $691,528 and an economic gain (difference between the present value of debt service payments on the old and new debt) of $664,046.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Nicollet County's basic financial statements. The County's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of Nicollet County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Nicollet County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent 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 result in cash flows only in future fiscal periods (uncollected taxes and earned but unused vacation leave).

The County's government-wide financial statements report functions of the County principally supported by taxes and intergovernmental revenues. The governmental activities of Nicollet County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development.

The government-wide financial statements can be found on Exhibits 1 and 2.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Nicollet County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Nicollet County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

- Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, County fund level financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Nicollet County reports six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge Special Revenue Fund, the Health and Human Services Special Revenue Fund, the Revolving Loan Special Revenue Fund, the Ditch Special Revenue Fund, and the Debt Service Fund, all of which are considered to be major funds. Governmental fund financial statements are on Exhibits 3 through 7.

- Proprietary funds—Nicollet County maintains one proprietary fund. The Self-Insurance Internal Service Fund is used to account for the accumulation of resources for, and the payment of, insurance costs of the self-insurance program. Because the Self-Insurance Internal Service Fund benefits the governmental function, it has been included within the governmental activities column on the government-wide financial statements. Proprietary fund financial statements are on Exhibits 8 through 10.

- Fiduciary funds—Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. The County maintains two types of fiduciary funds: one private-purpose trust fund and several custodial funds. The private-purpose trust fund is used to account for collection and distribution of social security funds with the County acting as a representative payee for individuals. Separate custodial funds are used to account for property tax revenues for other jurisdictions, charges and fees revenues for other state and local governments, and estate recoveries. Other custodial funds include Brown-Nicollet Community Health Services, Tri-County Solid Waste, Family Services Collaborative, and Women's Foundation of Minnesota. Private-purpose and custodial funds do not involve measurement of results of operations and are not reflected in the government-wide financial statements because those resources are not available to support the County's programs. Fiduciary funds are on Exhibits 11, 12, C-1, and C-2.

Notes to the Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided.

Other Information

In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning Nicollet County's changes in its other postemployment benefits liability (Exhibit A-1) and schedules of the proportionate share of net pension liability and schedules of contributions (Exhibits A-2 to A-7). In addition, the County also provides supplementary information on intergovernmental revenue and expenditures of federal awards (Exhibits D-1 and D-2).

Nicollet County adopts an annual appropriated budget for the General Fund, the Road and Bridge Special Revenue Fund, the Health and Human Services Special Revenue Fund, and the Debt Service Fund. Budgetary comparison statements have been provided for these major funds to demonstrate compliance with these budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. Nicollet County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $130,779,553 at the close of 2020. The largest portion of Nicollet County's net position (71.5 percent) reflects its investment in capital assets (land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending.

Governmental Net Position

	2019	2020
Assets		
Current and other assets	$ 51,547,526	$ 66,412,340
Capital assets	101,603,580	107,169,552
Total Assets	$ 153,151,106	$ 173,581,892
Deferred Outflows of Resources	$ 2,402,160	$ 2,069,624
Liabilities		
Long-term liabilities outstanding	$ 32,780,265	$ 39,001,682
Other liabilities	2,492,449	3,563,805
Total Liabilities	$ 35,272,714	$ 42,565,487
Deferred Inflows of Resources	$ 4,326,048	$ 2,306,476
Net position		
Net investment in capital assets	$ 86,228,729	$ 93,465,473
Restricted	17,813,494	18,289,844
Unrestricted	11,912,281	19,024,236
Total Net Position	$ 115,954,504	$ 130,779,553

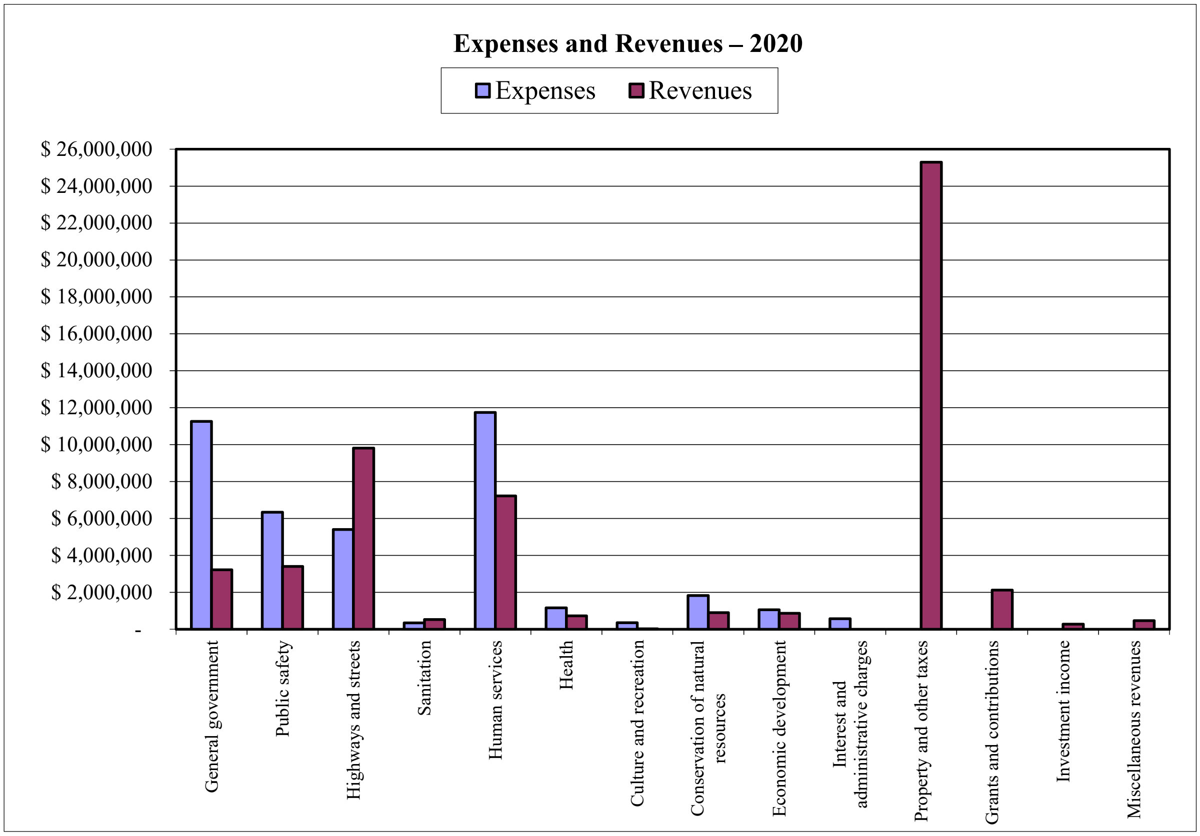
The unrestricted net position amount of $19,024,236 as of December 31, 2020, may be used to meet the County's ongoing obligations to citizens and creditors.

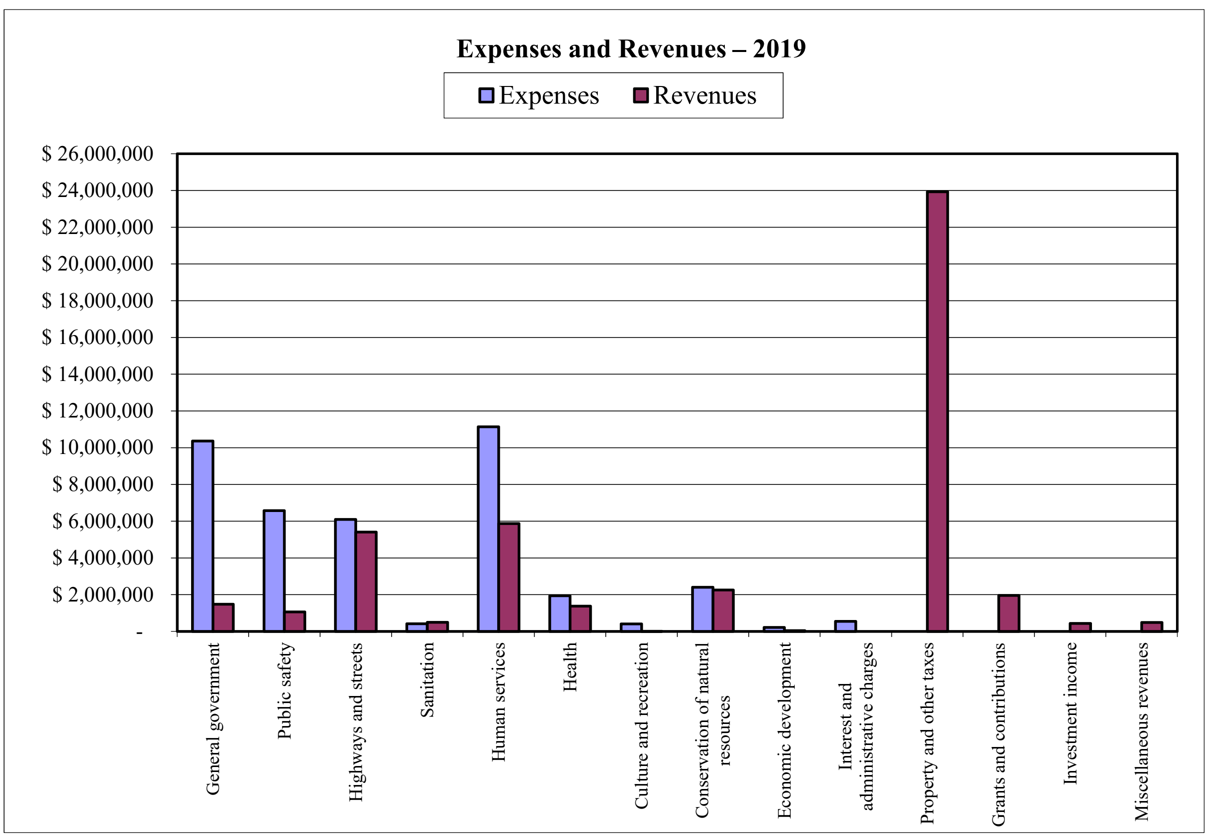
GOVERNMENTAL ACTIVITIES

Nicollet County's activities increased net position by $14,825,049, or 12.8 percent, over the 2019 net position. The following table summarizes the changes in net position for 2020.

Changes in Governmental Net Position

	2019	2020
Revenues		
Program revenues		
Fees, charges, and others	$ 5,068,313	$ 4,227,840
Operating grants and contributions	12,909,748	18,324,490
Capital grants and contributions	-	4,160,340
General revenues		
Property taxes	21,842,611	23,033,482
Other	4,977,359	5,133,365
Total Revenues	$ 44,798,031	$ 54,879,517
Expenses		
General government	$ 10,363,211	$ 11,258,462
Public safety	6,577,697	6,337,338
Highways and streets	6,093,094	5,401,006
Sanitation	418,754	347,764
Human services	11,140,504	11,743,977
Health	1,938,831	1,161,882
Culture and recreation	408,681	352,961
Conservation of natural resources	2,400,529	1,823,102
Economic development	220,563	1,059,863
Interest	547,715	568,113
Total Expenses	$ 40,109,579	$ 40,054,468
Increase in Net Position	$ 4,688,452	$ 14,825,049
Net Position – January 1	111,266,052	115,954,504
Net Position – December 31	$ 115,954,504	$ 130,779,553


Expenses and Revenues – 2020
Expenses
Revenues
$ 26,000,000
$ 24,000,000
$ 22,000,000
$ 20,000,000
$ 18,000,000
$ 16,000,000
$ 14,000,000
$ 12,000,000
$ 10,000,000
$ 8,000,000
$ 6,000,000
$ 4,000,000
$ 2,000,000
-
General government
Public safety
Highways and streets
Sanitation
Human services
Health
Culture and recreation
Conservation of natural resources
Economic development
Interest and administrative charges
Property and other taxes
Grants and contributions
Investment income
Miscellaneous revenues


Expenses and Revenues – 2019
Expenses
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$ 26,000,000
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$ 20,000,000
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-
General government
Public safety
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Sanitation
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Health
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Conservation of natural resources
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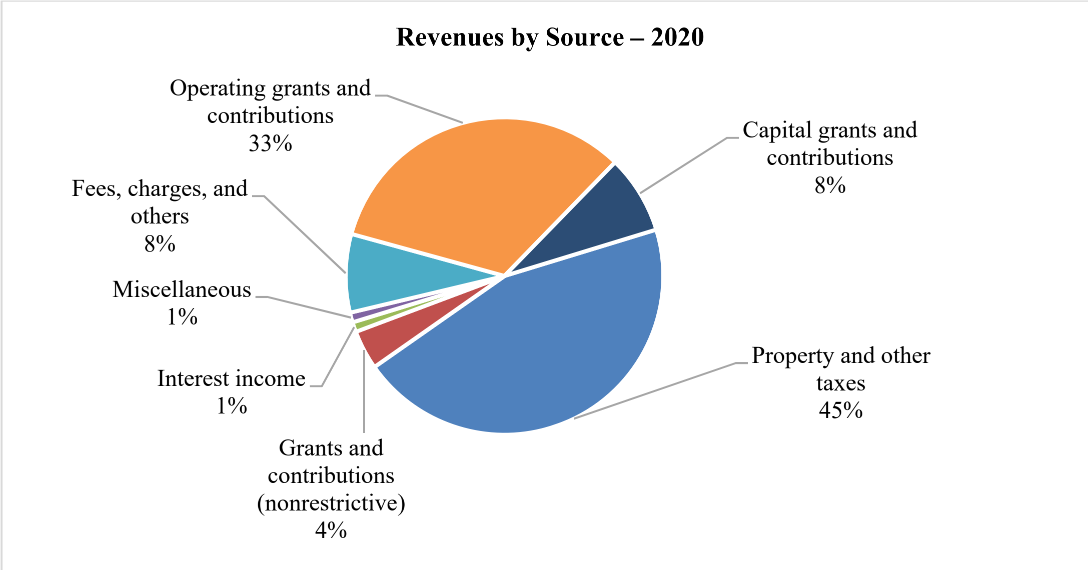

