

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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**Nicollet County**  
**St. Peter, Minnesota**

Year Ended December 31, 2023

# Nicollet County St. Peter, Minnesota

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## **Introductory Section**

# Nicollet County St. Peter, Minnesota

Organization  
December 31, 2023

Office	Name	Term Expires
<b>Commissioners</b>		
1st District	Marie Dranttel	January 2027
2nd District	Terry Morrow	January 2025
3rd District	Jack Kolars*	January 2027
4th District	Mark Dehen	January 2025
5th District	Kurt Zins	January 2027
<b>Officers Elected</b>		
Attorney	Michelle Zehnder Fischer	January 2027
County Judge	Allison Krehbiel	January 2029
County Judge	Todd Westphal	January 2027
Sheriff	David Lange	January 2027
<b>Officers Appointed</b>		
Administrator	Mandy Landkamer	Indefinite
Assessor	Shana Jackson	December 2024
Community Corrections Director	Richard Molitor	Indefinite
Coroner	Dr. Kelly Mills	December 2026
Court Administrator	Carol Weikle	Indefinite
Extension Director	Christy Kallevig	Indefinite
Facilities Maintenance Director	Cody Johnson	Indefinite
Finance Director	Heather McCormick	Indefinite
Health and Human Services Director	Cassandra Sassenberg	Indefinite
Human Resources Director	Kristy Larson	Indefinite
Property and Public Services Director	Jaci Kopet	Indefinite
Public Works Director	Seth Greenwood	May 2025
Surveyor	Bolton & Menk	Indefinite
Technologies Director	Jason Dragvold	Indefinite
Veterans Service Officer	Nathan Tish	October 2024

\*Chair

## **Financial Section**

**Independent Auditor's Report**

Board of County Commissioners  
Nicollet County  
St. Peter, Minnesota

**Report on the Audit of the Financial Statements*****Opinions***

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2023, and the respective changes in financial position, and, where applicable, its cash flows thereof and the respective budgetary comparison of the General Fund, and the Road and Bridge and Health and Human Services Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Emphasis of Matter – Correction of Material Misstatement in Previously Issued Financial Statements***

As discussed in Note 1 to the financial statements, the previously issued 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***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 Debt Service Fund budgetary comparison schedule, combining

statements for fiduciary funds, Schedule of Intergovernmental Revenue – Governmental Funds, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above 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 25, 2024, 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.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

July 25, 2024

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

## **Management's Discussion and Analysis**

# **Nicollet County St. Peter, Minnesota**

## **Management's Discussion and Analysis December 31, 2023 (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, 2023. 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 \$164,600,462 at the close of 2023. Of this amount, \$29,838,999 (unrestricted net position) may be used to meet Nicollet County's ongoing obligations to citizens and creditors.
- At the close of 2023, Nicollet County's governmental funds reported combined ending fund balances of \$60,528,838, an increase of \$11,034,050 in comparison with the prior year. Of the total fund balance, \$16,169,057 is available for spending at the County's discretion and is noted as unassigned fund balance.
- At the close of 2023, the unassigned fund balance for the General Fund was \$19,730,248, or 97.9 percent, of total General Fund expenditures.
- Nicollet County's total bonds payable decreased by \$2,070,000. There were payments of \$150,000 to G.O. Drainage Bonds, Series 2018A; \$310,000 to G.O. Capital Improvement Bonds, Series 2018B; \$565,000 to G.O. Road Reconstruction Refunding Bonds, Series 2018C; \$45,000 to G.O. Drainage Refunding Bonds, Series 2018C; and \$1,000,000 to G.O. Capital Improvement Refunding Bonds, Series 2020A.

### **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 and charges and fees revenues for other state and local governments. Other custodial funds include Brown-Nicollet Community Health Services, Tri-County Solid Waste, Family Services Collaborative, Women's Foundation of Minnesota, and Jail/Sheriff Activities. 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 \$164,600,462 at the close of 2023. The largest portion of Nicollet County's net position (68.7 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.

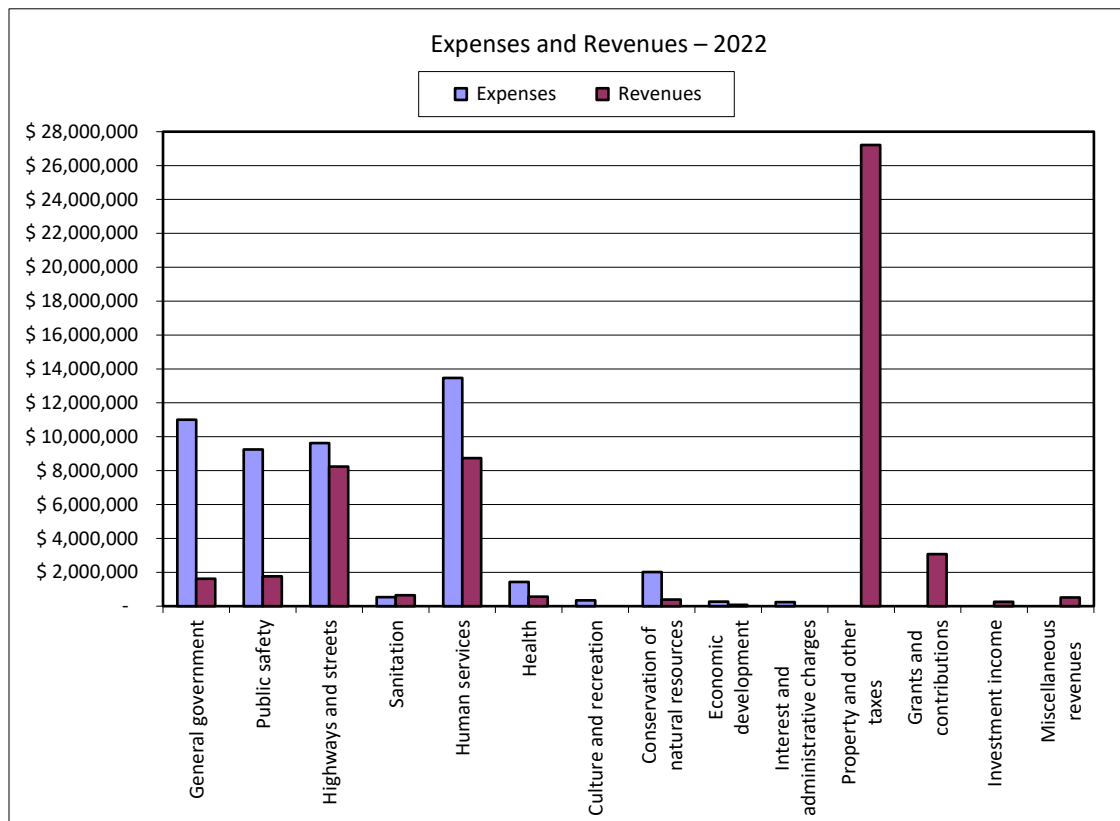
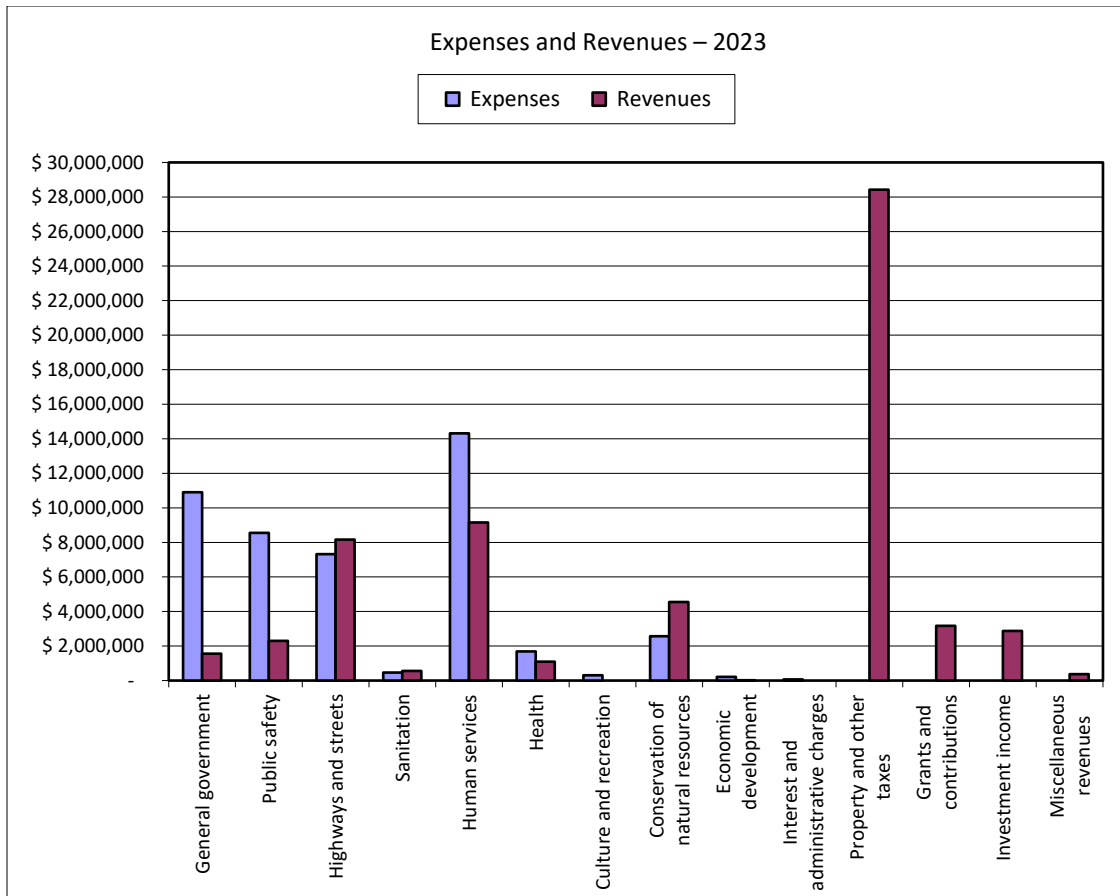
	<b>Governmental Net Position</b>	
	2022	2023
Assets		
Current and other assets	\$ 68,747,676	\$ 76,921,286
Capital assets	116,542,652	121,814,333
Total Assets	<u>\$ 185,290,328</u>	<u>\$ 198,735,619</u>
Deferred Outflows of Resources	<u>\$ 9,227,235</u>	<u>\$ 6,472,211</u>
Liabilities		
Long-term liabilities outstanding	\$ 36,420,947	\$ 25,830,739
Other liabilities	8,163,217	6,807,495
Total Liabilities	<u>\$ 44,584,164</u>	<u>\$ 32,638,234</u>
Deferred Inflows of Resources	<u>\$ 1,149,112</u>	<u>\$ 7,969,134</u>
Net position		
Net investment in capital assets	\$ 106,179,934	\$ 113,134,672
Restricted	21,033,526	21,626,791
Unrestricted	<u>21,570,827</u>	<u>29,838,999</u>
Total Net Position	<u>\$ 148,784,287</u>	<u>\$ 164,600,462</u>