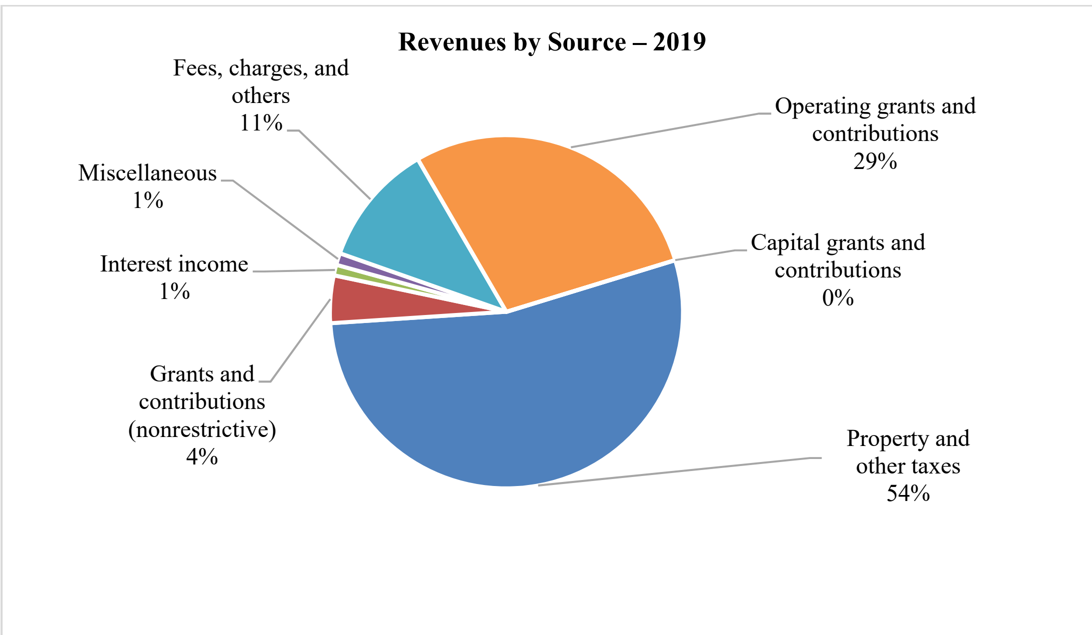

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $51,374,754, an increase of $16,128,553 in comparison with the prior year. A portion of this amount ($26,257,114) constitutes assigned and unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, or nonspendable to indicate that it is not available for new spending because it has already been committed for various reasons.

The General Fund is the chief operating fund of Nicollet County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was $14,459,660, while total fund balance was $17,293,157. As a measure of the General Fund's liquidity, it may be useful to compare the assigned and unassigned fund balance to total fund expenditures. The assigned and unassigned fund balance represents 71.6 percent of total General Fund expenditures, while total fund balance represents 85.6 percent of that same amount. In 2020, the fund balance amount in the General Fund increased by $3,310,644. An attributing factor was the reimbursement of CARES funds for Public Safety employees.

The Road and Bridge Special Revenue Fund's fund balance increased by $5,431,675 in 2020. Some attributing factors were receiving unbudgeted federal and state aid funds and the timing of awarded state aid-approved projects impacting revenues and expenses.

The Health and Human Services Special Revenue Fund's fund balance increased by $604,739 in 2020. Some attributing factors were expense savings impacted by staff planning variances from budget (salaries and benefits), computer/software/equipment purchases less than budgeted, and some program expense and revenue categories favorable variances to budget.

The Revolving Loan Special Revenue Fund's fund balance increased by $1,987 in 2020.

The Ditch Special Revenue Fund had a negative fund balance of $1,659,896 at year-end 2020. Total fund balance decreased by $433,138 in 2020. Planning is taking place to issue a Bond for an improvement project on County Ditch 62A. In 2019, the County implemented a policy to follow MN Statute 103E.655, charging quarterly interest to each negative drainage system balance.

The Debt Service Fund's restricted fund balance increased by $7,212,646 in 2020. This increase is due to the $7,100,000 Crossover Advance Refunding of Series 2013A. The funds are being held with a fiscal agent until refunding.

General Fund Budgetary Highlights

The difference between the original budget expenditures and the final amended budget expenditures was a decrease of $11,600 during the year. There were no budget changes to revenue. The final amended budget expenditures were below actual expenditures by $822,285. The actual revenues and transfers in exceeded final amended budget revenues and transfers in by $5,170,176. Significant variances during the current year included the following:

- Economic Development expenses exceeded budget by $835,115 for CARES Act small business and non-profit grant awards.

- Intergovernmental revenues exceeded the budget by $5,011,484 for unbudgeted revenue. Contributing factors include receipt of federal revenues for Coronavirus Relief Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2020, was $107,169,552 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 5.48 percent.

Capital Assets

	2019	2020
Land	$ 4,996,114	$ 5,284,752
Construction in progress	1,479,973	6,369,749
Land improvements	171,246	739,300
Buildings	20,465,438	19,663,600
Machinery, vehicles, furniture, and equipment	3,333,341	4,075,559
Infrastructure	71,157,468	71,036,592
Totals	$ 101,603,580	$ 107,169,552

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

Long-Term Debt

At the end of the current fiscal year, the County had total bonded debt outstanding of $22,015,000, which is backed by the full faith and credit of the government.

Outstanding Debt

	2019	2020
General obligation bonds	$ 16,685,000	$ 22,015,000

The County's debt related to general obligation bonds increased by $5,330,000 (32 percent) during the fiscal year. The primary reason for the increase is due to Nicollet County issuing a $7,100,000 G.O. CIP Refunding Bond (Crossover Advance Refunding). Proceeds from the sale of bonds will be used to refund $6,950,000 of G.O. CIP Bond 2013A in 2022. The remaining offset for the year-over-year change is from debt payments made by the Debt Service Fund.

Nicollet County's bond rating is "Aa2" from Moody's.

Minnesota statutes limit the amount of net debt to three percent of the market value of taxable property in the County. As of the end of 2020, Nicollet County is below the three percent debt limit imposed by state statutes.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Nicollet County's unemployment rate was 3.5 percent as of the end of 2020. This is moderately below the statewide rate of 4.9 percent. (Source: Minnesota Department of Employment and Economic Development, Unemployment Statistics – LAUS Data.)

- Nicollet County's population remains steady at 34,323. Agricultural tillable land values increased with agricultural non-tillable land and building values remaining steady. Overall, residential property values continued to increase and commercial and industrial property values remained steady or increased by varying degrees based on property type and location.

At the end of 2020, Nicollet County set its 2021 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Nicollet County Finance Department, Nicollet County Courthouse, 501 South Minnesota Avenue, St. Peter, Minnesota 56082.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 1

STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Assets		
Cash and pooled investments	$	46,236,540
Cash with fiscal agent		7,007,843
Taxes receivable – delinquent		300,074
Special assessments receivable		
Delinquent		24,209
Noncurrent		3,337,284
Accounts receivable		476,830
Accrued interest receivable		56,425
Due from other governments		8,055,837
Inventories		617,602
Prepaid items		299,696
Capital assets		
Non-depreciable		11,654,501
Depreciable – net of accumulated depreciation		95,515,051
Total Assets	**$**	**173,581,892**
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	$	143,581
Deferred pension outflows		1,926,043
Total Deferred Outflows of Resources	**$**	**2,069,624**
Liabilities		
Accounts payable	$	790,019
Claims payable		100,674
Salaries payable		729,433
Contracts payable		494,315
Due to other governments		179,376
Accrued interest payable		241,542
Unearned revenue		1,028,446
Long-term liabilities		
Due within one year		3,255,924
Due in more than one year		21,844,896
Other postemployment benefits liability		1,343,646
Net pension liability		12,557,216
Total Liabilities	**$**	**42,565,487**

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

EXHIBIT 1
(Continued)

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Deferred Inflows of Resources		
Deferred other postemployment benefits inflows	$	526,109
Deferred pension inflows		1,780,367
Total Deferred Inflows of Resources	**$**	**2,306,476**
Net Position		
Net investment in capital assets	$	93,465,473
Restricted for		
General government		1,185,021
Public safety		589,083
Highways and streets		12,364,653
Human services		13,295
Conservation of natural resources		391,968
Economic development		677,383
Debt service		3,068,441
Unrestricted		19,024,236
Total Net Position	**$**	**130,779,553**

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

		Program Revenues			Net (Expense)
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
Functions/Programs					
Governmental activities					
General government	$ 11,258,462	$ 927,372	$ 2,296,277	$ -	$ (8,034,813)
Public safety	6,337,338	551,600	2,851,259	-	(2,934,479)
Highways and streets	5,401,006	153,703	5,495,984	4,160,340	4,409,021
Sanitation	347,764	426,584	103,808	-	182,628
Human services	11,743,977	1,242,640	5,979,443	-	(4,521,894)
Health	1,161,882	57,059	669,713	-	(435,110)
Culture and recreation	352,961	-	25,000	-	(327,961)
Conservation of natural resources	1,823,102	868,882	34,851	-	(919,369)
Economic development	1,059,863	-	868,155	-	(191,708)
Interest and administrative charges	568,113	-	-	-	(568,113)
Total Governmental Activities	**$ 40,054,468**	**$ 4,227,840**	**$ 18,324,490**	**$ 4,160,340**	**$ (13,341,798)**

General Revenues	
Property taxes	$ 23,033,482
Mortgage registry and deed tax	48,731
Wheelage tax	565,225
Gravel tax	51,379
Transportation sales tax	1,548,784
Payments in lieu of tax	49,534
Grants and contributions not restricted to specific programs	2,119,897
Unrestricted investment earnings	280,591
Miscellaneous	469,224
Total general revenues	**$ 28,166,847**
Change in net position	**$ 14,825,049**
Net Position – January 1	**115,954,504**
Net Position – December 31	**$ 130,779,553**

FUND FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road and Bridge
Assets		
Cash and pooled investments	$ 15,129,675	$ 16,971,784
Cash with fiscal agent	-	-
Taxes receivable – delinquent	173,607	21,793
Special assessments receivable		
Delinquent	6,918	-
Noncurrent	-	-
Accounts receivable	42,105	22,540
Accrued interest receivable	56,425	-
Interfund receivable	1,621,309	-
Due from other funds	73,433	1,102
Due from other governments	897,473	5,857,339
Prepaid items	290,684	3,626
Inventories	-	617,602
Total Assets	**$ 18,291,629**	**$ 23,495,786**
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	$ 233,668	$ 57,936
Salaries payable	379,052	73,333
Contracts payable	8,099	251,422
Interfund payable	-	-
Due to other funds	-	-
Due to other governments	102,384	2,922
Unearned revenue	109,313	919,133
Total Liabilities	**$ 832,516**	**$ 1,304,746**
Deferred Inflows of Resources		
Unavailable revenue	**$ 165,956**	**$ 5,623,671**

Health and Human Services	Revolving Loan	Ditch	Debt Service	Total Governmental Funds
$ 7,861,280	$ 597,789	$ -	$ 3,276,602	$ 43,837,130
-	-	-	7,007,843	7,007,843
74,655	-	-	30,019	300,074
-	4,515	12,776	-	24,209
-	345,479	2,991,805	-	3,337,284
408,086	-	4,099	-	476,830
-	-	-	-	56,425
-	-	-	-	1,621,309
-	-	-	-	74,535
1,265,325	-	35,700	-	8,055,837
5,373	-	13	-	299,696
-	-	-	-	617,602
$ 9,614,719	**$ 947,783**	**$ 3,044,393**	**$ 10,314,464**	**$ 65,708,774**
$ 335,841	$ -	$ 162,574	$ -	$ 790,019
274,469	-	2,579	-	729,433
-	-	234,794	-	494,315
-	-	1,621,309	-	1,621,309
47,802	4,673	22,060	-	74,535
72,635	-	1,435	-	179,376
-	-	-	-	1,028,446
$ 730,747	**$ 4,673**	**$ 2,044,751**	**$ -**	**$ 4,917,433**
$ 598,391	**$ 348,674**	**$ 2,659,538**	**$ 20,357**	**$ 9,416,587**

NICOLLET COUNTY
ST. PETER, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Road and Bridge
Liabilities, Deferred Inflows of Resources, and Fund Balances (Continued)		
Fund Balances		
Nonspendable		
Inventories	$ -	$ 617,602
Prepaid items	290,684	3,626
Restricted for		
Law library	37,135	-
Recorder's equipment	586,953	-
Enhanced 911 system	312,126	-
Snowmobile grant	2,043	-
Handgun permit fees – carry program administration	256,097	-
Offroad highway grant	3,543	-
Sheriff's contingency	4,750	-
Sheriff – prostitution law enforcement, training, and education	2,785	-
Forfeited sheriff property	7,739	-
Forfeited attorney property	56,717	-
Attorney – prostitution prosecution, training, and education	994	-
Veteran van	36,843	-
Aquatic invasive species program	251,918	-
Land reclamation	91,326	-
Riparian project	214,461	-
County relief grants	677,383	-
Highway construction	-	1,514,304
Transportation – sales tax	-	4,281,031
Transportation – wheelage tax	-	1,371,591
Child protection services	-	-
Debt service	-	-
ISTS loans	-	-
Ditch maintenance and repairs	-	-
Committed to		
Transportation	-	3,728,000
Assigned for		
Road and bridge	-	5,051,215
Human services	-	-
Septic/sewer loans	-	-
Unassigned	14,459,660	-
Total Fund Balances	**$ 17,293,157**	**$ 16,567,369**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 18,291,629**	**$ 23,495,786**