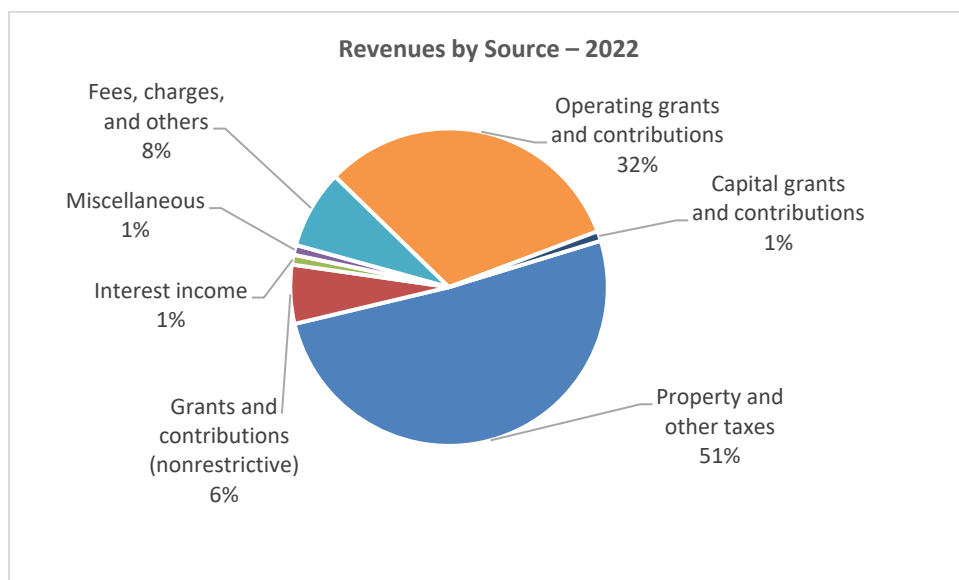
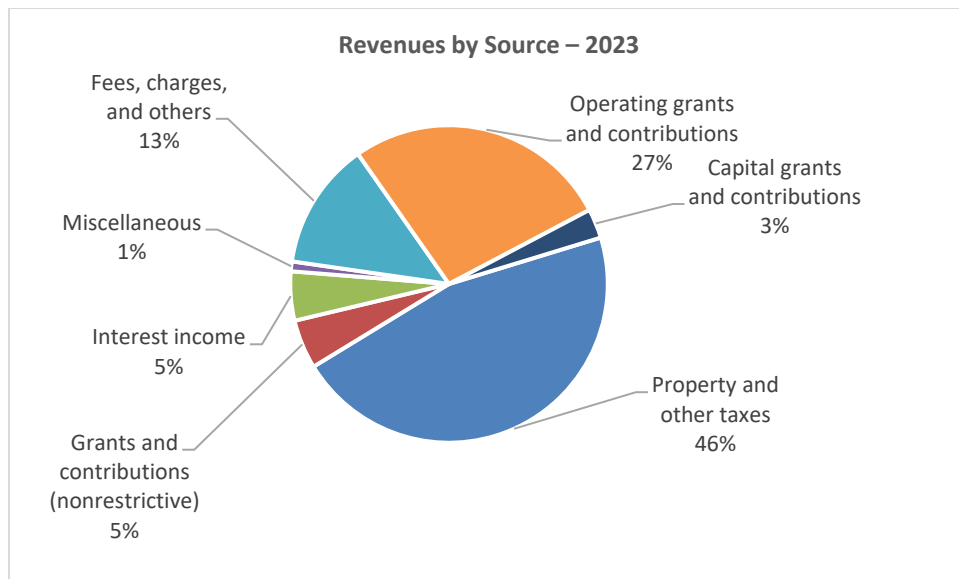
The unrestricted net position amount of \$29,838,999 as of December 31, 2023, may be used to meet the County's ongoing obligations to citizens and creditors.

## Governmental Activities

Nicollet County's activities increased net position by \$15,816,175, or 10.6 percent, over the 2022 net position. The following table summarizes the changes in net position for 2023.

Changes in Governmental Net Position		
	2022	2023
Revenues		
Program revenues		
Fees, charges, and others	\$ 4,339,053	\$ 8,353,957
Operating grants and contributions	17,088,328	16,893,636
Capital grants and contributions	527,415	2,146,683
General revenues		
Property taxes	24,405,037	25,497,183
Other	6,649,093	9,330,816
Total Revenues	\$ 53,008,926	\$ 62,222,275
Expenses		
General government	\$ 11,006,310	\$ 10,908,093
Public safety	9,248,220	8,550,555
Highways and streets	9,621,425	7,321,396
Sanitation	534,295	464,284
Human services	13,468,995	14,317,341
Health	1,425,263	1,684,777
Culture and recreation	346,312	306,272
Conservation of natural resources	2,009,742	2,569,809
Economic development	263,107	216,232
Interest	236,910	67,341
Total Expenses	\$ 48,160,579	\$ 46,406,100
Increase in Net Position	\$ 4,848,347	\$ 15,816,175
Net Position – January 1	143,935,940	148,784,287
Net Position – December 31	\$ 148,784,287	\$ 164,600,462





### 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 \$60,528,838, an increase of \$11,034,050 in comparison with the prior year. A portion of this amount (\$33,967,625) 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 \$19,730,248, while total fund balance was \$23,697,633. 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 97.9 percent of total General Fund expenditures, while total fund balance represents 117.6 percent of that same amount. In 2023, the fund balance amount in the General Fund increased by \$5,407,035, after restatement. Some attributing factors were increases in intergovernmental revenue and investment earnings, and reduced expenses due to staff vacancies and delays in capital projects and purchases.

The Road and Bridge Special Revenue Fund's fund balance increased by \$2,072,247 in 2023. Some attributing factors were receiving unbudgeted federal and state aid funds and the timing of awarded state aid-approved projects impacting revenues and expenses. Sales tax revenue was also higher than budgeted. Other factors were reduced expenses due to staff vacancies and delays in capital purchases.

The Health and Human Services Special Revenue Fund's fund balance increased by \$1,933,230 in 2023. Intergovernmental and charges for services revenue was higher than budgeted, offsetting with some expenses, which explains the increase.

The Revolving Loan Special Revenue Fund's fund balance decreased by \$8,887 in 2023.

The Ditch Special Revenue Fund had a negative fund balance of \$1,952,335 at year-end 2023. Total fund balance increased by \$1,513,745 in 2023 impacted by ditch project litigation settlement and assessment payments. This fund is continually monitored and reviewed for potential future bond debt. The County charges quarterly interest to each negative drainage system balance in accordance with MN Statute 103E.655.

The Debt Service Fund's restricted fund balance increased by \$116,680 in 2023, after restatement.

### **General Fund Budgetary Highlights**

In total, there were no budget changes for expenditures in 2023. The actual expenditures were below budgeted expenditures by \$1,938,731. There was one revenue budget change for \$33,515. The actual revenues and transfers in exceeded budget revenues and transfers in by \$4,736,819. Significant variances during the current year included the following:

- Intergovernmental revenues exceeded the budget by \$1,770,757 for unbudgeted revenue. Contributing factors include receipt of federal revenues for Coronavirus State and Local Fiscal Recovery Funds of \$623,037 and additional one-time Public Safety Aid of \$537,293.
- Investment earnings exceeded budget by \$2,580,936.
- Capital outlay expenditures were under budget by \$479,489 due to delayed capital projects.
- Many County departments in the General Fund had staff planning variances from budget (salaries and benefits) causing significant favorable variances. In addition, there was underspending in several departments.

## Capital Assets and Debt Administration

### Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2023, was \$121,814,333 (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 4.52 percent.

#### Capital Assets (Net of Accumulated Depreciation)

	2022	2023
Land	\$ 6,335,513	\$ 6,349,552
Construction in progress	3,902,932	12,271,016
Land improvements	638,660	588,340
Buildings	20,892,897	20,539,034
Machinery, vehicles, furniture, and equipment	3,728,354	3,292,242
Infrastructure	81,044,296	78,774,149
Totals	<u>\$ 116,542,652</u>	<u>\$ 121,814,333</u>

Additional information on the County's capital assets can be found in Note 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 \$9,260,000, which is backed by the full faith and credit of the government.

#### Outstanding Debt

	2022	2023
General obligation bonds	<u>\$ 11,330,000</u>	<u>\$ 9,260,000</u>

The County's debt related to general obligation bonds decreased by \$2,070,000 (18.3 percent) during the fiscal year. The primary reason for the decrease is due to 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 2023, 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 in the notes to the financial statements.

### Economic Factors and Next Year's Budgets

- Nicollet County's unemployment rate was 2.0 percent as of the end of 2023. This is slightly below the statewide rate of 2.6 percent. (Source: Minnesota Department of Employment and Economic Development, Unemployment Statistics – LAUS Data.)
- Nicollet County's population remains steady at 35,826. Agricultural tillable land values increased with agricultural non-tillable land and building values remaining steady. Residential property values have continued to increase, and commercial and industrial property values remained steady.

At the end of 2023, Nicollet County set its 2024 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, 2023**

**Assets**

Cash and pooled investments	\$ 66,426,688
Petty cash and change funds	3,170
Taxes receivable – delinquent	326,928
Special assessments receivable	
Delinquent	19,454
Noncurrent	4,240,388
Accounts receivable	482,957
Accrued interest receivable	365,949
Due from other governments	4,218,290
Inventories	547,328
Prepaid items	290,134
Capital assets	
Non-depreciable	18,620,568
Depreciable – net of accumulated depreciation	<u>103,193,765</u>
<b>Total Assets</b>	<b><u>\$ 198,735,619</u></b>

**Deferred Outflows of Resources**

Deferred other postemployment benefits outflows	\$ 112,362
Deferred pension outflows	<u>6,359,849</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 6,472,211</u></b>

**Liabilities**

Accounts payable	\$ 830,318
Claims payable	9,453
Salaries payable	908,697
Contracts payable	492,521
Due to other governments	388,560
Accrued interest payable	61,473
Unearned revenue	4,116,473
Long-term liabilities	
Due within one year	3,452,560
Due in more than one year	8,493,999
Other postemployment benefits liability	1,108,007
Net pension liability	<u>12,776,173</u>
<b>Total Liabilities</b>	<b><u>\$ 32,638,234</u></b>

**Deferred Inflows of Resources**

Deferred charge on refunding	\$ 222,579
Deferred other postemployment benefits inflows	541,614
Deferred pension inflows	<u>7,204,941</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 7,969,134</u></b>

**Nicollet County  
St. Peter, Minnesota**

***Exhibit 1***  
***(Continued)***

**Statement of Net Position  
Governmental Activities  
December 31, 2023**

**Net Position**

Net investment in capital assets	\$ 113,134,672
Restricted for	
General government	1,232,093
Public safety	1,550,689
Highways and streets	13,008,305
Human services	263,284
Conservation of natural resources	1,930,629
Opioid remediation activities	79,409
Debt service	3,562,382
Unrestricted	29,838,999
	<hr/>
<b>Total Net Position</b>	<b><u>\$ 164,600,462</u></b>

**Nicollet County  
St. Peter, Minnesota**

**Exhibit 2**

**Statement of Activities  
For the Year Ended December 31, 2023**

		Program Revenues			Net (Expense) Revenue and Change in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Expenses</u>					
<b><u>Functions/Programs</u></b>					
<b>Governmental activities</b>					
General government	\$ 10,908,093	\$ 799,134	\$ 757,037	\$ -	\$ (9,351,922)
Public safety	8,550,555	570,226	1,729,186	-	(6,251,143)
Highways and streets	7,321,396	150,828	5,869,098	2,146,683	845,213
Sanitation	464,284	450,723	102,438	-	88,877
Human services	14,317,341	1,763,754	7,393,036	-	(5,160,551)
Health	1,684,777	72,184	1,021,129	-	(591,464)
Culture and recreation	306,272	-	-	-	(306,272)
Conservation of natural resources	2,569,809	4,547,108	-	-	1,977,299
Economic development	216,232	-	21,712	-	(194,520)
Interest and administrative charges	67,341	-	-	-	(67,341)
<b>Total Governmental Activities</b>	<b><u>\$ 46,406,100</u></b>	<b><u>\$ 8,353,957</u></b>	<b><u>\$ 16,893,636</u></b>	<b><u>\$ 2,146,683</u></b>	<b><u>\$ (19,011,824)</u></b>
<b>General Revenues</b>					
Property taxes					\$ 25,497,183
Mortgage registry and deed tax					32,428
Wheelage tax					579,752
Gravel tax					56,715
Transportation sales tax					2,193,992
Payments in lieu of tax					59,165
Grants and contributions not restricted to specific programs					3,172,621
Unrestricted investment earnings					2,869,659
Miscellaneous					366,484
<b>Total general revenues</b>					<b><u>\$ 34,827,999</u></b>
<b>Change in net position</b>					<b>\$ 15,816,175</b>
<b>Net Position – January 1</b>					<b><u>148,784,287</u></b>
<b>Net Position – December 31</b>					<b><u>\$ 164,600,462</u></b>

## **Fund Financial Statements**

## **Governmental Funds**

**Nicollet County  
St. Peter, Minnesota**

**Balance Sheet  
Governmental Funds  
December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 25,987,785	\$ 22,369,406
Petty cash and change funds	2,520	100
Taxes receivable – delinquent	195,120	24,818
Special assessments receivable		
Delinquent	5,317	-
Noncurrent	-	-
Accounts receivable	38,619	19,826
Accrued interest receivable	365,949	-
Interfund receivable	1,917,844	-
Due from other funds	98,426	763
Due from other governments	192,448	2,755,805
Prepaid items	283,369	4,455
Inventories	-	547,328
<b>Total Assets</b>	<b><u>\$ 29,087,397</u></b>	<b><u>\$ 25,722,501</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 380,316	\$ 114,073
Salaries payable	486,261	71,332
Contracts payable	-	492,521
Interfund payable	-	-
Due to other funds	-	-
Due to other governments	99,756	2,544
Unearned revenue	4,116,473	-
<b>Total Liabilities</b>	<b><u>\$ 5,082,806</u></b>	<b><u>\$ 680,470</u></b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	<b><u>\$ 306,958</u></b>	<b><u>\$ 2,523,441</u></b>

**Exhibit 3**

<b>Health and Human Services</b>	<b>Revolving Loan</b>	<b>Ditch</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
\$ 11,364,956	\$ 538,481	\$ -	\$ 3,599,186	\$ 63,859,814
550	-	-	-	3,170
78,663	-	-	28,327	326,928
-	2,263	11,874	-	19,454
-	469,634	3,770,754	-	4,240,388
424,512	-	-	-	482,957
-	-	-	-	365,949
-	-	-	-	1,917,844
-	-	-	-	99,189
1,270,037	-	-	-	4,218,290
2,302	-	8	-	290,134
-	-	-	-	547,328
<b>\$ 13,141,020</b>	<b>\$ 1,010,378</b>	<b>\$ 3,782,636</b>	<b>\$ 3,627,513</b>	<b>\$ 76,371,445</b>
\$ 250,657	\$ -	\$ 85,272	\$ -	\$ 830,318
347,468	-	3,636	-	908,697
-	-	-	-	492,521
-	-	1,917,844	-	1,917,844
65,122	-	34,067	-	99,189
61,436	-	224,824	-	388,560
-	-	-	-	4,116,473
<b>\$ 724,683</b>	<b>\$ -</b>	<b>\$ 2,265,643</b>	<b>\$ -</b>	<b>\$ 8,753,602</b>
<b>\$ 295,792</b>	<b>\$ 471,857</b>	<b>\$ 3,469,328</b>	<b>\$ 21,629</b>	<b>\$ 7,089,005</b>

**Nicollet County  
St. Peter, Minnesota**

**Balance Sheet  
Governmental Funds  
December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b> <b>(Continued)</b>		
<b>Fund Balances</b>		
Nonspendable		
Inventories	\$ -	\$ 547,328
Prepaid items	283,369	4,455
Restricted for		
Law library	83,149	-
Recorder's equipment	442,558	-
Enhanced 911 system	584,800	-
Snowmobile grant	2,093	-
Handgun permit fees – carry program administration	333,959	-
Boat and water safety	17,068	-
Offroad highway grant	1,159	-
Sheriff next generation 911	56,132	-
Sheriff's contingency	3,530	-
Sheriff – prostitution law enforcement, training, and education	2,971	-
Forfeited sheriff property	11,684	-
Forfeited attorney property	65,780	-
Attorney – prostitution prosecution, training, and education	1,185	-
Public safety aid	537,293	-
Veteran van	41,999	-
Aquatic invasive species program	381,057	-
Land reclamation	153,759	-
Riparian project	216,365	-
Highway construction	-	285,068
Transportation – sales tax	-	9,401,125
Transportation – wheelage tax	-	2,227,571
Child protection services	-	-
Medical assistance eligibility renewal	-	-
Statewide affordable housing	-	-
Opioid remediation	-	-
Debt service	-	-
ISTS loans	-	-
Ditch maintenance and repairs	-	-
Committed to		
Insurance premiums	747,475	149,076
Transportation	-	3,728,000
Assigned for		
Highways and streets	-	6,175,967
Human services	-	-
Septic/sewer loans	-	-
Unassigned	19,730,248	-
<b>Total Fund Balances</b>	<b>\$ 23,697,633</b>	<b>\$ 22,518,590</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 29,087,397</b>	<b>\$ 25,722,501</b>

**Exhibit 3**  
(Continued)

Health and Human Services	Revolving Loan	Ditch	Debt Service	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 547,328
2,302	-	8	-	290,134
-	-	-	-	83,149
-	-	-	-	442,558
-	-	-	-	584,800
-	-	-	-	2,093
-	-	-	-	333,959
-	-	-	-	17,068
-	-	-	-	1,159
-	-	-	-	56,132
-	-	-	-	3,530
-	-	-	-	2,971
-	-	-	-	11,684
-	-	-	-	65,780
-	-	-	-	1,185
-	-	-	-	537,293
-	-	-	-	41,999
-	-	-	-	381,057
-	-	-	-	153,759
-	-	-	-	216,365
-	-	-	-	285,068
-	-	-	-	9,401,125
-	-	-	-	2,227,571
23,075	-	-	-	23,075
129,464	-	-	-	129,464
110,745	-	-	-	110,745
79,409	-	-	-	79,409
-	-	-	3,605,884	3,605,884
-	91,645	-	-	91,645
-	-	1,608,848	-	1,608,848
599,825	-	-	-	1,496,376
-	-	-	-	3,728,000
-	-	-	-	6,175,967
11,175,725	-	-	-	11,175,725
-	446,876	-	-	446,876
-	-	(3,561,191)	-	16,169,057
<u>\$ 12,120,545</u>	<u>\$ 538,521</u>	<u>\$ (1,952,335)</u>	<u>\$ 3,605,884</u>	<u>\$ 60,528,838</u>
<u>\$ 13,141,020</u>	<u>\$ 1,010,378</u>	<u>\$ 3,782,636</u>	<u>\$ 3,627,513</u>	<u>\$ 76,371,445</u>

**Nicollet County  
St. Peter, Minnesota**

**Exhibit 3A**

**Reconciliation of the Fund Balances of Governmental Funds  
to the Statement of Net Position  
December 31, 2023**

<b>Fund balances – total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>60,528,838</b>
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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.		121,814,333
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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.		7,089,005
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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	\$ 112,362	
Deferred inflows related to other postemployment benefits	<u>(541,614)</u>	(429,252)

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	\$ 6,359,849	
Deferred inflows related to pensions	<u>(7,204,941)</u>	(845,092)

Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.		(61,473)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General obligation bonds	\$ (9,260,000)	
Unamortized premium on bonds payable	(102,904)	
Loans payable	(551,071)	
Compensated absences payable	(2,032,584)	
Other postemployment benefits liability	(1,108,007)	
Net pension liability	<u>(12,776,173)</u>	(25,830,739)

Deferred inflows of resources resulting from the difference between the carrying value and reacquisition price of refunded debt are not recognized in the governmental funds.		(222,579)
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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.		<u>2,557,421</u>
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<b>Net Position of Governmental Activities (Exhibit 1)</b>	<b>\$</b>	<b><u>164,600,462</u></b>
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**Nicollet County  
St. Peter, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<b>Revenues</b>		
Taxes	\$ 15,250,055	\$ 4,769,964
Special assessments	302,816	-
Licenses and permits	94,614	-
Intergovernmental	5,030,285	9,979,536
Settlements	-	-
Charges for services	740,265	74,185
Fines and forfeits	10,440	-
Gifts and contributions	15,456	-
Investment earnings	2,781,336	-
Miscellaneous	917,549	76,643
<b>Total Revenues</b>	<b>\$ 25,142,816</b>	<b>\$ 14,900,328</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 10,153,152	\$ -
Public safety	7,890,976	-
Highways and streets	-	12,302,558
Sanitation	340,040	-
Human services	-	-
Health	-	-
Culture and recreation	124,094	59,839
Conservation of natural resources	435,284	12,106
Economic development	216,232	-
<b>Intergovernmental</b>		
Highways and streets	-	235,247
Culture and recreation	120,088	-
<b>Capital outlay</b>		
General government	864,836	-
Public safety	5,675	-
Highways and streets	-	262,836
Human services	-	-
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Interest on interfund loans	-	-
Administrative charges	-	-
<b>Total Expenditures</b>	<b>\$ 20,150,377</b>	<b>\$ 12,872,586</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 4,992,439</b>	<b>\$ 2,027,742</b>