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

EXHIBIT 3
(Continued)

Health and Human Services	Revolving Loan	Ditch	Debt Service	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 617,602
5,373	-	13	-	299,696
-	-	-	-	37,135
-	-	-	-	586,953
-	-	-	-	312,126
-	-	-	-	2,043
-	-	-	-	256,097
-	-	-	-	3,543
-	-	-	-	4,750
-	-	-	-	2,785
-	-	-	-	7,739
-	-	-	-	56,717
-	-	-	-	994
-	-	-	-	36,843
-	-	-	-	251,918
-	-	-	-	91,326
-	-	-	-	214,461
-	-	-	-	677,383
-	-	-	-	1,514,304
-	-	-	-	4,281,031
-	-	-	-	1,371,591
13,295	-	-	-	13,295
-	-	-	10,294,107	10,294,107
-	181,517	-	-	181,517
-	-	273,684	-	273,684
-	-	-	-	3,728,000
-	-	-	-	5,051,215
8,266,913	-	-	-	8,266,913
-	412,919	-	-	412,919
-	-	(1,933,593)	-	12,526,067
$ 8,285,581	**$ 594,436**	**$ (1,659,896)**	**$ 10,294,107**	**$ 51,374,754**
$ 9,614,719	**$ 947,783**	**$ 3,044,393**	**$ 10,314,464**	**$ 65,708,774**

EXHIBIT 3A

RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

Fund balances – total governmental funds (Exhibit 3)		**$ 51,374,754**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		107,169,552
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources – unavailable revenue in the governmental funds.		9,416,587
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the governmental funds.		
Deferred outflows related to other postemployment benefits	$ 143,581	
Deferred inflows related to other postemployment benefits	(526,109)	(382,528)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions not recognized in the governmental funds.		
Deferred outflows related to pensions	$ 1,926,043	
Deferred inflows related to pensions	(1,780,367)	145,676
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.		(241,542)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	$ (22,015,000)	
Unamortized premium on bonds payable	(592,494)	
Loans payable	(500,804)	
Compensated absences payable	(1,992,522)	
Other postemployment benefits liability	(1,343,646)	
Net pension liability	(12,557,216)	(39,001,682)
The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position.		2,298,736
Net Position of Governmental Activities (Exhibit 1)		**$ 130,779,553**

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Road and Bridge
Revenues		
Taxes	$ 13,320,930	$ 3,781,443
Special assessments	298,546	-
Licenses and permits	103,665	-
Intergovernmental	7,669,397	12,997,434
Charges for services	848,343	45,476
Fines and forfeits	19,029	-
Gifts and contributions	2,530	1,259
Investment earnings	250,897	-
Miscellaneous	992,662	108,227
Total Revenues	**$ 23,505,999**	**$ 16,933,839**
Expenditures		
Current		
General government	$ 10,855,821	$ -
Public safety	6,510,046	-
Highways and streets	-	9,971,442
Sanitation	259,525	-
Human services	-	-
Health	-	-
Culture and recreation	143,974	101,589
Conservation of natural resources	465,844	11,889
Economic development	1,059,863	-
Intergovernmental		
Highways and streets	-	237,092
Culture and recreation	110,088	-
Capital outlay		
General government	679,929	-
Public safety	114,938	-
Highways and streets	-	1,360,762
Health	-	-
Debt service		
Principal	-	-
Interest	-	-
Bond issuance costs	-	-
Interest on interfund loans	-	-
Administrative charges	-	-
Total Expenditures	**$ 20,200,028**	**$ 11,682,774**
Excess of Revenues Over (Under) Expenditures	**$ 3,305,971**	**$ 5,251,065**

Health and Human Services	Revolving Loan	Ditch	Debt Service	Total Governmental Funds
$ 5,856,690	$ -	$ -	$ 2,263,600	$ 25,222,663
-	107,122	1,153,127	-	1,558,795
-	-	-	-	103,665
6,819,727	-	26,882	26,247	27,539,687
1,249,179	-	-	-	2,142,998
-	-	-	-	19,029
1,030	-	-	-	4,819
-	-	-	-	250,897
82,785	-	23,080	-	1,206,754
$ 14,009,411	**$ 107,122**	**$ 1,203,089**	**$ 2,289,847**	**$ 58,049,307**
$ -	$ -	$ -	$ -	$ 10,855,821
-	-	-	-	6,510,046
-	-	-	-	9,971,442
-	83,836	-	-	343,361
12,155,261	-	-	-	12,155,261
1,211,661	-	-	-	1,211,661
-	-	-	-	245,563
-	-	1,295,824	-	1,773,557
-	-	-	-	1,059,863
-	-	-	-	237,092
-	-	-	-	110,088
-	-	-	-	679,929
-	-	-	-	114,938
-	-	-	-	1,360,762
37,750	-	-	-	37,750
-	104,736	200,000	1,570,000	1,874,736
-	6,823	65,235	517,913	589,971
-	-	-	88,788	88,788
-	-	75,168	-	75,168
-	-	-	500	500
$ 13,404,672	**$ 195,395**	**$ 1,636,227**	**$ 2,177,201**	**$ 49,296,297**
$ 604,739	**$ (88,273)**	**$ (433,138)**	**$ 112,646**	**$ 8,753,010**

NICOLLET COUNTY
ST. PETER, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Road and Bridge
Other Financing Sources (Uses)		
Transfers in	$ 4,673	$ -
Transfers out	-	-
Loans issued	-	-
General obligation bonds issued	-	-
Total Other Financing Sources (Uses)	**$ 4,673**	**$ -**
Net Change in Fund Balances	**$ 3,310,644**	**$ 5,251,065**
Fund Balances – January 1	**13,982,513**	**11,135,694**
Increase (decrease) in inventories	**-**	**180,610**
Fund Balances – December 31	**$ 17,293,157**	**$ 16,567,369**

EXHIBIT 4
(Continued)

Health and Human Services	**Revolving Loan**	**Ditch**	**Debt Service**	**Total Governmental Funds**
$ -	$ -	$ -	$ -	$ 4,673
-	(4,673)	-	-	(4,673)
-	94,933	-	-	94,933
-	-	-	7,100,000	7,100,000
$ -	**$ 90,260**	**$ -**	**$ 7,100,000**	**$ 7,194,933**
$ 604,739	**$ 1,987**	**$ (433,138)**	**$ 7,212,646**	**$ 15,947,943**
7,680,842	**592,449**	**(1,226,758)**	**3,081,461**	**35,246,201**
-	**-**	**-**	**-**	**180,610**
$ 8,285,581	**$ 594,436**	**$ (1,659,896)**	**$ 10,294,107**	**$ 51,374,754**

EXHIBIT 4A

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances – total governmental funds (Exhibit 4)		**$ 15,947,943**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Unavailable revenue – December 31	$ 9,416,587	
Unavailable revenue – January 1	(12,574,531)	(3,157,944)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets disposed.		
Expenditures for general capital assets and infrastructure	$ 9,529,510	
Current year depreciation	(3,930,309)	
Net book value of assets disposed	(33,229)	5,565,972
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.		
Proceeds of new debt – bonds and loans issued	$ (7,194,933)	
Principal repayments	1,874,736	
Amortization of premium on bonds	92,927	(5,227,270)
Some expenses reported in the statement of activities do not require the use of current financial resources, so are not reported as expenditures in governmental funds.		
Change in inventories	$ 180,610	
Change in deferred other postemployment benefits outflows	(4,222)	
Change in deferred pension outflows	(328,314)	
Change in accrued interest payable	18,219	
Change in compensated absences payable	(110,591)	
Change in other postemployment benefits liability	524,893	
Change in net pension liability	(1,408,449)	
Change in deferred other postemployment benefits inflows	(475,930)	
Change in deferred pension inflows	2,495,502	891,718
The net income (loss) of the Internal Service Fund is reported with governmental activities.		804,630
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 14,825,049**

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 13,539,480	$ 13,539,480	$ 13,320,930	$ (218,550)
Special assessments	292,000	292,000	298,546	6,546
Licenses and permits	65,000	65,000	103,665	38,665
Intergovernmental	2,657,913	2,657,913	7,669,397	5,011,484
Charges for services	740,509	740,509	848,343	107,834
Fines and forfeits	19,000	19,000	19,029	29
Gifts and contributions	1,000	1,000	2,530	1,530
Investment earnings	190,300	190,300	250,897	60,597
Miscellaneous	827,294	827,294	992,662	165,368
Total Revenues	**$ 18,332,496**	**$ 18,332,496**	**$ 23,505,999**	**$ 5,173,503**
Expenditures				
Current				
General government				
Commissioners	$ 340,443	$ 340,443	$ 326,748	$ 13,695
Courts	46,200	46,200	63,473	(17,273)
Courts – CHIPS/TPR	55,000	55,000	63,713	(8,713)
Drug court	10,500	10,500	10,500	-
Law library	32,580	32,580	16,629	15,951
County administrator	283,239	283,239	271,013	12,226
Finance	420,794	420,794	456,638	(35,844)
Capital improvements	-	-	3,076	(3,076)
Public services	672,112	672,112	737,532	(65,420)
Accounting and auditing	71,125	71,125	71,945	(820)
Property assessment	739,145	739,145	726,812	12,333
Human resources	384,694	384,694	332,350	52,344
Office of technologies	2,141,879	2,447,879	2,715,775	(267,896)
Elections	82,500	114,405	170,480	(56,075)
Other general government	1,005,798	636,628	993,604	(356,976)
County attorney	1,153,961	1,153,961	1,114,459	39,502
County attorney – forfeited property proceeds	-	-	2,164	(2,164)
Recorder/abstractor	396,647	396,647	317,354	79,293
Recorder – future equipment	92,000	92,000	154,584	(62,584)
Surveyor	30,000	30,000	-	30,000
Telephone	184,516	184,516	181,890	2,626
Courthouse operations	855,362	855,362	914,731	(59,369)
North Mankato County office building	17,000	17,000	15,559	1,441
Health and human services building	128,500	128,500	105,757	22,743
Veterans service	188,853	188,853	177,935	10,918
Property services	989,464	989,464	911,100	78,364
Total general government	**$ 10,322,312**	**$ 10,291,047**	**$ 10,855,821**	**$ (564,774)**

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 5
(Continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	$ 2,345,786	$ 2,345,786	$ 2,383,331	$ (37,545)
Boat and water safety	1,317	1,317	2,272	(955)
Sheriff's contingency fund	2,500	2,500	1,469	1,031
Prisoner commissions account	37,000	37,000	23,555	13,445
Sheriff – snowmobile safety enforcement	3,300	3,300	216	3,084
Enhanced 911 system	212,967	212,967	86,684	126,283
Sheriff – forfeited property proceeds	1,500	1,500	8,067	(6,567)
Sheriff – offroad highway grant	3,112	3,112	382	2,730
Gun permits	25,000	25,000	6,123	18,877
Coroner	30,000	30,000	38,680	(8,680)
Dispatch center	909,789	909,789	780,527	129,262
Corrections	1,477,343	1,477,343	1,447,194	30,149
Probation department	1,565,493	1,565,493	1,551,234	14,259
Nicollet County collaborative	73,747	73,747	72,045	1,702
Emergency services	132,214	114,814	108,267	6,547
Total public safety	**$ 6,821,068**	**$ 6,803,668**	**$ 6,510,046**	**$ 293,622**
Sanitation				
Solid waste management	**$ 278,650**	**$ 278,650**	**$ 259,525**	**$ 19,125**
Culture and recreation				
Historical society	$ 115,453	$ 115,453	$ 140,390	$ (24,937)
Transit	30,981	30,981	3,584	27,397
Total culture and recreation	**$ 146,434**	**$ 146,434**	**$ 143,974**	**$ 2,460**
Conservation of natural resources				
Agricultural society	$ 44,100	$ 44,100	$ 69,100	$ (25,000)
COOP extension	-	-	(178)	178
County extension	168,561	168,561	161,140	7,421
Soil and water conservation district	235,082	235,082	235,082	-
Tri-county fair	700	700	700	-
Total conservation of natural resources	**$ 448,443**	**$ 448,443**	**$ 465,844**	**$ (17,401)**
Economic development				
Economic development	$ 101,462	$ 103,962	$ 939,077	$ (835,115)
Housing and redevelopment authority	120,786	120,786	120,786	-
Total economic development	**$ 222,248**	**$ 224,748**	**$ 1,059,863**	**$ (835,115)**

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

EXHIBIT 5
(Continued)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Intergovernmental				
Culture and recreation – regional library	**$ 110,088**	**$ 110,088**	**$ 110,088**	**$ -**
Capital outlay				
General government	$ 931,100	$ 965,665	$ 679,929	$ 285,736
Public safety	109,000	109,000	114,938	(5,938)
Total capital outlay	**$ 1,040,100**	**$ 1,074,665**	**$ 794,867**	**$ 279,798**
Total Expenditures	**$ 19,389,343**	**$ 19,377,743**	**$ 20,200,028**	**$ (822,285)**
Excess of Revenues Over (Under) Expenditures	**$ (1,056,847)**	**$ (1,045,247)**	**$ 3,305,971**	**$ 4,351,218**
Other Financing Sources (Uses)				
Transfers in	8,000	8,000	4,673	(3,327)
Net Change in Fund Balance	**$ (1,048,847)**	**$ (1,037,247)**	**$ 3,310,644**	**$ 4,347,891**
Fund Balance – January 1	**13,982,513**	**13,982,513**	**13,982,513**	**-**
Fund Balance – December 31	**$ 12,933,666**	**$ 12,945,266**	**$ 17,293,157**	**$ 4,347,891**