**Exhibit 4**

<b>Health and Human Services</b>	<b>Revolving Loan</b>	<b>Ditch</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
\$ 6,180,115	\$ -	\$ -	\$ 2,092,041	\$ 28,292,175
-	79,307	2,372,693	-	2,754,816
-	-	-	-	94,614
9,229,789	-	2,386	22,294	24,264,290
16,946	-	-	-	16,946
1,821,823	-	-	-	2,636,273
-	-	-	-	10,440
4,550	-	-	-	20,006
-	-	-	-	2,781,336
81,759	-	1,500,007	-	2,575,958
<b>\$ 17,334,982</b>	<b>\$ 79,307</b>	<b>\$ 3,875,086</b>	<b>\$ 2,114,335</b>	<b>\$ 63,446,854</b>
\$ -	\$ -	\$ -	\$ -	\$ 10,153,152
-	-	-	-	7,890,976
-	-	-	-	12,302,558
-	107,194	-	-	447,234
13,959,826	-	-	-	13,959,826
1,672,373	-	-	-	1,672,373
-	-	-	-	183,933
-	-	1,988,941	-	2,436,331
-	-	-	-	216,232
-	-	-	-	235,247
-	-	-	-	120,088
-	-	-	-	864,836
-	-	-	-	5,675
-	-	-	-	262,836
93,726	-	-	-	93,726
-	76,576	195,000	1,875,000	2,146,576
-	3,104	46,035	122,105	171,244
-	-	131,365	-	131,365
-	-	-	550	550
<b>\$ 15,725,925</b>	<b>\$ 186,874</b>	<b>\$ 2,361,341</b>	<b>\$ 1,997,655</b>	<b>\$ 53,294,758</b>
<b>\$ 1,609,057</b>	<b>\$ (107,567)</b>	<b>\$ 1,513,745</b>	<b>\$ 116,680</b>	<b>\$ 10,152,096</b>

**Nicollet County  
St. Peter, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 414,596	\$ 85,020
Transfers out	-	-
Loans issued	-	-
	<u>414,596</u>	<u>85,020</u>
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 414,596</b>	<b>\$ 85,020</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,407,035</b>	<b>\$ 2,112,762</b>
Fund Balances – January 1, as previously reported	\$ 18,043,818	\$ 20,446,343
Restatement (Note 1)	246,780	-
	<u>18,290,598</u>	<u>20,446,343</u>
<b>Fund Balances – January 1, as restated</b>	<b>\$ 18,290,598</b>	<b>\$ 20,446,343</b>
<b>Increase (decrease) in inventories</b>	<b>\$ -</b>	<b>\$ (40,515)</b>
	<u>-</u>	<u>(40,515)</u>
<b>Fund Balances – December 31</b>	<b>\$ 23,697,633</b>	<b>\$ 22,518,590</b>
	<u><u>23,697,633</u></u>	<u><u>22,518,590</u></u>

**Exhibit 4**  
**(Continued)**

<b>Health and Human Services</b>	<b>Revolving Loan</b>	<b>Ditch</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
\$ 324,173	\$ -	\$ -	\$ -	\$ 823,789
-	(1,321)	-	-	(1,321)
-	100,001	-	-	100,001
<b>\$ 324,173</b>	<b>\$ 98,680</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 922,469</b>
<b>\$ 1,933,230</b>	<b>\$ (8,887)</b>	<b>\$ 1,513,745</b>	<b>\$ 116,680</b>	<b>\$ 11,074,565</b>
\$ 10,187,315	\$ 547,408	\$ (3,466,080)	\$ 3,735,984	\$ 49,494,788
-	-	-	(246,780)	-
<b>\$ 10,187,315</b>	<b>\$ 547,408</b>	<b>\$ (3,466,080)</b>	<b>\$ 3,489,204</b>	<b>\$ 49,494,788</b>
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (40,515)</b>
<b>\$ 12,120,545</b>	<b>\$ 538,521</b>	<b>\$ (1,952,335)</b>	<b>\$ 3,605,884</b>	<b>\$ 60,528,838</b>

**Nicollet County  
St. Peter, Minnesota**

**Exhibit 4A**

**Reconciliation of the Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2023**

**Net change in fund balances – total governmental funds (Exhibit 4)** **\$ 11,074,565**

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	\$ 7,089,005	
Unavailable revenue – January 1	(7,912,213)	(823,208)

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	\$ 9,584,873	
Current year depreciation	(4,287,716)	
Net book value of assets disposed	(25,476)	5,271,681

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 – loans issued	\$ (100,001)	
Principal repayments	2,146,576	
Amortization of premium on bonds	49,945	2,096,520

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	\$ (40,515)	
Change in deferred other postemployment benefits outflows	(2,060)	
Change in deferred pension outflows	(2,752,964)	
Change in accrued interest payable	120,604	
Change in compensated absences payable	(252,782)	
Change in other postemployment benefits liability	102,509	
Change in net pension liability	8,643,961	
Change in deferred charge on refunding	37,097	
Change in deferred other postemployment benefits inflows	(2,442)	
Change in deferred pension inflows	(6,854,677)	(1,001,269)

The net income (loss) of the Internal Service Fund is reported with governmental activities.		(802,114)

<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>		<b>\$ 15,816,175</b>

**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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 15,339,685	\$ 15,339,685	\$ 15,250,055	\$ (89,630)
Special assessments	300,000	300,000	302,816	2,816
Licenses and permits	90,000	90,000	94,614	4,614
Intergovernmental	3,259,528	3,259,528	5,030,285	1,770,757
Charges for services	792,696	792,696	740,265	(52,431)
Fines and forfeits	15,000	15,000	10,440	(4,560)
Gifts and contributions	1,000	1,000	15,456	14,456
Investment earnings	200,400	200,400	2,781,336	2,580,936
Miscellaneous	850,799	817,284	917,549	100,265
<b>Total Revenues</b>	<b>\$ 20,849,108</b>	<b>\$ 20,815,593</b>	<b>\$ 25,142,816</b>	<b>\$ 4,327,223</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 349,166	\$ 349,166	\$ 322,109	\$ 27,057
Courts	52,000	88,000	81,219	6,781
Courts – CHIPS/TPR	75,000	75,000	66,818	8,182
Drug court	10,500	10,500	5,250	5,250
Law library	30,000	30,000	18,217	11,783
County administrator	310,707	310,707	322,241	(11,534)
Finance	537,118	537,118	557,472	(20,354)
Capital improvements	-	-	270	(270)
Public services	882,371	882,371	862,487	19,884
Accounting and auditing	85,250	85,250	81,882	3,368
Property assessment	778,251	778,251	779,248	(997)
Human resources	267,385	267,385	286,105	(18,720)
Office of technologies	2,589,798	2,589,798	2,109,990	479,808
Elections	8,900	8,900	14,979	(6,079)
Other general government	1,088,500	1,052,500	706,499	346,001
County attorney	1,260,551	1,260,551	1,245,303	15,248
County attorney – forfeited property proceeds	-	-	777	(777)
Recorder/abstractor	285,202	285,202	283,873	1,329
Recorder – future equipment	157,000	157,000	196,509	(39,509)
Surveyor	10,000	10,000	10,000	-
Telephone	215,880	215,880	152,038	63,842
Courthouse operations	919,655	919,655	913,524	6,131
North Mankato County office building	18,000	18,000	29,214	(11,214)
Health and human services building	84,000	84,000	88,432	(4,432)
Adult mental health services building	12,000	12,000	12,138	(138)
Veterans service	265,081	265,081	220,595	44,486
Property services	987,058	987,058	785,963	201,095
Gravel tax reclamation	20,000	20,000	-	20,000
<b>Total general government</b>	<b>\$ 11,299,373</b>	<b>\$ 11,299,373</b>	<b>\$ 10,153,152</b>	<b>\$ 1,146,221</b>

**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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 2,722,641	\$ 2,722,641	\$ 2,859,428	\$ (136,787)
Boat and water safety	1,311	1,311	2,355	(1,044)
Sheriff's contingency fund	2,500	2,500	479	2,021
Prisoner commissions account	37,000	37,000	32,158	4,842
Sheriff – snowmobile safety enforcement	1,981	1,981	2,070	(89)
Enhanced 911 system	219,600	219,600	50,766	168,834
Sheriff – forfeited property proceeds	1,500	1,500	14,977	(13,477)
Sheriff – offroad highway grant	2,876	2,876	57	2,819
Gun permits	40,000	40,000	3,187	36,813
Coroner	40,000	40,000	37,875	2,125
Dispatch center	1,133,905	1,133,905	1,085,055	48,850
Corrections	1,644,429	1,644,429	1,630,161	14,268
Probation department	2,044,993	2,044,993	1,907,396	137,597
Nicollet County collaborative	167,116	167,116	131,125	35,991
Emergency services	132,981	132,981	133,887	(906)
<b>Total public safety</b>	<b>\$ 8,192,833</b>	<b>\$ 8,192,833</b>	<b>\$ 7,890,976</b>	<b>\$ 301,857</b>
<b>Sanitation</b>				
Solid waste management	\$ 301,800	\$ 301,800	\$ 340,040	\$ (38,240)
<b>Culture and recreation</b>				
Historical society	\$ 122,308	\$ 122,308	\$ 123,524	\$ (1,216)
Transit	10,600	10,600	570	10,030
<b>Total culture and recreation</b>	<b>\$ 132,908</b>	<b>\$ 132,908</b>	<b>\$ 124,094</b>	<b>\$ 8,814</b>
<b>Conservation of natural resources</b>				
Agricultural society	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
County extension	183,172	183,172	160,185	22,987
Soil and water conservation district	224,400	224,400	224,399	1
Tri-county fair	700	700	700	-
<b>Total conservation of natural resources</b>	<b>\$ 458,272</b>	<b>\$ 458,272</b>	<b>\$ 435,284</b>	<b>\$ 22,988</b>
<b>Economic development</b>				
Economic development	\$ 118,403	\$ 118,403	\$ 100,801	\$ 17,602
Housing and redevelopment authority	115,431	115,431	115,431	-
<b>Total economic development</b>	<b>\$ 233,834</b>	<b>\$ 233,834</b>	<b>\$ 216,232</b>	<b>\$ 17,602</b>
<b>Intergovernmental</b>				
Culture and recreation – regional library	\$ 120,088	\$ 120,088	\$ 120,088	\$ -

**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, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Expenditures (Continued)</b>				
<b>Capital outlay</b>				
General government	\$ 1,350,000	\$ 1,350,000	\$ 864,836	\$ 485,164
Public safety	-	-	5,675	(5,675)
<b>Total capital outlay</b>	<b>\$ 1,350,000</b>	<b>\$ 1,350,000</b>	<b>\$ 870,511</b>	<b>\$ 479,489</b>
<b>Total Expenditures</b>	<b>\$ 22,089,108</b>	<b>\$ 22,089,108</b>	<b>\$ 20,150,377</b>	<b>\$ 1,938,731</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (1,240,000)</b>	<b>\$ (1,273,515)</b>	<b>\$ 4,992,439</b>	<b>\$ 6,265,954</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,000	5,000	414,596	409,596
<b>Net Change in Fund Balance</b>	<b>\$ (1,235,000)</b>	<b>\$ (1,268,515)</b>	<b>\$ 5,407,035</b>	<b>\$ 6,675,550</b>
Fund Balance - January 1, as previously reported	\$ 18,043,818	\$ 18,043,818	\$ 18,043,818	\$ -
Restatement (Note 1)	246,780	246,780	246,780	-
<b>Fund Balance – January 1, as restated</b>	<b>\$ 18,290,598</b>	<b>\$ 18,290,598</b>	<b>\$ 18,290,598</b>	<b>\$ -</b>
<b>Fund Balance – December 31</b>	<b>\$ 17,055,598</b>	<b>\$ 17,022,083</b>	<b>\$ 23,697,633</b>	<b>\$ 6,675,550</b>

**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, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues</b>				
Taxes	\$ 4,177,018	\$ 4,177,018	\$ 4,769,964	\$ 592,946
Intergovernmental	6,347,438	6,347,438	9,979,536	3,632,098
Charges for services	40,000	40,000	74,185	34,185
Miscellaneous	10,861	10,861	76,643	65,782
<b>Total Revenues</b>	<b>\$ 10,575,317</b>	<b>\$ 10,575,317</b>	<b>\$ 14,900,328</b>	<b>\$ 4,325,011</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 504,398	\$ 504,398	\$ 477,952	\$ 26,446
Maintenance	2,007,141	2,007,141	1,951,956	55,185
Construction	6,175,918	6,175,918	9,161,967	(2,986,049)
Equipment maintenance shops	848,877	848,877	710,683	138,194
<b>Total highways and streets</b>	<b>\$ 9,536,334</b>	<b>\$ 9,536,334</b>	<b>\$ 12,302,558</b>	<b>\$ (2,766,224)</b>
<b>Culture and recreation</b>				
Parks	122,986	122,986	59,839	63,147
<b>Conservation of natural resources</b>				
Agricultural inspection	14,000	14,000	12,106	1,894
<b>Intergovernmental</b>				
Highways and streets	325,941	325,941	235,247	90,694
<b>Capital outlay</b>				
Highways and streets	562,000	562,000	262,836	299,164
<b>Total Expenditures</b>	<b>\$ 10,561,261</b>	<b>\$ 10,561,261</b>	<b>\$ 12,872,586</b>	<b>\$ (2,311,325)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 14,056</b>	<b>\$ 14,056</b>	<b>\$ 2,027,742</b>	<b>\$ 2,013,686</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	85,020	85,020
<b>Net Change in Fund Balance</b>	<b>\$ 14,056</b>	<b>\$ 14,056</b>	<b>\$ 2,112,762</b>	<b>\$ 2,098,706</b>
<b>Fund Balance – January 1</b>	<b>20,446,343</b>	<b>20,446,343</b>	<b>20,446,343</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(40,515)</b>	<b>(40,515)</b>
<b>Fund Balance – December 31</b>	<b>\$ 20,460,399</b>	<b>\$ 20,460,399</b>	<b>\$ 22,518,590</b>	<b>\$ 2,058,191</b>

**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, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>Revenues</b>				
Taxes	\$ 6,235,756	\$ 6,235,756	\$ 6,180,115	\$ (55,641)
Intergovernmental	7,293,491	7,293,491	9,229,789	1,936,298
Settlements	-	-	16,946	16,946
Charges for services	1,561,150	1,561,150	1,821,823	260,673
Gifts and contributions	-	-	4,550	4,550
Miscellaneous	53,844	53,844	81,759	27,915
<b>Total Revenues</b>	<b>\$ 15,144,241</b>	<b>\$ 15,144,241</b>	<b>\$ 17,334,982</b>	<b>\$ 2,190,741</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 3,663,564	\$ 3,663,564	\$ 4,052,080	\$ (388,516)
Social services	9,724,150	9,724,150	9,907,746	(183,596)
<b>Total human services</b>	<b>\$ 13,387,714</b>	<b>\$ 13,387,714</b>	<b>\$ 13,959,826</b>	<b>\$ (572,112)</b>
<b>Health</b>				
Public health	1,480,876	1,480,876	1,672,373	(191,497)
<b>Capital outlay</b>				
Human services	-	-	93,726	(93,726)
<b>Total Expenditures</b>	<b>\$ 14,868,590</b>	<b>\$ 14,868,590</b>	<b>\$ 15,725,925</b>	<b>\$ (857,335)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 275,651</b>	<b>\$ 275,651</b>	<b>\$ 1,609,057</b>	<b>\$ 1,333,406</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	324,173	324,173
<b>Net Change in Fund Balance</b>	<b>\$ 275,651</b>	<b>\$ 275,651</b>	<b>\$ 1,933,230</b>	<b>\$ 1,657,579</b>
<b>Fund Balance – January 1</b>	<b>10,187,315</b>	<b>10,187,315</b>	<b>10,187,315</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 10,462,966</b>	<b>\$ 10,462,966</b>	<b>\$ 12,120,545</b>	<b>\$ 1,657,579</b>

## **Self-Insurance Internal Service Fund**

**Nicollet County  
St. Peter, Minnesota**

***Exhibit 8***

**Statement of Net Position  
Governmental Activities  
Self-Insurance Internal Service Fund  
December 31, 2023**

**Assets**

Current assets	
Cash and pooled investments	\$ 2,566,874

**Liabilities**

Current liabilities	
Claims payable	<u>9,453</u>

**Net Position**

Unrestricted	<u><u>\$ 2,557,421</u></u>
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**Nicollet County  
St. Peter, Minnesota**

***Exhibit 9***

**Statement of Revenues, Expenses, and Changes in Net Position  
Governmental Activities  
Self-Insurance Internal Service Fund  
For the Year Ended December 31, 2023**

<b>Operating Revenues</b>	
Charges for services	\$ 314,630
Miscellaneous revenue	<u>1,476</u>
<b>Total Operating Revenues</b>	<b>\$ 316,106</b>
<b>Operating Expenses</b>	
Professional services	<u>295,752</u>
<b>Operating Income (Loss) Before Transfers</b>	<b>\$ 20,354</b>
Transfers out	<u>(822,468)</u>
<b>Change in Net Position</b>	<b>\$ (802,114)</b>
<b>Net Position – January 1</b>	<b><u>3,359,535</u></b>
<b>Net Position – December 31</b>	<b><u><u>\$ 2,557,421</u></u></b>

**Nicollet County  
St. Peter, Minnesota**

***Exhibit 10***

**Statement of Cash Flows  
Governmental Activities  
Self-Insurance Internal Service Fund  
For the Year Ended December 31, 2023**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 316,106
Payments to service providers	(291,253)
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 24,853</b>
 <b>Cash Flows from Noncapital Financing Activities</b>	
Transfers out	(822,468)
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (797,615)</b>
 <b>Cash and Cash Equivalents at January 1</b>	 <b>3,364,489</b>
	<hr/>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 2,566,874</b>
	<hr/> <hr/>
 <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 20,354
 <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Increase (decrease) in claims payable	4,499
	<hr/>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 24,853</b>
	<hr/> <hr/>

## **Fiduciary Funds**

**Nicollet County  
St. Peter, Minnesota**

***Exhibit 11***

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 37,426	\$ 2,272,692
Due from other governments	-	483,719
Taxes receivable for other governments	-	451,241
Accounts receivable	-	68,664
<b>Total Assets</b>	<b>\$ 37,426</b>	<b>\$ 3,276,316</b>
<b><u>Liabilities</u></b>		
Due to others	\$ -	\$ 2,935
Due to other governments	-	666,070
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 669,005</b>
<b><u>Deferred Inflows of Resources</u></b>		
Prepaid taxes	\$ -	\$ 277,382
<b><u>Net Position</u></b>		
Restricted for individuals, organizations, and other governments	<b>\$ 37,426</b>	<b>\$ 2,329,929</b>

**Nicollet County  
St. Peter, Minnesota**

**Exhibit 12**

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2023**

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b><u>Additions</u></b>		
Contributions from individuals	\$ 232,494	\$ 210,912
Interest earnings	-	2,498
Property tax collections for other governments	-	35,362,404
Licenses and fees collected for the state	-	4,144,073
Payments from the state	-	1,923,016
Payments from other entities	-	717,997
<b>Total Additions</b>	<b>\$ 232,494</b>	<b>\$ 42,360,900</b>
<b><u>Deductions</u></b>		
Beneficiary payments to individuals	\$ 230,486	\$ 551,771
Payments of property tax to other governments	-	34,635,444
Payments to the state	-	4,375,263
Administrative expenses	-	12,320
Payments to other entities	-	2,112,936
<b>Total Deductions</b>	<b>\$ 230,486</b>	<b>\$ 41,687,734</b>
<b>Change in Net Position</b>	<b>\$ 2,008</b>	<b>\$ 673,166</b>
<b>Net Position – January 1</b>	<b>35,418</b>	<b>1,656,763</b>
<b>Net Position – December 31</b>	<b>\$ 37,426</b>	<b>\$ 2,329,929</b>

# **Nicollet County St. Peter, Minnesota**

## **Notes to the Financial Statements As of and for the Year Ended December 31, 2023**

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### **Note 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.

#### **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 5. The County also participates in several jointly-governed organizations described in Note 5.

### **Basic Financial Statements**

#### **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 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. The County does not allocate indirect expenses to functions within the financial statements.

# Nicollet County

## St. Peter, Minnesota

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### 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.

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 are safekeeping in nature. These funds account for monies the County holds for others in a fiduciary capacity.

# **Nicollet County**

## **St. Peter, Minnesota**

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### **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 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.

### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

#### **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.

#### **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, 2023. 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 2023 were \$2,781,336.

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.

# **Nicollet County**

## **St. Peter, Minnesota**

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### **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 2018 through 2023 and noncurrent special assessments payable in 2024 and after.

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

### **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.

### **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.

# Nicollet County

## St. Peter, Minnesota

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

Estimated Useful Lives of Capital Assets	
Assets	Years
Buildings	25 to 40
Land improvements	20 to 30
Infrastructure	50 to 75
Machinery and equipment	5 to 15

### 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.

### 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.

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.

### 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 a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue from delinquent taxes and special assessments

## Nicollet County St. Peter, Minnesota

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receivable, grants receivable, 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. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension plans, OPEB, and charges on bond refunding. 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 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.

### 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.

### Unearned Revenue

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

### 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.

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.

### 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.

## Nicollet County St. Peter, Minnesota

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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.

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.