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 6

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON STATEMENT
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 3,547,971	$ 3,547,971	$ 3,781,443	$ 233,472
Intergovernmental	5,288,727	5,288,727	12,997,434	7,708,707
Charges for services	41,000	41,000	45,476	4,476
Gifts and contributions	-	-	1,259	1,259
Miscellaneous	23,645	23,645	108,227	84,582
Total Revenues	**$ 8,901,343**	**$ 8,901,343**	**$ 16,933,839**	**$ 8,032,496**
Expenditures				
Current				
Highways and streets				
Administration	$ 451,067	$ 451,067	$ 398,175	$ 52,892
Maintenance	1,879,014	1,879,014	1,787,453	91,561
Construction	5,421,878	5,421,878	7,222,524	(1,800,646)
Equipment maintenance shops	608,779	608,779	563,290	45,489
Total highways and streets	**$ 8,360,738**	**$ 8,360,738**	**$ 9,971,442**	**$ (1,610,704)**
Culture and recreation				
Parks	107,211	107,211	101,589	5,622
Conservation of natural resources				
Agricultural inspection	13,800	13,800	11,889	1,911
Intergovernmental				
Highways and streets	227,594	227,594	237,092	(9,498)
Capital outlay				
Highways and streets	1,338,000	1,338,000	1,360,762	(22,762)
Total Expenditures	**$ 10,047,343**	**$ 10,047,343**	**$ 11,682,774**	**$ (1,635,431)**
Net Change in Fund Balance	**$ (1,146,000)**	**$ (1,146,000)**	**$ 5,251,065**	**$ 6,397,065**
Fund Balance – January 1	**11,135,694**	**11,135,694**	**11,135,694**	**-**
Increase (decrease) in inventories	**-**	**-**	**180,610**	**180,610**
Fund Balance – December 31	**$ 9,989,694**	**$ 9,989,694**	**$ 16,567,369**	**$ 6,577,675**

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 7

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON STATEMENT
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 5,902,918	$ 5,902,918	$ 5,856,690	$ (46,228)
Intergovernmental	6,503,184	6,503,184	6,819,727	316,543
Charges for services	1,070,175	1,070,175	1,249,179	179,004
Gifts and contributions	2,200	2,200	1,030	(1,170)
Miscellaneous	48,034	48,034	82,785	34,751
Total Revenues	**$ 13,526,511**	**$ 13,526,511**	**$ 14,009,411**	**$ 482,900**
Expenditures				
Current				
Human services				
Income maintenance	$ 3,285,207	$ 3,285,207	$ 3,240,690	$ 44,517
Social services	9,387,842	9,387,842	8,914,571	473,271
Total human services	**$ 12,673,049**	**$ 12,673,049**	**$ 12,155,261**	**$ 517,788**
Health				
Public health	1,073,462	1,073,462	1,211,661	(138,199)
Capital outlay				
Health	-	-	37,750	(37,750)
Total Expenditures	**$ 13,746,511**	**$ 13,746,511**	**$ 13,404,672**	**$ 341,839**
Net Change in Fund Balance	**$ (220,000)**	**$ (220,000)**	**$ 604,739**	**$ 824,739**
Fund Balance – January 1	**7,680,842**	**7,680,842**	**7,680,842**	**-**
Fund Balance – December 31	**$ 7,460,842**	**$ 7,460,842**	**$ 8,285,581**	**$ 824,739**

EXHIBIT 8

**STATEMENT OF FUND NET POSITION
GOVERNMENTAL ACTIVITIES
SELF-INSURANCE INTERNAL SERVICE FUND
DECEMBER 31, 2020**

Assets		
Current assets		
Cash and pooled investments	$	2,399,410
Liabilities		
Current liabilities		
Claims payable		100,674
Net Position		
Unrestricted	**$**	**2,298,736**

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 9

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
GOVERNMENTAL ACTIVITIES
SELF-INSURANCE INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

Operating Revenues		
Charges for services	$	4,709,393
Operating Expenses		
Professional services		3,904,763
Change in Net Position	**$**	**804,630**
Net Position – January 1		**1,494,106**
Net Position – December 31	**$**	**2,298,736**

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 10

STATEMENT OF CASH FLOWS
SELF-INSURANCE INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities		
Receipts from customers and users	$	4,709,393
Payments to service providers		(4,094,880)
Net Increase (Decrease) in Cash and Cash Equivalents	**$**	**614,513**
Cash and Cash Equivalents at January 1		**1,784,897**
Cash and Cash Equivalents at December 31	**$**	**2,399,410**
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	**$**	**804,630**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Increase (decrease) in claims payable		(190,117)
Net Cash Provided by (Used in) Operating Activities	**$**	**614,513**

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 11

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Assets		
Cash and pooled investments	$ 30,478	$ 2,549,539
Due from other governments	-	295,829
Taxes receivable for other governments	-	224,886
Accounts receivable	-	46,803
Other assets	-	258
Total Assets	**$ 30,478**	**$ 3,117,315**
Liabilities		
Due to others	$ -	$ 65,941
Salaries payable	-	13,317
Due to other governments	-	1,638,128
Total Liabilities	**$ -**	**$ 1,717,386**
Deferred Inflows of Resources		
Prepaid taxes	**$ -**	**$ 165,994**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 30,478**	**$ 1,233,935**

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT 12

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions from individuals	$ 277,002	$ 115,129
Interest earnings	-	3,820
Property tax collections for other governments	-	28,253,909
License and fees collected for state	-	7,049,677
Payments from state	-	1,449,333
Refunds collected for other entities	-	32,202
Payments from other entities	-	731,338
Total Additions	**$ 277,002**	**$ 37,635,408**
Deductions		
Beneficiary payments to individuals	$ 265,060	$ 451,878
Payments of property tax to other governments	-	28,838,092
Payments to state	-	7,304,144
Administrative expense	-	10,884
Payments to other entities	-	1,922,221
Total Deductions	**$ 265,060**	**$ 38,527,219**
Change in Net Position	**$ 11,942**	**$ (891,811)**
Net Position – January 1, as previously reported	**$ -**	**$ -**
Net Position – Restatement (Note 1.E)	**18,536**	**2,125,746**
Net Position – January 1, as restated	**$ 18,536**	**$ 2,125,746**
Net Position – December 31	**$ 30,478**	**$ 1,233,935**

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Nicollet County was established March 5, 1853, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures described in Note 4.B. The County also participates in several jointly-governed organizations described in Note 4.C.

B. Basic Financial Statements

1. Government-Wide Statements

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

In the government-wide statement of net position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, long-term debt and obligations, as well as any related deferred

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

inflows and outflows of resources. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It is used to account for all financial resources of the general government, except those accounted for in another fund.

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The Road and Bridge Special Revenue Fund is used to account for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Health and Human Services Special Revenue Fund is used to account for restricted revenue sources from the federal, state, and other oversight agencies, as well as assigned property tax revenues from the County to be used for economic assistance and community social services programs.

The Revolving Loan Special Revenue Fund is used to account for restricted and assigned special assessment revenue for the financial transactions resulting from loans for the repair or replacement of septic systems and water wells.

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

The Debt Service Fund is used to account for property tax revenues for the payment of principal, interest, and related costs of County debt.

Additionally, the County reports the following funds:

The Internal Service Fund is used to account for the accumulation of resources for, and the payment of, insurance costs of the self-insurance program.

The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust that Nicollet County is holding on behalf of individuals receiving social welfare assistance.

Custodial funds account for monies held in a fiduciary capacity for property taxes collected for other governments, collections for and disbursements to the State of Minnesota, collections and disbursements of restricted local grants, and special districts that use the County as a depository.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. Nicollet County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

The County's cash and pooled investments in the proprietary fund are considered to be cash equivalents. Cash and cash equivalents are identified only for the purpose of the statement of cash flows for the proprietary fund. The County has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Additionally, each fund's equity in the County's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

1. Summary of Significant Accounting Policies

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Finance Director for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools and mutual funds, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Pooled investment earnings for 2020 were $250,897.

Nicollet County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

3. Receivables and Payables

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2015 through 2020 and noncurrent special assessments payable in 2021 and after.

No allowance for uncollectible receivables have been provided because such amounts are not expected to be material.

1. Summary of Significant Accounting Policies

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

4. Inventories and Prepaid Items

All inventories are valued using a weighted average method. Inventory in the Road and Bridge Special Revenue Fund consists of expendable supplies held for consumption. The cost of individual inventory items is recorded as an expenditure at the time the item is purchased. Inventories at the government-wide level are reported as expenses when consumed.

Inventories, as reported in the fund financial statements, are equally offset by nonspendable fund balance, which indicates that they do not constitute available spendable resources.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure/expense when consumed rather than when purchased.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and bridges), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 ($100,000 for infrastructure) and an estimated useful life in excess of five years. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

1. Summary of Significant Accounting Policies

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

5. Capital Assets (Continued)

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 40
Land improvements	20 - 30
Infrastructure	50 - 75
Machinery and equipment	5 - 15

6. Compensated Absences

Nicollet County's policy permits employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Unused vacation, compensatory time, and vested sick leave are paid to employees upon termination. Unvested sick leave is available to employees in the event of illness-related absences and is not paid to employees upon termination. Compensated absences are reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of all vacation and compensatory time and 25 percent of total vested sick leave. The noncurrent portion consists of 75 percent of total vested sick leave. The compensated absences liability is liquidated by funds that have personal services.

7. Long-Term Obligations

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

1. Summary of Significant Accounting Policies

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

7. Long-Term Obligations (Continued)

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

8. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent taxes and special assessments receivables, grant receivables, and other long-term receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. This unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also reports deferred inflows of resources associated with pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position. Prepaid property taxes represent the tax collections

1. Summary of Significant Accounting Policies

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

8. Deferred Outflows/Inflows of Resources (Continued)

collected prior to year-end that are not due until the following year. Since the property taxes were levied for use in a future year, the revenue is deferred and recognized in the period for which the amounts were levied. These amounts are reported in the statement of fiduciary net position.

9. Pension Plan

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

10. Unearned Revenue

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

11. Classification of Net Position

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

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

1. Summary of Significant Accounting Policies

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

11. 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 net investment in capital assets.

12. Classification of Fund Balances

The County's fund balance policy established a minimum unassigned fund balance equal to 35 percent of total General Fund expenditures. In the event the unassigned fund balance drops below the established minimum level, the County Board will develop a plan to replenish the fund balance to the established level.

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

Nonspendable – 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 in which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. 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.

1. Summary of Significant Accounting Policies

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

12. Classification of Fund Balances (Continued)

Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Finance Director, who has been delegated that authority by Board resolution.

Unassigned – the residual classification for the General Fund; it includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

13. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the 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.

1. Summary of Significant Accounting Policies (Continued)

E. Change in Accounting Principles

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

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as previously reported	$ -	$ -
Change in accounting principles	18,536	2,125,746
Net Position, January 1, 2020, as restated	$ 18,536	$ 2,125,746

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Road and Bridge Special Revenue Fund, Health and Human Services Special Revenue Fund, and the Debt Service Fund. The County Board does not approve budgets for the Ditch and the Revolving Loan major special revenue funds. All annual appropriations lapse at year-end.

On or before mid-August of each year, all departments submit requests for appropriations to the County Finance Director so that a budget can be prepared. Before September 15, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. Additional appropriations up to $10,000 require approval of the County Administrator; anything over $10,000 requires approval of the County Board. The legal level of budgetary control, the level at which expenditures may not legally exceed appropriations, is the fund level.

During the year, the Board amended the budgets.

2. Stewardship, Compliance, and Accountability (Continued)

B. Deficit Fund Equity

The Ditch Special Revenue Fund has a deficit fund balance of $1,659,896. This deficit will be eliminated by special assessments. The following is a summary of the individual ditch systems:

28 ditches with positive fund balances	$	273,697
56 ditches with deficit fund balances		(1,933,593)
Total Fund Balance	$	(1,659,896)

C. Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2020:

	Expenditures	Budget	Excess
General Fund	$ 20,200,028	$ 19,377,743	$ 822,285
Road and Bridge Special Revenue Fund	11,682,774	10,047,343	1,635,431
Debt Service Fund	2,177,201	2,122,813	54,388

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The County's total cash and investments are reported as follows:

Governmental funds		
Cash and pooled investments	$	43,837,130
Cash with fiscal agent		7,007,843
Internal Service Fund		
Cash and pooled investments		2,399,410
Fiduciary funds		
Cash and pooled investments		2,580,017
Total Cash and Investments	$	55,824,400

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured deposits. As of December 31, 2020, none of the County's deposits were exposed to custodial credit risk.

b. Investments

The County may invest in the following types of investments authorized by Minn. Stat. §§ 118A.04 and 118.05:

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) time deposits fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the County's policy to minimize interest rate risk by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements. At December 31, 2020, the County had the following investments with specified maturity dates:

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Interest Rate Risk (Continued)

Investment Type	Carrying (Fair) Value	Maturity Dates 0 - 1 Year	Maturity Dates Over 1 Year
Negotiable certificates of deposit	$ 3,134,778	$ 2,127,657	$ 1,007,121
U.S. government securities (1)	1,849,707	-	1,849,707
Total	$ 4,984,485	$ 2,127,657	$ 2,856,828

(1) These notes have step provisions which could result in the notes being called prior to maturity.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and the MAGIC Portfolio held by the County are unrated. The County's other exposure to credit risk as of December 31, 2020, is as follows:

Moody's Rating	Fair Value
Aaa	$ 1,849,707
Aaa-mf	2,120,837
Total	$ 3,970,544

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is the County's policy to minimize investment custodial credit risk by permitting brokers to hold County investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased in excess of available SIPC coverage are transferred to an approved third-party custodian. At December 31, 2020, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At December 31, 2020, the County's investments were primarily in mutual funds and an external investment pool and, therefore, not subject to concentration of credit risk disclosure requirements. The County's remaining investments in any one issuer did not represent five percent or more of the County's investments.