### 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.

# Nicollet County

## St. Peter, Minnesota

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### Prior Period Adjustment

The January 1, 2023, assets and fund balance of the General Fund increased by \$246,780, and assets and fund balance of the Debt Service Fund decreased by \$246,780, to transfer penalties, interest, and fees that were incorrectly settled to the Debt Service Fund from 2019 to 2022.

### Note 2 – Stewardship, Compliance, and Accountability

#### 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.

#### Deficit Fund Equity

The Ditch Special Revenue Fund has a deficit fund balance of \$1,952,335. This deficit will be eliminated by special assessments. The following is a summary of the individual ditch systems:

##### **Individual Ditch System Fund Balance**

34 ditches with positive fund balances	\$	1,608,848
50 ditches with deficit fund balances		<u>(3,561,183)</u>
Total Fund Balance	\$	<u>(1,952,335)</u>

#### Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2023:

##### **Excess of Expenditures Over Budget**

	Expenditures	Budget	Excess
Road and Bridge Special Revenue Fund	\$ 12,872,586	\$ 10,561,261	\$ 2,311,325
Health and Human Services Special Revenue Fund	15,725,925	14,868,590	857,335

# Nicollet County

## St. Peter, Minnesota

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### Note 3 – Detailed Notes

#### Assets

##### Deposits and Investments

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

**Reconciliation of the County's Total Cash and Investments to the  
Basic Financial Statements as of December 31, 2023**

Governmental funds	
Cash and pooled investments	\$ 63,859,814
Petty cash and change funds	3,170
Internal Service Fund	
Cash and pooled investments	2,566,874
Fiduciary funds	
Cash and pooled investments	<u>2,310,118</u>
Total Cash and Investments	<u>\$ 68,739,976</u>

##### 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, 2023, none of the County's deposits were exposed to custodial credit risk.

##### 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;

## Nicollet County St. Peter, Minnesota

- (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, the National Credit Union Administration, 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, 2023, the County had the following investments with specified maturity dates:

#### Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2023

	Carrying (Fair) Value	Maturity Dates	
		0 - 1 Year	Over 1 Year
Negotiable certificates of deposit	\$ 2,413,875	\$ 712,002	\$ 1,701,873
U.S. government securities*	3,926,071	975,890	2,950,181
Total	<u>\$ 6,339,946</u>	<u>\$ 1,687,892</u>	<u>\$ 4,652,054</u>

\*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 Fund held by the County are unrated. The County's other exposure to credit risk as of December 31, 2023, is as follows:

## Nicollet County St. Peter, Minnesota

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### Credit Risk of Investments

Moody's Rating	Fair Value
Aaa	\$ 3,926,071
Aaa-mf	5,787,909
Total	<u>\$ 9,713,980</u>

#### Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. 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, 2023, 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, 2023, the County's investments were primarily in U.S. government securities, 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.

#### Fair Value Measurement

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.

# Nicollet County St. Peter, Minnesota

## Recurring Fair Value Measurements as of December 31, 2023

	December 31, 2023	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	\$ 3,926,071	\$ -	\$ 3,926,071	\$ -
Negotiable certificates of deposit	2,413,875	-	2,413,875	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 6,339,946</u>	<u>\$ -</u>	<u>\$ 6,339,946</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 31,773,364			
MAGIC Term	12,250,000			
Money market mutual funds	<u>5,787,909</u>			
Total Investments Measured at the NAV	<u>\$ 49,811,273</u>			

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 a NAV. The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each member. The MAGIC Fund currently consists of the MAGIC Portfolio and the MAGIC Term Series.

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 the 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.

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

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.

# Nicollet County

## St. Peter, Minnesota

### Receivables

#### Governmental Activities' Receivables as of December 31, 2023

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental activities		
Taxes – delinquent	\$ 326,928	\$ -
Special assessments – delinquent	19,454	-
Special assessments – noncurrent	4,240,388	3,440,261
Accounts	482,957	-
Accrued Interest	365,949	-
Due from other governments	4,218,290	-
<b>Total</b>	<b>\$ 9,653,966</b>	<b>\$ 3,440,261</b>

### Capital Assets

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

#### Changes in Capital Assets for the Year Ended December 31, 2023

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 6,335,513	\$ 14,039	\$ -	\$ 6,349,552
Construction in progress	3,902,932	8,524,902	156,818	12,271,016
<b>Total capital assets not depreciated</b>	<b>\$ 10,238,445</b>	<b>\$ 8,538,941</b>	<b>\$ 156,818</b>	<b>\$ 18,620,568</b>
Capital assets depreciated				
Buildings	\$ 33,849,197	\$ 601,324	\$ 12,738	\$ 34,437,783
Land improvements	1,230,453	-	-	1,230,453
Machinery and equipment	13,305,511	444,608	136,314	13,613,805
Infrastructure	124,332,337	156,818	-	124,489,155
<b>Total capital assets depreciated</b>	<b>\$ 172,717,498</b>	<b>\$ 1,202,750</b>	<b>\$ 149,052</b>	<b>\$ 173,771,196</b>
Less: accumulated depreciation for				
Buildings	\$ 12,956,300	\$ 946,761	\$ 4,312	\$ 13,898,749
Land improvements	591,793	50,320	-	642,113
Machinery and equipment	9,577,157	863,670	119,264	10,321,563
Infrastructure	43,288,041	2,426,965	-	45,715,006
<b>Total accumulated depreciation</b>	<b>\$ 66,413,291</b>	<b>\$ 4,287,716</b>	<b>\$ 123,576</b>	<b>\$ 70,577,431</b>
<b>Total capital assets depreciated, net</b>	<b>\$ 106,304,207</b>	<b>\$ (3,084,966)</b>	<b>\$ 25,476</b>	<b>\$ 103,193,765</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 116,542,652</b>	<b>\$ 5,453,975</b>	<b>\$ 182,294</b>	<b>\$ 121,814,333</b>

# Nicollet County St. Peter, Minnesota

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

## Depreciation Expense Charged to Functions/Programs

General government	\$ 842,313
Public safety	219,357
Highways and streets, including depreciation of infrastructure assets	3,070,975
Human services	153,517
Culture and recreation	<u>1,554</u>
Total Depreciation Expense	<u>\$ 4,287,716</u>

## Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023, is as follows:

### Due To/From Other Funds

#### Due To/From Other Funds as of December 31, 2023

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Health and Human Services Special Revenue Fund	\$ 65,122	Utilities and services
	Ditch Special Revenue Fund	<u>33,304</u>	Interest
		\$ 98,426	
Total due to General Fund			
Road and Bridge Special Revenue Fund	Ditch Special Revenue Fund	<u>763</u>	Fuel
Total Due To/From Other Funds		<u>\$ 99,189</u>	

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.

### Interfund Receivables/Payables

#### Interfund Balances as of December 31, 2023

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	<u>\$ 1,917,844</u>

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

# Nicollet County St. Peter, Minnesota

## Interfund Transfers

### Interfund Transfers as of December 31, 2023

Transfer In	Transfer Out	Amount	Purpose
General Fund	Revolving Loan Special Revenue Fund	\$ 1,321	Special assessment interest earnings
	Self-Insurance Internal Service Fund	<u>413,275</u>	Health insurance premiums
Total transferred to General Fund		\$ 414,596	
Road and Bridge Special Revenue Fund	Self-Insurance Internal Service Fund	85,020	Health insurance premiums
Health and Human Services Special Revenue Fund	Self-Insurance Internal Service Fund	<u>324,173</u>	Health insurance premiums
Total Interfund Transfers		<u>\$ 823,789</u>	

## Liabilities and Deferred Inflows of Resources

### Long-Term Debt

#### Bonds

### Bonds Payable as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General obligation bonds					
2018A G.O. Ditch Bonds	2033	\$125,000-\$155,000	3.00-3.10	\$ 2,155,000	\$ 1,425,000
2018B G.O. Capital Improvement Plan Bonds	2025	\$310,000-\$830,000	3.00	2,390,000	1,145,000
2018C G.O. Refunding Bonds (Road Reconstruction)	2024	\$480,000-\$590,000	3.00-5.00	3,175,000	590,000
2020A G.O. Capital Improvement Plan Refunding Bonds	2029	\$1,000,000-\$1,040,000	0.35-1.10	<u>7,100,000</u>	<u>6,100,000</u>
Total general obligation bonds				<u>\$ 14,820,000</u>	\$ 9,260,000
Plus: unamortized premium					<u>102,904</u>
Total General Obligation Bonds, Net					<u>\$ 9,362,904</u>

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

## Nicollet County St. Peter, Minnesota

providing funding for the repair or replacement of failing septic systems and water wells. The loans are secured by special assessments.

### Loans Payable as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
2011 Middle River Watershed	2024	\$10,838	2.00	\$ 195,574	\$ 21,355
2014 Rush River Watershed	2027	\$4,032	2.00	72,764	30,853
2015 Middle Minnesota Watershed	2028	\$8,240	2.00	148,692	70,582
Agricultural Best Management Practices (AgBMP) Loan Program	2035	\$1,011-\$31,006	-	594,481	428,281
Total Loans Payable				\$ 1,011,511	\$ 551,071

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

### Debt Service Requirements

#### Debt Service Requirements as of December 31, 2023

Year Ending December 31	General Obligation Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2024	\$ 2,055,000	\$ 126,515	\$ 46,595	\$ 2,237
2025	1,980,000	88,603	42,228	1,461
2026	1,155,000	65,755	80,587	997
2027	1,165,000	53,535	82,789	524
2028	1,170,000	39,725	68,701	82
2029-2033	1,735,000	58,152	218,635	-
2034-2035	-	-	11,536	-
Total	\$ 9,260,000	\$ 432,285	\$ 551,071	\$ 5,301

### Changes in Long-Term Liabilities

#### Changes in Long-Term Liabilities for the Year Ended December 31, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 11,330,000	\$ -	\$ 2,070,000	\$ 9,260,000	\$ 2,055,000
Plus: Unamortized premiums	152,849	-	49,945	102,904	-
Total bonds payable	\$ 11,482,849	\$ -	\$ 2,119,945	\$ 9,362,904	\$ 2,055,000
Loans payable	527,646	100,001	76,576	551,071	46,595
Compensated absences	1,779,802	1,344,108	1,091,326	2,032,584	1,350,965
Total Long-Term Liabilities	\$ 13,790,297	\$ 1,444,109	\$ 3,287,847	\$ 11,946,559	\$ 3,452,560

# Nicollet County St. Peter, Minnesota

## Deferred Inflows of Resources

### Governmental Funds Deferred Inflows of Resources as of December 31, 2023

	Deferred Inflows of Resources
Unavailable revenue	
Taxes and special assessments, delinquent and noncurrent	\$ 4,192,053
Highway allotments that do not provide current financial resources	2,363,659
Grants	224,718
Charges for services	139,593
Interest	155,371
Miscellaneous	13,611
Total Governmental Funds	<u>\$ 7,089,005</u>

## Construction Commitments

### Active Construction Projects and Other Commitments as of December 31, 2023

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Highway projects	\$ 9,850,421	\$ 14,157,745