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

At December 31, 2020, the County had the following recurring fair value measurements.

	December 31, 2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. agencies	$ 1,849,707	$ -	$ 1,849,707	$ -
Negotiable certificates of deposit	3,134,778	-	3,134,778	-
Total Investments Included in the Fair Value Hierarchy	$ 4,984,485	$ -	$ 4,984,485	$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	$ 27,790,162			
Money Market Mutual Funds	2,120,837			
Total Investments Measured at the NAV	$ 29,910,999			

Debt securities classified in Level 2 are valued using a yield-based matrix system based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at NAV. The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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

The money market mutual fund value is published at NAV per share. The County invests in this money market account for short-term holdings. Shares are available to be redeemed upon proper notice without restriction or limitation.

2. Receivables

Receivables as of December 31, 2020, for the County's governmental activities are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes – delinquent	$ 300,074	$ -
Special assessments – delinquent	24,209	-
Special assessments – noncurrent	3,337,284	2,504,925
Accounts	476,830	-
Accrued interest	56,425	-
Due from other governments	8,055,837	-
Total Governmental Activities	$ 12,250,659	$ 2,504,925

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 4,996,114	$ 288,638	$ -	$ 5,284,752
Construction in progress	1,479,973	5,687,662	797,886	6,369,749
Total capital assets not depreciated	$ 6,476,087	$ 5,976,300	$ 797,886	$ 11,654,501
Capital assets depreciated				
Buildings	$ 30,860,555	$ -	$ -	$ 30,860,555
Land improvements	612,079	618,374	-	1,230,453
Machinery and equipment	11,250,047	1,714,610	353,367	12,611,290
Infrastructure	107,588,149	2,018,112	-	109,606,261
Total capital assets depreciated	$ 150,310,830	$ 4,351,096	$ 353,367	$ 154,308,559
Less: accumulated depreciation for				
Buildings	$ 10,395,117	$ 801,838	$ -	$ 11,196,955
Land improvements	440,833	50,320	-	491,153
Machinery and equipment	7,916,706	939,163	320,138	8,535,731
Infrastructure	36,430,681	2,138,988	-	38,569,669
Total accumulated depreciation	$ 55,183,337	$ 3,930,309	$ 320,138	$ 58,793,508
Total capital assets depreciated, net	$ 95,127,493	$ 420,787	$ 33,229	$ 95,515,051
Governmental Activities Capital Assets, Net	$ 101,603,580	$ 6,397,087	$ 831,115	$ 107,169,552

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

General government	$ 746,136
Public safety	267,111
Highways and streets, including depreciation of infrastructure assets	2,833,157
Human services	77,255
Culture and recreation	1,554
Conservation of natural resources	693
Sanitation	4,403
Total Depreciation Expense	$ 3,930,309

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Health and Human Services Special Revenue Fund	$ 47,802	Utilities and services
	Revolving Loan Special Revenue Fund	4,673	Septic system interest
	Ditch Special Revenue Fund	20,958	Interest
Total Due to General Fund		$ 73,433	
Road and Bridge Special Revenue Fund	Ditch Special Revenue Fund	1,102	Fuel
Total Due To/From Other Funds		$ 74,535	

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

2. Interfund Receivables/Payables

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	$ 1,621,309

The interfund receivable/payable balance is due to the Ditch Special Revenue Fund overdrawing cash from the pooled cash and investments.

3. Interfund Transfers

Transfer In	Transfer Out	Amount	Purpose
General Fund	Revolving Loan Special Revenue Fund	$ 4,673	Special assessment interest earnings

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Long-Term Debt

Bonds

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
General obligation bonds					
2013A G.O. Capital Improvement Bonds (Social Services Building)	2029	\$30,000 - \$1,105,000	3.00 - 5.00	\$ 10,530,000	\$ 8,620,000
2018A G.O. Ditch Bonds	2033	\$125,000 - \$155,000	3.00 - 3.10	2,155,000	1,875,000
2018B G.O. Capital Improvement Plan Bonds	2025	\$310,000 - \$830,000	3.00	2,390,000	2,075,000
2018C G.O. Refunding Bonds (Road Reconstruction)	2024	\$480,000 - \$590,000	3.00 - 5.00	3,175,000	2,210,000
2018C G.O. Refunding Bonds (Drainage)	2023	\$45,000 - \$55,000	3.00 - 5.00	235,000	135,000
2020A G.O. Capital Improvement Plan Refunding Bonds	2029	\$1,000,000 - \$1,040,000	0.35 - 1.10	7,100,000	7,100,000
Total general obligation bonds				\$ 25,585,000	\$ 22,015,000
Plus: unamortized premium					592,494
Total General Obligation Bonds, Net					\$ 22,607,494

Capital improvement, road reconstruction, and related refunding bonds are being retired by the Debt Service Fund. Drainage and related refunding bonds are being retired by the Ditch Special Revenue Fund.

Loans Payable

The County entered into loan agreements with the Minnesota Pollution Control Agency for the purpose of funding Clean Water Partnership (CWP) projects and the Minnesota Department of Agriculture for the purpose of providing funding for the repair or replacement of failing septic systems and water wells. The loans are secured by special assessments.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

1. Long-Term Debt

Loans Payable (Continued)

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
2007 Rush River Watershed	2021	$10,442	2.00	$ 188,425	$ 20,574
2011 Middle River Watershed	2024	$10,838	2.00	195,574	82,928
2014 Rush River Watershed	2027	$4,032	2.00	72,764	52,434
2015 Middle Minnesota Watershed	2028	$8,240	2.00	148,692	114,244
Agricultural Best Management Practices (AgBMP) Loan Program	2031	$5,363 - $13,382	-	243,736	230,624
Total Loans Payable				$ 849,191	$ 500,804

Payments on the loans are made by the Revolving Loan Special Revenue Fund.

2. Debt Service Requirements

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

Year Ending December 31	General Obligation Bonds Principal	General Obligation Bonds Interest	Loans Principal	Loans Interest
2021	$ 1,835,000	$ 549,666	$ 79,803	$ 5,095
2022	8,850,000	352,796	64,765	3,953
2023	2,070,000	168,140	66,292	3,104
2024	2,055,000	126,515	67,500	2,237
2025	1,980,000	88,603	46,931	1,461
2026 - 2030	4,810,000	198,305	169,976	1,603
2031 - 2033	415,000	18,862	5,537	-
Total	$ 22,015,000	$ 1,502,887	$ 500,804	$ 17,453

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	$ 16,685,000	$ 7,100,000	$ 1,770,000	$ 22,015,000	$ 1,835,000
Plus: unamortized premiums	685,421	-	92,927	592,494	-
Total bonds payable	$ 17,370,421	$ 7,100,000	$ 1,862,927	$ 22,607,494	$ 1,835,000
Loans payable	510,607	94,933	104,736	500,804	79,803
Compensated absences	1,881,931	921,039	810,448	1,992,522	1,341,121
Total Long-Term Liabilities	$ 19,762,959	$ 8,115,972	$ 2,778,111	$ 25,100,820	$ 3,255,924

Debt Refunding

On September 10, 2020, the County issued $7,100,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2020A (Crossover Advance Refunding of Series 2013A). Proceeds from the sale of bonds will be used to refund $6,950,000 of the $10,530,000 General Obligation Capital Improvement Plan Bonds, Series 2013A. Maturities 2023 through 2029, inclusive, will be called for redemption on February 1, 2022, at a price of par plus accrued interest. The County is refunding the Series 2013A bonds to obtain a savings of $691,528 and an economic gain (difference between the present value of debt service payments on the old and new debt) of $664,046.

4. Deferred Inflows of Resources

Deferred inflows of resources as of December 31, 2020, for the County's governmental funds are as follows:

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Deferred Inflows of Resources (Continued)

	Deferred Inflows of Resources
Unavailable revenue	
Taxes and special assessments, delinquent and noncurrent	$ 3,178,448
Highway allotments that do not provide current financial resources	5,220,648
Grants	625,432
Charges for services	245,594
Interest	44,580
Miscellaneous	101,885
Total Governmental Funds	$ 9,416,587

5. Construction Commitments

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

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Highway projects	$ 4,757,270	$ 4,115,902

D. Other Postemployment Benefits (OPEB)

1. Plan Description

Nicollet County administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

Nicollet County provides postemployment health care benefits for elected officials. Elected County officials and their dependents are eligible for the benefit for a number of years equal to 25 percent of the retiree’s years in elective office, with a maximum of five years. The County pays 100 percent of health premiums for them and their

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

1. Plan Description (Continued)

families. The County's regular health benefit provider underwrites the retirees' policies. Retirees may not convert the benefit into an in-lieu-of-payment to secure coverage under independent plans. As of December 31, 2020, two retirees were receiving the premium-coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2020, the County recognized $31,526 of expenditures for this benefit. A separate, audited GAAP-basis postemployment plan report is not issued.

In 2019, the County offered a voluntary early retirement incentive program to employees who were eligible for pension benefits and had more than 15 years of service as of December 31, 2018. Under this program, early retirees could elect to receive full County-paid medical and dental premiums for a period of three years. Two employees elected to participate and are receiving the premium-coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2020, the County recognized $53,996 of expenditures for this benefit. A separate audited GAAP-basis postemployment plan report is not issued.

The County also provides health insurance benefits for eligible retired employees and their spouses under a single-employer self-insured plan. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. This postemployment benefit is funded on a pay-as-you-go basis, usually paying retiree benefits out of the General Fund. As of January 1, 2020, there were nine retirees receiving health benefits from the County's health plan. The implicit rate subsidy amount was determined by an actuarial study to be $58,059 for 2020. A separate, audited GAAP-basis postemployment plan report is not issued.

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

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

1. Plan Description (Continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	9
Active plan participants	251
Total	260

2. Total OPEB Liability

The County's total OPEB liability of $1,343,646 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	Graded by service years and contract group ranging from 11.25 percent for one year of service (12.25 percent for public safety) to 3.25 percent for 26 or more years of service
Health care cost trend	6.50 percent, decreasing to 5.00 percent over six years and then 4.00 percent over the next 48 years

The current year discount rate is 2.90 percent, which is a change from the prior year rate of 3.80 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

2. Total OPEB Liability (Continued)

Mortality rates are based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

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

3. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2019	$ 1,868,539
Changes for the year	
Service cost	$ 115,317
Interest	72,604
Changes in assumptions	(359,718)
Differences between expected and actual experience	(205,293)
Benefit payments	(147,803)
Net change	$ (524,893)
Balance at December 31, 2020	$ 1,343,646

4. OPEB Liability Sensitivity

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

	Discount Rate	Total OPEB Liability
1% Decrease	1.90%	$ 1,429,012
Current	2.90	1,343,646
1% Increase	3.90	1,262,961

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

4. OPEB Liability Sensitivity (Continued)

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

	Health Care Cost Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	$ 1,221,074
Current	6.50% Decreasing to 5.00%	1,343,646
1% Increase	7.50% Decreasing to 6.00%	1,489,031

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the County recognized OPEB expense of $98,840. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 175,965
Changes in actuarial assumptions	-	350,144
Contributions made subsequent to the measurement date	143,581	-
Total	$ 143,581	$ 526,109

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

5. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The $143,581 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2021	$ (89,081)
2022	(89,081)
2023	(89,081)
2024	(89,081)
2025	(89,076)
Thereafter	(80,709)

6. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2020:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

6. Changes in Actuarial Assumptions (Continued)

- The discount rate was changed from 3.80 percent to 2.90 percent.

- For employees not eligible for any direct subsidized payment, the assumed percentage of future retirees electing coverage changed from 75 percent to 50 percent.

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Nicollet County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

b. Benefits Provided

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

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

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

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2020. Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in 2020. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2020.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

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

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

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

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

General Employees Plan	$	1,009,529
Police and Fire Plan		222,134
Correctional Plan		74,482

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

d. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of $11,007,659 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.1836 percent. It was 0.1787 percent measured as of June 30, 2019. The County recognized pension expense of $614,375 for its proportionate share of the General Employees Plan's pension expense.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County also recognized $29,542 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	$	11,007,659
State of Minnesota's proportionate share of the net pension liability associated with the County		339,442
Total	$	11,347,101

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 97,639	$ 41,648
Changes in actuarial assumptions	-	400,629
Difference between projected and actual investment earnings	207,002	-
Changes in proportion	258,658	97,355
Contributions paid to PERA subsequent to the measurement date	507,299	-
Total	$ 1,070,598	$ 539,632

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The $507,299 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	$ (611,769)
2022	92,915
2023	276,572
2024	265,949

Police and Fire Plan

At December 31, 2020, the County reported a liability of $1,443,327 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.1095 percent. It was 0.1141 percent measured as of June 30, 2019. The County recognized pension expense of $204,001 for its proportionate share of the Police and Fire Plan's pension expense.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

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

Legislation required the State of Minnesota to pay direct state aid of $4.5 million on October 1, 2019, and to pay $9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional $10,463 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	$ 1,443,327
State of Minnesota's proportionate share of the net pension liability associated with the County	34,008
Total	$ 1,477,335

Legislation also requires the State of Minnesota to contribute $9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized $9,855 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 63,720	$ 61,970
Changes in actuarial assumptions	437,308	858,953
Difference between projected and actual investment earnings	48,659	-
Changes in proportion	137,991	40,859
Contributions paid to PERA subsequent to the measurement date	114,327	-
Total	$ 802,005	$ 961,782

The $114,327 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	$ (68,173)
2022	(334,014)
2023	75,770
2024	59,469
2025	(7,156)

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Correctional Plan

At December 31, 2020, the County reported a liability of $106,230 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.3915 percent. It was 0.3910 percent measured as of June 30, 2019. The County recognized pension expense of ($221,110) for its proportionate share of the Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,061	$ 39,086
Changes in actuarial assumptions	-	228,530
Difference between projected and actual investment earnings	15,393	-
Changes in proportion	52	11,337
Contributions paid to PERA subsequent to the measurement date	36,934	-
Total	$ 53,440	$ 278,953

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

The $36,934 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	$ (274,106)
2022	(13,450)
2023	5,945
2024	19,164

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was $597,266.

e. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated August 30, 2016. The experience study for the Correctional Plan was dated February 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	35.50%	5.10%
Broad international stock pool	17.50	5.30
Bond pool	20.00	0.75
Alternatives	25.00	5.90
Cash equivalents	2.00	0.00

f. Discount rate

The discount rate used to measure the total pension liability was 7.50 percent in 2020, which remained consistent with 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The changes result in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.

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

- The assumed spouse age difference was changed from two years older for females to one year older.

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Plan

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

Correctional Plan

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

h. Pension Liability Sensitivity

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

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

h. Pension Liability Sensitivity (Continued)

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	$ 17,641,459	6.50%	$ 2,876,759	6.50%	$ 660,206
Current	7.50	11,007,659	7.50	1,443,327	7.50	106,230
1% Increase	8.50	5,535,307	8.50	257,414	8.50	(337,312)

i. Pension Plan Fiduciary Net Position

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

2. Defined Contribution Plan

Five elected officials of Nicollet County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in

3. Detailed Notes on All Funds

E. Pension Plans

2. Defined Contribution Plan (Continued)

one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

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

	Employee	Employer
Contribution amount	$ 9,740	$ 9,740
Percentage of covered payroll	5.00%	5.00%

F. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County self-insures for employee health and dental coverage. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

3. Detailed Notes on All Funds

F. Risk Management (Continued)

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

The County established a limited risk management program for health and dental coverages in 1992. Premiums are paid into the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a $175,000 stop-loss per family per year ($5,071,549 aggregate) for the health plan. There is a maximum claim limit of $1,000 per person per year for the dental plan.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended December 31	
	2020	2019
Unpaid claims, January 1	$ 290,791	$ 363,425
Incurred claims (including IBNRs)	3,499,113	4,181,459
Claims payments	(3,689,230)	(4,254,093)
Unpaid Claims, December 31	$ 100,674	$ 290,791

4. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

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

B. Joint Ventures

Brown-Nicollet Community Health Services Board

The Brown-Nicollet Community Health Services Board was established pursuant to Minn. Stat. ch. 145A and a joint powers agreement, effective July 1, 1975. The Health Services Board consists of ten members, five each from Brown and Nicollet Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services. The joint venture is financed primarily from state and federal grants. For the year ended December 31, 2019, the most current information available, the Health Services Board had a net position of $428,282.

Complete financial information can be obtained from the Brown-Nicollet Community Health Services Board, 622 South Front Street, St. Peter, Minnesota 56082.

Minnesota River Valley Drug Task Force

The Minnesota River Valley Drug Task Force was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide a comprehensive and multi-jurisdictional effort to reduce felony-level criminal activity through the coordination of the law enforcement agencies.

The joint powers are Blue Earth, Martin, Nicollet, and Watonwan Counties and the Cities of Fairmont, Madelia, Mankato, North Mankato, St. James, and St. Peter. Control of the Task Force is vested in a Board of Directors composed of the Sheriff or Chief of Police

4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Minnesota River Valley Drug Task Force (Continued)

of each of the members, or his or her designee, and one prosecuting attorney. Blue Earth County is the fiscal agent for the Task Force. Funding is provided by grants and matching contributions from participating members. Nicollet County contributed $14,233 to the Task Force in 2020. Current financial statements are not available.

Nicollet County Family Services Collaborative

The Nicollet County Family Services Collaborative was established in 1998 through a joint powers agreement, pursuant to Minn. Stat. § 471.59. The Collaborative includes Nicollet County, St. Peter Public Schools, Nicollet Public Schools, and the Minnesota Valley Action Council. The purpose of the Collaborative is to enhance family strengths and support through service coordination and access to informal communication.

Control of the Collaborative is vested in a five-member governing board consisting of one County Commissioner, one school board member from St. Peter and Nicollet Public Schools, one board member from the Minnesota Valley Action Council, and one parent representative. Nicollet County acts as the fiscal agent for the Collaborative and accounts for it as a custodial fund. Funding is provided by state and federal grants and contributions from participating members. Nicollet County contributed $10,000 to the Collaborative in 2020. Current financial statements are not available.

Rush River Clean Water Partnership

Nicollet County entered into a joint powers agreement with Sibley County to create and operate the Rush River Clean Water Partnership, pursuant to Minn. Stat. § 471.59 and a joint powers agreement, effective February 26, 2008. Management of the Rush River Clean Water Partnership is vested in a Board of Directors, which consists of five representatives, three from the Sibley County Board of Commissioners and two from the Nicollet County Board of Commissioners. The purpose of this joint powers agreement is to organize, govern, train, equip, and maintain clean water projects that promote citizen participation and water quality improvement. The joint powers agreement is financed primarily from state and federal grants. Sibley County is the fiscal agent. Nicollet County did not make any contributions to the Partnership for the current year. Current financial statements are not available.

4. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

South Central Minnesota Regional Emergency Communications Board

The South Central Minnesota Regional Emergency Communications Board (formerly known as the South Central Minnesota Regional Radio Board) was established pursuant to Minn. Stat. §§ 471.59 and 403.39 and a joint powers agreement, effective May 27, 2008. It is comprised of Blue Earth, Brown, Faribault, Le Sueur, Martin, McLeod, Nicollet, Sibley, Waseca, and Watonwan Counties and the cities of Hutchinson and Mankato. The primary function of the joint venture is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System for the Allied Radio Matrix for Emergency Response (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications.

The Board consists of one County Commissioner from each county included in the agreement, one City Council member from each city included in the agreement, a member of the South Central Minnesota Regional Advisory Committee, a member of the South Central Minnesota Regional Radio System User Committee, and a member of the Owners and Operators Committee.

Blue Earth County acts as the fiscal agent for the Board. During 2020, Nicollet County did not contribute to the Board. Financial information can be obtained at the Blue Earth County Justice Center, 401 Carver Road, Mankato, Minnesota 56002.

South Central Transit

Nicollet County entered into a joint powers agreement with Blue Earth and Le Sueur Counties creating and operating South Central Transit, pursuant to Minn. Stat. § 471.59 and a joint powers agreement, effective July 1, 2017. Management of South Central Transit is vested in a Joint Powers Board consisting of one member appointed by each County Board of Commissioners. The primary purpose of South Central Transit is to provide centralized planning and transit services in the participating counties.

Financing is primarily provided from state and federal grants. Member counties are committed to providing the local match necessary to meet the requirements for state and federal funding.

4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

South Central Transit (Continued)

For 2020, Nicollet County contributed $3,673 to South Central Transit. Financial information can be obtained from Vine Faith in Action, 421 East Hickory Street, Mankato, Minnesota 56001.

South Central Workforce Service Area Joint Powers Board

In June 2012, the County entered into a joint powers agreement with Blue Earth, Brown, Faribault, Le Sueur, Martin, Sibley, Waseca, and Watonwan Counties, creating the South Central Workforce Service Area Joint Powers Board. The agreement is authorized by Minn. Stat. § 471.59. The Board is composed of one voting member and one alternate member for each participating county. The goal of the Board is to develop and maintain a quality workforce for South Central Minnesota.

Nicollet County did not make any payments to this organization in 2020. Separate financial information can be obtained from the South Central Workforce Council, 706 North Victory Drive, Mankato, Minnesota 56001.

Tri-County Solid Waste

Nicollet County entered into a joint powers agreement to create and operate Tri-County Solid Waste, pursuant to the Waste Management Act, Minn. Stat. § 471.59, and a joint powers agreement, effective November 3, 1987. Management of Tri-County Solid Waste is vested in the Tri-County Solid Waste Joint Powers Board, which consists of six representatives, two from each Board of Commissioners from Le Sueur, Nicollet, and Sibley Counties. The primary function of Tri-County Solid Waste is to coordinate solid waste management programs, excluding the collection and disposal of solid waste, within the multi-county area. Emphasis is placed on planning, recycling, hazardous waste, problem materials, and education.

One-half of the financing is provided by appropriations from the three counties based on the ratio of their population to the total population of the member counties, and one-half is provided by an equal appropriation from the three counties. Nicollet County contributed $96,319 in 2020. Nicollet County is the fiscal agent. Current financial statements are not available.

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

C. Jointly-Governed Organizations

Sentencing to Service

Nicollet County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Nicollet County has no operational or financial control over the STS program, Nicollet County budgets for a percentage of this program.

Joint Airport Zoning Board

The Joint Airport Zoning Board was established by joint action of Blue Earth, Le Sueur, and Nicollet Counties and the Cities of Mankato and St. Peter and has representation from each entity on the Board. The purpose of the Board is to create an ordinance to prevent the creation or establishment of airport hazards and to ensure public safety. Nicollet County's responsibility does not extend beyond making the appointments to the Board.

Mankato/North Mankato Area Planning Organization

The Mankato/North Mankato Area Planning Organization's (MAPO) general purpose is to meet and maintain a continuing, cooperative, and comprehensive metropolitan transportation planning process. MAPO membership is composed of Blue Earth County, Nicollet County, and various cities and townships within the two counties. Nicollet County appoints one local elected official to the Board. During the year, Nicollet County did not contribute any funding to MAPO.

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Nicollet County expended $175,549 to the MCCC.

4. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Nicollet County made $3,720 in payments to the joint powers.

South Central Community Based Initiative

The South Central Community Based Initiative was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement, effective June 10, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost-effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. Nicollet County did not contribute to the Board in 2020.

South Central Minnesota Emergency Medical Services Joint Powers Board

The South Central Minnesota Emergency Medical Services (SCEMS) Joint Powers Board consists of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The purpose of the SCEMS Joint Powers Board is to ensure quality patient care is available throughout the nine-county area by maximizing the response capabilities of emergency medical personnel and to promote public education on injury prevention and appropriate response during a medical emergency. Each county appoints one member to the SCEMS Joint Powers Board. During the year, Nicollet County made payments of $5,000 to the SCEMS Joint Powers Board.

4. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

South Central Regional IMMTRACK (Immunization Registry) Joint Powers Board

The South Central Regional IMMTRACK (Immunization Registry) Joint Powers Board promotes implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. During the year, Nicollet County made payments of $4,946 to the Board.

Region One – Southeast Minnesota Homeland Security Emergency Management Organization

The Region One – Southeast Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. There are 16 counties participating, with one member from each entity being represented on the Joint Powers Board. Nicollet County's responsibility does not extend beyond making this appointment. During the year, Nicollet County contributed $1,000 to the Organization.

D. Subsequent Events

On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes $65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60-days after enactment. Nicollet County's projected allocation of the State and Local Coronavirus Recovery Funds is $6,657,323. Nicollet County received $3,328,662 on May 19, 2021.

5. Other Information

A. Special Benefit Tax Levy

In 1993, the South Central Minnesota Multi-County Housing Authority issued $20,315,000 of revenue bonds to construct housing units in Nicollet County and four surrounding counties. The Authority has since defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special benefit tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of housing units constructed. Nicollet County's proportionate share of the operating deficit for 2020 is $120,786. The proportionate shares of the counties may change for years 2021 through 2024 if there are changes in the taxable market value over the 2001 taxable market value.