## Other Postemployment Benefits (OPEB)

### 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 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, 2023, three 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, 2023, the County recognized \$26,779 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. 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, 2022, there were ten retirees receiving health benefits from the County's health plan. For 2023, the benefit payments for the implicit rate

## Nicollet County St. Peter, Minnesota

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subsidy were determined by an actuarial study to be \$48,161. 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 Statement 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2022, actuarial valuation, the following employees were covered by the benefit terms:

### Employees Covered by the OPEB Benefit Terms As of the January 1, 2022, Actuarial Valuation

Inactive employees or beneficiaries currently receiving benefit payments	10
Active plan participants	<u>250</u>
Total	<u><u>260</u></u>

### Total OPEB Liability

The County's total OPEB liability of \$1,108,007 was determined by an actuarial valuation as of January 1, 2022, which was rolled forward to a measurement date of January 1, 2023. The OPEB liability is liquidated through funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

### OPEB Actuarial Assumptions and Other Inputs

Inflation	2.50 percent
Salary increases	Graded by service years and contract group ranging from 10.25 percent for one year of service (11.75 percent for public safety) to 3.00 percent for 26 or more years of service
Health care cost trend	6.25 percent, decreasing to 5.00 percent over five years and then 4.00 percent over the next 48 years

The current year discount rate is 4.00 percent, which is a change from the prior year rate of 2.00 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

Mortality rates are based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

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

# Nicollet County St. Peter, Minnesota

## Changes in the Total OPEB Liability

### Changes in the Total OPEB Liability For the Year Ended December 31, 2023

	Total OPEB Liability
Balance at December 31, 2022	\$ 1,210,516
Changes for the year	
Service cost	\$ 83,879
Interest	25,215
Changes in assumptions	(143,960)
Benefit payments	(67,643)
Net change	\$ (102,509)
Balance at December 31, 2023	\$ 1,108,007

## 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:

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2023

	Discount Rate	Total OPEB Liability
1% Decrease	3.00%	\$ 1,191,769
Current	4.00%	1,108,007
1% Increase	5.00%	1,030,403

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:

### Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates as of December 31, 2023

	Health Care Cost Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 989,799
Current	6.25% Decreasing to 5.00%	1,108,007
1% Increase	7.25% Decreasing to 6.00%	1,248,334

# Nicollet County St. Peter, Minnesota

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

For the year ended December 31, 2023, the County recognized OPEB expense of (\$23,067). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 233,535
Changes in actuarial assumptions	37,422	308,079
Contributions made subsequent to the measurement date	74,940	-
Total	<u>\$ 112,362</u>	<u>\$ 541,614</u>

The \$74,940 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2023

Year Ended December 31	OPEB Expense Amount
2024	\$ (132,161)
2025	(132,156)
2026	(123,789)
2027	(43,086)
2028	(52,436)
Thereafter	(20,564)

## Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2023:

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

# Nicollet County

## St. Peter, Minnesota

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### Pension Plans

#### Defined Benefit Pension Plans

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first 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.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the 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.

##### 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 a 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.

## **Nicollet County St. Peter, Minnesota**

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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 a 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. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the applicable 85 percent or 80 percent funding status, the increase returns to 2.50 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.

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.

### 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. Rates did not change from 2022.

# Nicollet County St. Peter, Minnesota

## Member and Employer Required Contribution Rates

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80%	17.70%
Correctional Plan	5.83%	8.75%

## Employer Contributions for the Year Ended December 31, 2023

General Employees Plan	\$ 1,173,830
Police and Fire Plan	275,875
Correctional Plan	84,269

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

## [Pension Costs](#)

### [General Employees Plan](#)

At December 31, 2023, the County reported a liability of \$10,624,587 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.1900 percent. It was 0.1896 percent measured as of June 30, 2022. The County recognized pension expense of \$1,437,188 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$1,316 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

## General Employees Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2023

The County's proportionate share of the net pension liability	\$ 10,624,587
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>292,792</u>
Total	<u>\$ 10,917,379</u>

## Nicollet County St. Peter, Minnesota

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:

**General Employees Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2023**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 348,738	\$ 73,384
Changes in actuarial assumptions	1,724,173	2,912,109
Difference between projected and actual investment earnings	-	425,274
Changes in proportion	127,182	19,216
Contributions paid to PERA subsequent to the measurement date	593,660	-
Total	<u>\$ 2,793,753</u>	<u>\$ 3,429,983</u>

The \$593,660 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**General Employees Plan  
Schedule of Amortization of  
Deferred Outflows and Inflows of Resources  
As of December 31, 2023**

Year Ended December 31	Pension Expense Amount
2024	\$ 349,597
2025	(1,602,119)
2026	253,115
2027	(230,483)

### Police and Fire Plan

At December 31, 2023, the County reported a liability of \$1,978,993 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.1146 percent. It was 0.1161 percent measured as of June 30, 2022. The County recognized pension expense of \$578,579 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 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.

## Nicollet County St. Peter, Minnesota

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional (\$4,800) as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

### Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2023

The County's proportionate share of the net pension liability	\$ 1,978,993
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>79,704</u>
Total	<u>\$ 2,058,697</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$10,314 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.

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:

### Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 544,706	\$ -
Changes in actuarial assumptions	2,291,805	2,782,050
Difference between projected and actual investment earnings	-	56,085
Changes in proportion	41,281	70,739
Contributions paid to PERA subsequent to the measurement date	<u>145,257</u>	<u>-</u>
Total	<u>\$ 3,023,049</u>	<u>\$ 2,908,874</u>

The \$145,257 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

# Nicollet County St. Peter, Minnesota

## Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ 93,990
2025	27,362
2026	480,543
2027	(131,097)
2028	(501,880)

### Correctional Plan

At December 31, 2023, the County reported a liability of \$172,593 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.3818 percent. It was 0.4066 percent measured as of June 30, 2022. The County recognized pension expense of \$137,657 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:

### Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 66,475	\$ 15,967
Changes in actuarial assumptions	431,478	787,390
Difference between projected and actual investment earnings	-	6,587
Changes in proportion	-	56,140
Contributions paid to PERA subsequent to the measurement date	45,094	-
Total	\$ 543,047	\$ 866,084

The \$45,094 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

# Nicollet County St. Peter, Minnesota

## Correctional Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ (3,394)
2025	(436,887)
2026	90,364
2027	(18,214)

### Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was \$2,153,424.

### Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

#### Actuarial Assumptions for the Year Ended June 30, 2023

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	7.00%	7.00%	7.00%

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 Pub-2010 Public Safety Employee 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, 2023, valuations 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 July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 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.

# Nicollet County

## St. Peter, Minnesota

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### Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33.50%	5.10%
International equities	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

#### [Discount Rate](#)

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent, 5.40 percent, and 5.42 percent used in 2022 for the General Employees Plan, the Police and Fire Plan, and the Correctional Plan, respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees 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.

#### [Changes in Actuarial Assumptions and Plan Provisions](#)

The following changes in actuarial assumptions occurred in 2023:

##### [General Employees Plan](#)

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

##### [Police and Fire Plan](#)

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.

## Nicollet County St. Peter, Minnesota

- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

### Correctional Plan

- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

### 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:

#### **Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2023**

	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 (Asset)
1% Decrease	6.00%	\$ 18,795,749	6.00%	\$ 3,926,558	6.00%	\$ 909,757
Current	7.00%	10,624,587	7.00%	1,978,993	7.00%	172,593
1% Increase	8.00%	3,903,497	8.00%	377,834	8.00%	(415,570)

# Nicollet County

## St. Peter, Minnesota

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### 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](http://www.mnpera.org).

### 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 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 the Employer  
For the Year Ended December 31, 2023**

	<u>Employee</u>		<u>Employer</u>	
Contribution amount	\$	10,376	\$	10,376
Percentage of covered payroll		5.00%		5.00%

### Note 4 – 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 has entered into a joint powers agreement with other Minnesota municipalities to form the South Central Service Cooperative to establish, procure, and administer group employee health benefits. The County self-insures for employee 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 2023 and 2024. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

## Nicollet County St. Peter, Minnesota

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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 Service Cooperative is a joint powers entity which sponsors a plan to provide group employee health benefits to its participating members. Nicollet County became a participating member effective January 1, 2022.

The County established a limited risk management program for dental coverage 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. 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:

### Changes in Unpaid Claims

	Year Ended December 31	
	2023	2022
Unpaid claims, January 1	\$ 4,954	\$ 165,514
Incurred claims (including IBNRs)	250,624	286,699
Claims payments	(246,125)	(447,259)
Unpaid Claims, December 31	<u>\$ 9,453</u>	<u>\$ 4,954</u>

## **Note 5 – Summary of Significant Contingencies and Other Items**

### **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.

# **Nicollet County**

## **St. Peter, Minnesota**

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### **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. On September 12, 2023, Nicollet County passed a resolution to withdraw from the joint venture effective January 1, 2025.

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, 2022, the most current information available, the Health Services Board had a net position of \$420,997. 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 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 2023. 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 2023. Current financial statements are not available.

#### **South Central Minnesota Regional 1Emergency 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

## **Nicollet County St. Peter, Minnesota**

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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 2023, Nicollet County contributed \$1,650 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.

For 2023, Nicollet County contributed \$17,000 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 2023. 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.

## **Nicollet County St. Peter, Minnesota**

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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 \$114,681 in 2023. Nicollet County is the fiscal agent. Current financial statements are not available.

### **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 \$205,476 to the MCCC.

#### **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 \$4,920 in payments to the joint powers entity.

## **Nicollet County St. Peter, Minnesota**

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### **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 of the South Central Community Based Initiative 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 2023.

### **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.

### **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 \$7,360 to the Board.

### **South Central Service Cooperative**

The South Central Service Cooperative (SCSC) is one of nine regional agencies called service cooperatives, established in 1976 by Minn. Stat. § 123A.21. The SCSC specializes in providing insurance services. Health insurance pools are formed by groups who band together to leverage economies of scale to lower costs and achieve claim cost stability. The SCSC manages the pools, manages premium collection, conducts carrier proposals every four years, and negotiates stop loss and administrative costs which are approximately 20 percent lower than the commercial market. These pools are governed by state law and an elected board of directors and consist of public employers who maintain a Joint Powers Agreement with the Service Cooperative. During the year, Nicollet County did not contribute to the SCSC.

### **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 Organization's 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.

# **Nicollet County**

## **St. Peter, Minnesota**

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### **Note 6 – Other Information**

#### **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 2023 is \$115,431. The proportionate shares of the counties may change for 2024 if there are changes in the taxable market value over the 2001 taxable market value.