B. Agricultural Best Management Loan Program

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

REQUIRED SUPPLEMENTARY INFORMATION

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT A-1

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 115,317	$ 121,701	$ 123,006
Interest	72,604	57,628	55,706
Differences between expected and actual experience	(205,293)	-	-
Changes of assumption or other inputs	(359,718)	(58,543)	-
Plan changes	-	173,238	-
Benefit payments	(147,803)	(99,355)	(138,690)
Net change in total OPEB liability	**$ (524,893)**	**$ 194,669**	**$ 40,022**
Total OPEB Liability – Beginning	**1,868,539**	**1,673,870**	**1,633,848**
Total OPEB Liability – Ending	**$ 1,343,646**	**$ 1,868,539**	**$ 1,673,870**
Covered-employee payroll	$ 15,501,853	$ 15,117,641	$ 14,677,321
Total OPEB liability (asset) as a percentage of covered-employee payroll	8.67%	12.36%	11.40%

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT A-2

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Nicollet County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.1836 %	$ 11,007,659	$ 339,442	$ 11,347,101	$ 13,087,693	84.11 %	79.06 %
2019	0.1787	9,879,923	307,096	10,187,019	12,645,748	78.13	80.23
2018	0.1767	9,802,592	321,606	10,124,198	11,872,565	82.57	79.53
2017	0.1828	11,669,831	146,771	11,816,602	11,780,825	99.06	75.90
2016	0.1758	14,271,629	191,768	14,463,397	10,905,593	130.87	68.91
2015	0.1695	8,782,899	N/A	8,782,899	9,971,196	88.08	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A – Not Applicable

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT A-3

SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	$ 1,009,529	$ 1,009,529	$ -	$ 13,460,381	7.50 %
2019	961,391	961,391	-	12,818,992	7.50
2018	927,814	927,814	-	12,370,831	7.50
2017	857,833	857,833	-	11,441,779	7.50
2016	839,582	839,582	-	11,194,407	7.50
2015	802,319	802,319	-	10,697,561	7.50

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT A-4

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Nicollet County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.1095 %	$ 1,443,327	$ 34,008	$ 1,477,335	$ 1,236,125	116.76 %	87.19 %
2019	0.1141	1,214,710	N/A	1,214,710	1,203,996	100.89	89.26
2018	0.1112	1,185,277	N/A	1,185,277	1,172,282	101.11	88.84
2017	0.1040	1,404,124	N/A	1,404,124	1,064,520	131.90	85.43
2016	0.0990	3,973,042	N/A	3,973,042	956,843	415.22	63.88
2015	0.0980	1,113,509	N/A	1,113,509	898,436	123.94	86.61

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

EXHIBIT A-5

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	$ 222,134	$ 222,134	$ -	$ 1,254,996	17.70 %
2019	207,612	207,612	-	1,224,850	16.95
2018	191,067	191,067	-	1,179,429	16.20
2017	180,891	180,891	-	1,116,609	16.20
2016	157,379	157,379	-	971,478	16.20
2015	155,415	155,415	-	959,354	16.20

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT A-6

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.3915 %	$ 106,230	$ 851,994	12.47 %	96.67 %
2019	0.3910	54,134	834,041	6.49	98.17
2018	0.4171	68,600	851,894	8.05	97.64
2017	0.4300	1,225,504	867,982	141.19	67.89
2016	0.4200	1,534,319	792,043	193.72	58.16
2015	0.4100	63,386	732,578	8.65	96.95

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT A-7

SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN
DECEMBER 31, 2020

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	$ 74,482	$ 74,482	$ -	$ 851,213	8.75 %
2019	73,844	73,844	-	843,935	8.75
2018	74,130	74,130	-	847,195	8.75
2017	72,279	72,279	-	826,051	8.75
2016	70,912	70,912	-	810,424	8.75
2015	69,841	69,841	-	798,177	8.75

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Other Postemployment Benefits Funded Status

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

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

   The following changes in actuarial assumptions occurred:

   2020

   - The health care trend rates were changed to better anticipate short-term and long-term medical increases.

   - The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

   - The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.

   - The discount rate was changed from 3.80 percent to 2.90 percent.

   - For employees not eligible for any direct subsidized payment, the assumed percentage of future retirees electing coverage changed from 75 percent to 50 percent.

   2019

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

   2018

   - The discount rate used changed from 3.50 percent to 3.30 percent.

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

2018 (Continued)

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).

- The retirement and withdrawal tables for all employees were updated.

- Claim costs were developed by age adjusting the premium information from Nicollet County. As of January 1, 2016, actual claims and enrollment experience was used.

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

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

General Employees Retirement Plan

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.

- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

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

General Employees Retirement Plan

2020 (Continued)

- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.

- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.

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

- The assumed spouse age difference was changed from two years older for females to one year older.

- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

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

General Employees Retirement Plan (Continued)

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

General Employees Retirement Plan (Continued)

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to $21 million in calendar years 2017 and 2018 and returns to $31 million through calendar year 2031. The state's required contribution is $16 million in PERA's fiscal years 2018 and 2019, and returns to $6 million annually through calendar year 2031.

2016

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

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

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

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

Public Employees Police and Fire Plan

2020

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

2019

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

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

Public Employees Police and Fire Plan (Continued)

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- The assumed rates of retirement were changed, resulting in fewer retirements.

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.00 percent for non-vested members.

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

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

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

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

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

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

Public Employees Police and Fire Plan

2017 (Continued)

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

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

2016

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

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

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

Public Employees Local Government Correctional Service Retirement Plan

2020

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

2019

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

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

Public Employees Local Government Correctional Service Retirement Plan (Continued)

2018

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

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

- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

Public Employees Local Government Correctional Service Retirement Plan (Continued)

2017

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

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1.00 percent for non-vested members.

- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

NICOLLET COUNTY
ST. PETER, MINNESOTA

DEBT SERVICE FUND

The Debt Service Fund is used to account for property tax revenues for the payment of the principal, interest, and related costs of County debt.

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT B-1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 2,227,903	$ 2,227,903	$ 2,263,600	$ 35,697
Intergovernmental	-	-	26,247	26,247
Total Revenues	**$ 2,227,903**	**$ 2,227,903**	**$ 2,289,847**	**$ 61,944**
Expenditures				
Debt service				
Principal	$ 1,640,000	$ 1,640,000	$ 1,570,000	$ 70,000
Interest	481,813	481,813	517,913	(36,100)
Bond issuance costs	-	-	88,788	(88,788)
Administrative charges	1,000	1,000	500	500
Total Expenditures	**$ 2,122,813**	**$ 2,122,813**	**$ 2,177,201**	**$ (54,388)**
Excess of Revenues Over (Under) Expenditures	**$ 105,090**	**$ 105,090**	**$ 112,646**	**$ 7,556**
Other Financing Sources (Uses)				
General obligation bonds issued	-	-	7,100,000	7,100,000
Net Change in Fund Balance	**$ 105,090**	**$ 105,090**	**$ 7,212,646**	**$ 7,107,556**
Fund Balance – January 1	**3,081,461**	**3,081,461**	**3,081,461**	**-**
Fund Balance – December 31	**$ 3,186,551**	**$ 3,186,551**	**$ 10,294,107**	**$ 7,107,556**

FIDUCIARY FUNDS

CUSTODIAL FUNDS

The Settlement Custodial Fund accounts for all taxes and penalties collected and the distribution of the taxes.

The State Revenue Custodial Fund accounts for collections for and disbursements to the State of Minnesota.

The Women's Foundation of Minnesota Custodial Fund accounts for collections and disbursements of the restricted grant funds received from the Women's Foundation of Minnesota for use by local law enforcement.

The Community Health Service Custodial Fund accounts for collections and disbursements for Brown-Nicollet Community Health Services.

The Tri-County Solid Waste Custodial Fund accounts for collections and disbursements for the Tri-County Solid Waste joint venture.

The Family Services Collaborative Custodial Fund accounts for collections and disbursements for the Family Services Collaborative.

The Estate Recoveries Custodial Fund accounts for the State of Minnesota's share of estate recoveries associated with the Medical Assistance Program.

NICOLLET COUNTY
ST. PETER, MINNESOTA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020

	Settlement	State Revenue	Women's Foundation of Minnesota
Assets			
Cash and pooled investments	$ 1,123,535	$ 411,610	$ 12,937
Due from other governments	-	-	-
Taxes receivable for other governments	224,886	-	-
Accounts receivable	30,351	11,187	-
Other assets	-	-	-
Total Assets	**$ 1,378,772**	**$ 422,797**	**$ 12,937**
Liabilities			
Due to others	$ -	$ -	$ -
Salaries payable	-	-	-
Due to other governments	949,177	422,797	-
Total Liabilities	**$ 949,177**	**$ 422,797**	**$ -**
Deferred Inflows of Resources			
Prepaid taxes	**$ 165,994**	**$ -**	**$ -**
Net Position			
Restricted for individuals, organizations, and other governments	**$ 263,601**	**$ -**	**$ 12,937**

EXHIBIT C-1

Community Health Service	Tri-County Solid Waste	Family Services Collaborative	Estate Recoveries	Total Custodial Funds
$ 560,591	$ 135,670	$ 305,196	$ -	$ 2,549,539
200,269	92,997	2,563	-	295,829
-	-	-	-	224,886
-	-	-	5,265	46,803
258	-	-	-	258
$ 761,118	**$ 228,667**	**$ 307,759**	**$ 5,265**	**$ 3,117,315**
$ 64,924	$ 1,017	$ -	$ -	$ 65,941
10,301	3,016	-	-	13,317
258,450	-	2,439	5,265	1,638,128
$ 333,675	**$ 4,033**	**$ 2,439**	**$ 5,265**	**$ 1,717,386**
$ -	**$ -**	**$ -**	**$ -**	**$ 165,994**
$ 427,443	**$ 224,634**	**$ 305,320**	**$ -**	**$ 1,233,935**

NICOLLET COUNTY
ST. PETER, MINNESOTA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Settlement	State Revenue	Women's Foundation of Minnesota
Additions			
Contributions from individuals	$ -	$ -	$ -
Interest earnings	-	-	-
Property tax collections for other governments	28,253,909	-	-
License and fees collected for the state	2,487,142	4,562,535	-
Payments from state	-	-	-
Refunds collected for other entities	32,202	-	-
Payments from other entities	-	-	-
Total Additions	**$ 30,773,253**	**$ 4,562,535**	**$ -**
Deductions			
Beneficiary payments to individuals	$ -	$ -	$ -
Payments of property tax to other governments	28,722,963	-	-
Payments to state	2,524,883	4,779,261	-
Administrative expense	-	-	-
Payments to other entities	32,680	-	260
Total Deductions	**$ 31,280,526**	**$ 4,779,261**	**$ 260**
Change in Net Position	**$ (507,273)**	**$ (216,726)**	**$ (260)**
Net Position – January 1, as previously reported	$ -	$ -	$ -
Net Position – Restatement (Note 1.E)	770,874	216,726	13,197
Net Position – January 1, as restated	**$ 770,874**	**$ 216,726**	**$ 13,197**
Net Position – December 31	**$ 263,601**	**$ -**	**$ 12,937**

Community Health Service	Tri-County Solid Waste	Family Services Collaborative	Estate Recoveries	Total Custodial Funds
$ -	$ -	$ -	$ 115,129	$ 115,129
1,964	955	901	-	3,820
-	-	-	-	28,253,909
-	-	-	-	7,049,677
1,318,370	-	130,963	-	1,449,333
-	-	-	-	32,202
346,721	360,951	23,666	-	731,338
$ 1,667,055	**$ 361,906**	**$ 155,530**	**$ 115,129**	**$ 37,635,408**
$ 353,961	$ 97,917	$ -	$ -	$ 451,878
-	-	-	115,129	28,838,092
-	-	-	-	7,304,144
4,500	6,325	59	-	10,884
1,484,282	186,879	218,120	-	1,922,221
$ 1,842,743	**$ 291,121**	**$ 218,179**	**$ 115,129**	**$ 38,527,219**
$ (175,688)	**$ 70,785**	**$ (62,649)**	**$ -**	**$ (891,811)**
$ -	$ -	$ -	$ -	$ -
603,131	153,849	367,969	-	2,125,746
$ 603,131	**$ 153,849**	**$ 367,969**	**$ -**	**$ 2,125,746**
$ 427,443	**$ 224,634**	**$ 305,320**	**$ -**	**$ 1,233,935**

SCHEDULES

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT D-1

SCHEDULE OF INTERGOVERNMENTAL REVENUE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Appropriations and Shared Revenue		
State		
Highway users tax	$	10,625,209
County program aid		1,767,853
Disparity reduction aid		11,666
Police aid		151,217
Enhanced 911		110,476
Market value credit		262,238
SCORE		97,791
Aquatic invasive species prevention aid		69,825
Riparian protection aid		77,366
Total appropriations and shared revenue	**$**	**13,173,641**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**977,077**
Payments		
Local		
Other contributions	$	45,250
Payments in lieu of taxes		49,534
Total payments	**$**	**94,784**
Grants		
State		
Minnesota Department/Office of		
Public Safety	$	76,646
Health		164,769
Employment and Economic Development		677,383
Natural Resources		42,450
Human Services		1,935,546
Veterans Affairs		20,000
Corrections		283,461
Water and Soil Resources Board		50,885
Pollution Control Agency		37,863
Total state	**$**	**3,289,003**
Federal		
Department of		
Agriculture	$	480,839
Justice		79,641
Transportation		2,006,633
Treasury		4,286,714
Education		1,776
Health and Human Services		3,000,328
Homeland Security		121,757
Election Assistance Commission		27,494
Total federal	**$**	**10,005,182**
Total state and federal grants	**$**	**13,294,185**
Total Intergovernmental Revenue	**$**	**27,539,687**

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT D-2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Brown-Nicollet Community Health Services				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	$ 170,731	$ -
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202MN101S2514	310,108	-
Total U.S. Department of Agriculture			**$ 480,839**	**$ -**
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2020-NICCAO	**$ 79,641**	**$ -**
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	00052	$ 2,230,135	$ -
Highway Planning and Construction	20.205	1034758	161,744	-
(Total Highway Planning and Construction 20.205 $2,391,879)				
Total U.S. Department of Transportation			**$ 2,391,879**	**$ -**
U.S. Department of the Treasury				
Passed Through Minnesota Management and Budget				
COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	**$ 4,286,714**	**$ 450,997**
U.S. Department of Education				
Passed Through Brown-Nicollet Community Health Services				
Special Education – Grants for Infants and Families	84.181	H181A190029	**$ 1,776**	**$ -**
U.S. Election Assistance Commission				
Passed Through Office of the Minnesota Secretary of State				
COVID-19 – 2018 HAVA Election Security Grants	90.404	Not Provided	**$ 27,494**	**$ -**
U.S. Department of Health and Human Services				
Passed Through Brown-Nicollet Community Health Services				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	U90TP000529	$ 25,245	$ -
Temporary Assistance for Needy Families	93.558	1801MNTANF	24,522	-
(Total Temporary Assistance for Needy Families 93.558 $407,259)				
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	43,584	-
(Total Medical Assistance Program 93.778 $1,413,217)				
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	56,021	-

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

NICOLLET COUNTY
ST. PETER, MINNESOTA

EXHIBIT D-2
(Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1901MNFPSS	7,680	-
Temporary Assistance for Needy Families	93.558	2001MNTANF	382,737	-
(Total Temporary Assistance for Needy Families 93.558 $407,259)				
Child Support Enforcement	93.563	2001MNCEST	429,695	-
Child Support Enforcement	93.563	2001MNCSES	225,794	-
(Total Child Support Enforcement 93.563 $655,489)				
Refugee and Entrant Assistance – State Administered Programs	93.566	2001MNRCMA	368	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	G2001MNCCDF	15,363	-
Community-Based Child Abuse Prevention Grants	93.590	G-1901MNBCAP	12,605	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2001MNCWSS	6,149	-
Foster Care – Title IV-E	93.658	2001MNFOST	335,465	-
Social Services Block Grant	93.667	G-2001MNSOSR	152,576	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2001MNCILP	4,058	-
Children's Health Insurance Program	93.767	2005MN5021	681	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	1,349,019	-
Medical Assistance Program	93.778	2005MN5MAP	20,614	-
(Total Medical Assistance Program 93.778 $1,413,217)				
Total U.S. Department of Health and Human Services			**$ 3,092,176**	**$ -**
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4442	**$ 99,153**	**$ -**
Total Federal Awards			**$ 10,459,672**	**$ 450,997**

Totals by Cluster

Total expenditures for SNAP Cluster	$ 310,108
Total expenditures for Highway Planning and Construction Cluster	2,391,879
Total expenditures for Medicaid Cluster	1,413,217
Total expenditures for CCDF Cluster	15,363

NICOLLET COUNTY
ST. PETER, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

   A. Reporting Entity

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

   B. Basis of Presentation

      The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Nicollet County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Nicollet County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Nicollet County.

      Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

   Nicollet County has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$ 10,005,182
Grants received more than 60 days after year-end, unavailable in 2020	
Highway Planning and Construction (CFDA No. 20.205)	385,246
Temporary Assistance for Needy Families (CFDA No. 93.558)	146,168
Unavailable in 2019, recognized as revenue in 2020	
Foster Care – Title IV-E (CFDA No. 93.658)	(54,320)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036)	(22,604)
Expenditures Per Schedule of Expenditures of Federal Awards	$ 10,459,672

Management and Compliance Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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*

Independent Auditor's Report

Board of County Commissioners
Nicollet County
St. Peter, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 15, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness.

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A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be a material weakness.

Compliance and Other Matters

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

Minnesota Legal Compliance

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

Nicollet County's Response to Findings

Nicollet County's response to the internal control finding identified in our audit is described in the Corrective Action Plan. The County'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 over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha	*/s/Dianne Syverson*
JULIE BLAHA STATE AUDITOR	DIANNE SYVERSON, CPA DEPUTY STATE AUDITOR

July 15, 2021

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Board of County Commissioners
Nicollet County
St. Peter, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Nicollet County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. Nicollet County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Nicollet County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nicollet County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program
In our opinion, Nicollet County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

Nicollet County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Nicollet County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002, that we consider to be a significant deficiency.

Nicollet County's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

/s/Julie Blaha *Dianne Syverson*

JULIE BLAHA
STATE AUDITOR

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

July 15, 2021

NICOLLET COUNTY
ST. PETER, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:
- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal programs are:

Highway Planning and Construction Cluster	CFDA No. 20.205
COVID 19 – Coronavirus Relief Fund	CFDA No. 21.019

The threshold for distinguishing between Types A and B programs was $750,000.

Nicollet County qualified as a low-risk auditee? **No**

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 2019

Audit Adjustments

Criteria: A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or 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.

Condition: Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustments were reviewed and approved by management and are reflected in the financial statements:

- The Debt Service Fund required an adjustment of $7,096,631 to record cash with fiscal agent, bond issuance costs, and general obligation bonds issued in relation to the General Obligation Capital Improvement Plan Refunding Bonds issued in 2020 that were held in an escrow account at year-end.

- The Road and Bridge Special Revenue Fund required an adjustment of $919,133 to increase unearned revenue and reduce intergovernmental revenue for State Park and State Disaster funding that was received for County projects, but had not yet been spent and should therefore not have been recognized as revenue.

Cause: This activity was overlooked when financial statement information was prepared.

Recommendation: We recommend County staff implement additional procedures over financial reporting to ensure the information is complete and accurate so the County's financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

View of Responsible Official: Acknowledged

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2020-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

<u>Subrecipient Monitoring</u>

Program: U.S. Department of the Treasury's Coronavirus Relief Fund (CFDA No. 21.019), Award No. SLT0016, 2020

Pass-Through Agency: Minnesota Management and Budget

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, the County must comply with the requirements for pass-through entities as identified in Title 2 U.S. *Code of Federal Regulations* § 200.332, such as clearly identifying the award to the subrecipient; evaluating the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; monitoring the activities of the subrecipient; and verifying the subrecipient is audited, if required.

Condition: The County did not document risk assessment procedures or monitoring activities (i.e., on-site visits or phone conversations) performed over its subrecipients. Award information, including CFDA number, was not provided to the subrecipient, and there were no signed subrecipient agreements in place. Additionally, the County does not have documented policies and procedures for subrecipient monitoring.

Questioned Costs: None.

Context: Nicollet County passed grant funds to local governments, which the County is familiar with, who have been operating for many years. Funding was provided to subrecipients after detailed listings of expenditures were submitted for review. Nicollet County's process required local governments to submit an application similar to small businesses during the administration of the program.

Effect: The County is not meeting federal regulations pertaining to subrecipient monitoring. Also, the County cannot be assured that their subrecipients are administering federal awards in compliance with all applicable federal requirements.

Cause: Nicollet County does not generally provide federal awards to subrecipients and, therefore, did not have policies and procedures in place for subrecipient monitoring activities. Additionally, the County was not aware of the full extent of requirements for subrecipient monitoring. Nicollet County did not consider the relationship to be a subrecipient relationship.

Recommendation: We recommend the County Administrator's Office work with departments that pass funds through to subrecipients to identify responsibilities such as completing risk assessments and monitoring procedures over federal programs, as well as creating and maintaining proper documentation to meet the requirements of federal programs. This would include documenting the monitoring procedures performed (such as on-site visits and review of the subrecipients' audit findings) and any related follow-up on findings, and performing and documenting a risk assessment of subrecipients. Additionally, we recommend the County include applicable CFDA numbers in communications regarding the program to its subrecipients. We also recommend the County develop and document policies and procedures for monitoring all federal awards.

View of Responsible Official: Acknowledged

NICOLLET COUNTY
ST. PETER, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

IV. PREVIOUSLY REPORTED ITEMS RESOLVED

2019-002 Eligibility (CFDA No. 93.778)
2019-003 Activities Allowed and Unallowed, Allowable Costs/Cost Principles, and Reporting (CFDA Nos. 93.778 and 93.563)

REPRESENTATION OF NICOLLET COUNTY
ST. PETER, MINNESOTA

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2020-001
Finding Title: Audit Adjustments

Name of Contact Person Responsible for Corrective Action:
Heather McCormick, Finance Director
Andrea LaGow, Highway Accountant

Corrective Action Planned:
Finance Director (Heather McCormick) will share the audit finding with Finance staff. Additional financial statement education will be researched for accounting staff to develop knowledge and expertise. Additional review will be performed on the fiscal agent escrow transaction process of Crossover Advance Bond Refunding which was completed in 2020 (to be refunded in 2022), the first time for this type of transaction for Nicollet County.
Finance will work with Public Works Highway Accountant on ideas for improvements on financial reporting as the Road & Bridge Fund hit the materiality misstatement level. Additional review will occur specific to the areas of State Aid and Federal revenue.
In preparation of the 2021 audit, the year-end journal entries and year end procedures will be reviewed to identify necessary improvements to ensure the financial statements are accurate, complete, and fairly represented in accordance with generally accepted accounting principles.

Anticipated Completion Date:
12/31/21

Finding Number: 2020-002
Finding Title: Subrecipient Monitoring
Program: COVID 19 – Coronovirus Relief Fund (CFDA #21.019)

Name of Contact Person Responsible for Corrective Action:
Heather McCormick, Finance Director

Corrective Action Planned:
Finance Director (Heather McCormick) will share the audit finding with Administration and Finance staff. Additional review will be performed on subrecipient monitoring requirements and federal awards, due to the misinterpretation of the reimbursement of qualified expenses to local Schools and Brown Nicollet Community Health Services created a subrecipient relationship and monitoring requirements.
Nicollet County will contact subrecipients to collect their fiscal year audit for 2020 when completed. After collecting the respective audits, the County will review and identify any findings regarding the CARES Act Coronavirus Relief Fund. Should there be any outstanding findings, a review of corrective action will occur whether it is in documented form or by completing a site visit. Nicollet County will document activities surrounding the review of subrecipient audits.

Anticipated Completion Date:
12/31/21

REPRESENTATION OF NICOLLET COUNTY
ST. PETER, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Finding Number: 2019-001
Repeat Finding Since: 2019
Finding Title: Audit Adjustment

Summary of Condition: A material misstatement was identified that resulted in adjustments to Nicollet County's financial statements.

Summary of Corrective Action Previously Reported: Special Assessments Receivable for Prepayments on 2020 levied assessments collected in Jan/Feb 2021 will be reviewed to ensure flagging as a receivable. The review will occur by Christy Johnson and Heather McCormick.

In addition, a review will occur to ensure all of January and February ditch payments are accounted for on the Ditch Balance Sheet. A process review will occur of the current process of drainage ditch fund data submission by Ranaye Grunzke to Finance. Improvements will be implemented where appropriate.

Status: Not Corrected. Each year audit adjustments and year end procedures are reviewed. In addition, financial statement education is researched for accounting staff to develop knowledge and expertise on current accounting standards and newly released GASB Statements. From the 2019 audit results, changes in procedures were made impacting the Ditch Fund.
In addition to review processes noted above, additional emphasis will be placed on reviewing new and unique scenarios at the County, and the impact to the financial statements.

Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2019-002
Repeat Finding Since: 2019
Finding Title: Eligibility
Program: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: The Minnesota Department of Human Services (DHS) maintains the computer systems, MAXIS and METS, which are used by Nicollet County to support the eligibility determination process. In the case files reviewed for eligibility, not all documentation was available to support participant eligibility in MAXIS. In other circumstances, information was not updated or input correctly into MAXIS. The following instances were noted in the sample of 25 MAXIS case files tested:

- For one case file, the asset information in MAXIS was not updated for the current application.
- For one case file, the application was signed by an individual other than the participant, but there was no documentation in the file to support the signee was an authorized representative for the participant.
- For two case files, the income was incorrectly entered into MAXIS.

Summary of Corrective Action Previously Reported: Staff have been reminded that a print out from SOLQI should always be put into the file when that is the verification source for RSDI or SSI income. Especially when SSI amounts change monthly, this is essential to document where the amount in MAXIS was taken from.

Staff have been reminded that for SSI recipients we still need to verify assets at application and each renewal.

Prior to this review there was already discussion about who can sign an application or renewal. It was discovered that some cases were lacking authorized representative designation forms or people other than the authorized representative listed in MAXIS were signing the forms. This appeared to be specific to people living in facilities and having staff members sign their documents without proper designation. A letter was sent to providers earlier this year advising them of who can sign forms and letting them know we were reviewing cases for this documentation as they come up for review. We will continue to check for proper documentation and appropriate signatures on these cases.

Supervisory case reviews were implemented when a permanent supervisor was hired in January 2019. Two cases from each worker are reviewed quarterly, for a total of 24 cases reviewed quarterly. A review tool has been developed to guide the process. Results are being discussed with each individual upon completion of the case reviews. A log of cases reviewed and findings of each review is being maintained by the supervisor. Extra training will be provided for any problem areas that are discovered. This process has continued into 2020.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___

Finding Number: 2019-003
Repeat Finding Since: 2019
Finding Title: Activities Allowed and Unallowed, Allowable Costs/Cost Principles, and Reporting
Program: Medical Assistance Program (CFDA No. 93.778) and Child Support Program (CFDA No. 93.563)

Summary of Condition: The following errors were noted in the quarterly reports submitted for 2019:

- Payroll costs for the Child Support/Child Care/Collections Supervisor were allocated 80 percent to the DHS-2550 report and 20 percent to the DHS-2556 report. Based on DHS instructions, these costs should have been allocated 35 percent to the DHS-2550 report and 65 percent to the DHS-2556 report.

- Costs related to the purchase of an electronic document management system for County Human Services were allocated between the DHS-2550 and DHS-2556 reports in a manner that was not consistent with DHS guidance and without documented support.

- Payroll costs for a new Public Health LCTS participant were omitted from the 3rd and 4th quarter DHS-3220 reports, which only apply to the Medical Assistance Program.

Summary of Corrective Action Previously Reported: Finance will be enhancing policies and procedures by documenting DHS Quarterly report procedures. In addition, some processes have already been put in place to ensure that salaries and benefits will be reported correctly. Finance has requested that the coordinators responsible for the participant lists (IMRMS, SSTS, and LCTS) verify the roster and forward it on to Finance in a timely manner each quarter. Finance will then compare those lists to labor distribution reports from our payroll management system to confirm that they are being recorded in the proper accounts that translate to the proper sections of the quarterly DHS reports. Along with that, Finance has requested to be notified immediately when there are role changes in Health & Human Services so that salaries and benefits distributions are updated in a timely manner.

In regards to the miscoded expenses, Finance will provide backup information with the voucher in circumstances where the expenses are coded outside of what is considered normal. For example, when the expense is coded in a different manner other than straight to one account, or coded using percentages from the FTE split.

Status: Fully Corrected. Corrective action was taken.
Was corrective action taken significantly different than the action previously reported?
Yes _______ No ___X___