#### **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.

## **Required Supplementary Information**

**Nicollet County  
St. Peter, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios  
Other Postemployment Benefits  
December 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 83,879	\$ 109,463
Interest	25,215	29,562
Differences between expected and actual experience	-	(203,776)
Changes of assumption or other inputs	(143,960)	(19,320)
Plan changes	-	-
Benefit payments	<u>(67,643)</u>	<u>(147,371)</u>
<b>Net change in total OPEB liability</b>	<b>\$ (102,509)</b>	<b>\$ (231,442)</b>
<b>Total OPEB Liability – Beginning</b>	<b><u>1,210,516</u></b>	<b><u>1,441,958</u></b>
<b>Total OPEB Liability – Ending</b>	<b><u>\$ 1,108,007</u></b>	<b><u>\$ 1,210,516</u></b>
 Covered-employee payroll	 \$ 16,833,711	 \$ 16,343,409
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.58%	7.41%

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

**Exhibit A-1**

<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
\$ 135,570	\$ 115,317	\$ 121,701	\$ 123,006
40,830	72,604	57,628	55,706
-	(205,293)	-	-
65,493	(359,718)	(58,543)	-
-	-	173,238	-
(143,581)	(147,803)	(99,355)	(138,690)
<b>\$ 98,312</b>	<b>\$ (524,893)</b>	<b>\$ 194,669</b>	<b>\$ 40,022</b>
<b>1,343,646</b>	<b>1,868,539</b>	<b>1,673,870</b>	<b>1,633,848</b>
<b>\$ 1,441,958</b>	<b>\$ 1,343,646</b>	<b>\$ 1,868,539</b>	<b>\$ 1,673,870</b>
\$ 16,005,663	\$ 15,501,853	\$ 15,117,641	\$ 14,677,321
9.01%	8.67%	12.36%	11.40%

**Nicollet County  
St. Peter, Minnesota**

**Exhibit A-2**

**Schedule of Proportionate Share of Net Pension Liability  
PERA General Employees Retirement Plan  
December 31, 2023**

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
2023	0.1900 %	\$ 10,624,587	\$ 292,792	\$ 10,917,379	\$ 15,105,550	70.34 %	83.10 %
2022	0.1896	15,016,383	440,049	15,456,432	14,203,925	105.72	76.67
2021	0.1905	8,135,203	248,484	8,383,687	13,714,673	59.32	87.00
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, 2023**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2023	\$ 1,173,830	\$ 1,173,830	\$ -	\$ 15,651,066	7.50 %
2022	1,092,073	1,092,073	-	14,560,961	7.50
2021	1,047,324	1,047,324	-	13,964,301	7.50
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, 2023**

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
2023	0.1146 %	\$ 1,978,993	\$ 79,704	\$ 2,058,697	\$ 1,504,441	131.54 %	86.47 %
2022	0.1161	5,052,213	220,760	5,272,973	1,410,568	358.17	70.53
2021	0.1110	856,802	38,523	895,325	1,311,468	65.33	93.66
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.

N/A – Not Applicable

**Nicollet County  
St. Peter, Minnesota**

**Exhibit A-5**

**Schedule of Contributions  
PERA Public Employees Police and Fire Plan  
December 31, 2023**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2023	\$ 275,875	\$ 275,875	\$ -	\$ 1,558,612	17.70 %
2022	264,328	264,328	-	1,493,378	17.70
2021	238,814	238,814	-	1,349,232	17.70
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, 2023**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.3818 %	\$ 172,593	\$ 895,328	19.28 %	95.94 %
2022	0.4066	1,351,538	893,223	151.31	74.58
2021	0.3886	(63,839)	859,161	(7.43)	101.61
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, 2023**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2023	\$ 84,269	\$ 84,269	\$ -	\$ 963,073	8.75 %
2022	78,816	78,816	-	900,762	8.75
2021	76,749	76,749	-	877,136	8.75
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, 2023**

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### **Note 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.

### **Note 2 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions**

The following changes in actuarial assumptions occurred:

#### **2023**

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

#### **2022**

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- These changes decreased the liability \$19,524.

#### **2021**

- The discount rate was changed from 2.90 percent to 2.00 percent.

#### **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.

## Nicollet County St. Peter, Minnesota

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- 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.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from the 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.

### **Note 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**

### 2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

## **Nicollet County St. Peter, Minnesota**

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- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

### 2022

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

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

### 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.
- 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.

## **Nicollet County St. Peter, Minnesota**

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### 2019

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

### 2018

- The mortality projection scale was changed from Scale MP-2015 to Scale 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.

### 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.

## Nicollet County St. Peter, Minnesota

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### 2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

### Public Employees Police and Fire Plan

### 2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

### 2022

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

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the

## **Nicollet County St. Peter, Minnesota**

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Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

### 2020

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

### 2019

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

### 2018

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

## Nicollet County St. Peter, Minnesota

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### 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 load 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.
- 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

### 2023

- The investment return rate was changed from 6.50 percent to 7.00 percent.

## **Nicollet County St. Peter, Minnesota**

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- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

### 2022

- The single discount rate changed from 6.50 percent to 5.42 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054, and 1.50 percent per annum thereafter.

### 2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.

## **Nicollet County St. Peter, Minnesota**

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- Minor changes to form of payment assumptions were applied.

### 2020

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

### 2019

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

### 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 Scale MP-2016 to Scale 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.

### 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 load 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.

## **Nicollet County St. Peter, Minnesota**

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### 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**

Debt Service Fund – 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, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 2,110,875	\$ 2,110,875	\$ 2,092,041	\$ (18,834)
Intergovernmental	-	-	22,294	22,294
<b>Total Revenues</b>	<b>\$ 2,110,875</b>	<b>\$ 2,110,875</b>	<b>\$ 2,114,335</b>	<b>\$ 3,460</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 1,905,000	\$ 1,905,000	\$ 1,875,000	\$ 30,000
Interest	104,405	104,405	122,105	(17,700)
Administrative charges	1,000	1,000	550	450
<b>Total Expenditures</b>	<b>\$ 2,010,405</b>	<b>\$ 2,010,405</b>	<b>\$ 1,997,655</b>	<b>\$ 12,750</b>
<b>Net Change in Fund Balance</b>	<b>\$ 100,470</b>	<b>\$ 100,470</b>	<b>\$ 116,680</b>	<b>\$ 16,210</b>
Fund Balance – January 1, as previously reported	\$ 3,735,984	\$ 3,735,984	\$ 3,735,984	\$ -
Restatement (Note 1)	(246,780)	(246,780)	(246,780)	-
<b>Fund Balance – January 1, as restated</b>	<b>\$ 3,489,204</b>	<b>\$ 3,489,204</b>	<b>\$ 3,489,204</b>	<b>\$ -</b>
<b>Fund Balance – December 31</b>	<b>\$ 3,589,674</b>	<b>\$ 3,589,674</b>	<b>\$ 3,605,884</b>	<b>\$ 16,210</b>

# **Nicollet County St. Peter, Minnesota**

## **Fiduciary Funds**

### **Custodial Funds**

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

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

State Recoveries Custodial Fund – accounts for the State of Minnesota’s share of recovery funds collected from human services program participants.

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

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

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

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

Jail/Sheriff Activities Custodial Fund – accounts for collections and disbursements for inmates and civil process activity.

**Nicollet County  
St. Peter, Minnesota**

**Combining Statement of Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
December 31, 2023**

	<u>Settlement</u>	<u>State Revenue</u>	<u>State Recoveries</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 1,062,370	\$ 299,303	\$ 139,650
Due from other governments	-	421	-
Taxes receivable for other governments	451,241	-	-
Accounts receivable	32,454	20,729	15,303
<b>Total Assets</b>	<b><u>\$ 1,546,065</u></b>	<b><u>\$ 320,453</u></b>	<b><u>\$ 154,953</u></b>
<b><u>Liabilities</u></b>			
Due to others	\$ -	\$ -	\$ -
Due to other governments	122,392	89,984	130,457
<b>Total Liabilities</b>	<b><u>\$ 122,392</u></b>	<b><u>\$ 89,984</u></b>	<b><u>\$ 130,457</u></b>
<b><u>Deferred Inflows of Resources</u></b>			
Prepaid taxes	<u>\$ 277,382</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Net Position</u></b>			
Restricted for individuals, organizations, and other governments	<b><u><u>\$ 1,146,291</u></u></b>	<b><u><u>\$ 230,469</u></u></b>	<b><u><u>\$ 24,496</u></u></b>

**Exhibit C-1**

<b>Women's Foundation of Minnesota</b>	<b>Community Health Service</b>	<b>Tri-County Solid Waste</b>	<b>Family Services Collaborative</b>	<b>Total Custodial Funds</b>
\$ 7,907	\$ 384,864	\$ 186,996	\$ 191,602	\$ 2,272,692
-	341,086	142,212	-	483,719
-	-	-	-	451,241
-	178	-	-	68,664
<b>\$ 7,907</b>	<b>\$ 726,128</b>	<b>\$ 329,208</b>	<b>\$ 191,602</b>	<b>\$ 3,276,316</b>
\$ -	\$ 957	\$ 1,978	\$ -	\$ 2,935
-	323,237	-	-	666,070
<b>\$ -</b>	<b>\$ 324,194</b>	<b>\$ 1,978</b>	<b>\$ -</b>	<b>\$ 669,005</b>
\$ -	\$ -	\$ -	\$ -	\$ 277,382
<b>\$ 7,907</b>	<b>\$ 401,934</b>	<b>\$ 327,230</b>	<b>\$ 191,602</b>	<b>\$ 2,329,929</b>

**Nicollet County  
St. Peter, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
For the Year Ended December 31, 2023**

	<u>Settlement</u>	<u>State Revenue</u>	<u>State Recoveries</u>
<b><u>Additions</u></b>			
Contributions from individuals	\$ -	\$ -	\$ 178,428
Interest earnings	-	-	-
Property tax collections for other governments	35,362,404	-	-
Licenses and fees collected for the state	-	4,144,073	-
Payments from the state	-	-	-
Payments from other entities	-	-	-
<b>Total Additions</b>	<b><u>\$ 35,362,404</u></b>	<b><u>\$ 4,144,073</u></b>	<b><u>\$ 178,428</u></b>
<b><u>Deductions</u></b>			
Beneficiary payments to individuals	\$ -	\$ -	\$ -
Payments of property tax to other governments	34,635,444	-	-
Payments to the state	-	4,154,264	220,999
Administrative expenses	-	-	-
Payments to other entities	-	-	-
<b>Total Deductions</b>	<b><u>\$ 34,635,444</u></b>	<b><u>\$ 4,154,264</u></b>	<b><u>\$ 220,999</u></b>
<b>Change in Net Position</b>	<b>\$ 726,960</b>	<b>\$ (10,191)</b>	<b>\$ (42,571)</b>
<b>Net Position – January 1</b>	<b><u>419,331</u></b>	<b><u>240,660</u></b>	<b><u>67,067</u></b>
<b>Net Position – December 31</b>	<b><u><u>\$ 1,146,291</u></u></b>	<b><u><u>\$ 230,469</u></u></b>	<b><u><u>\$ 24,496</u></u></b>

<b>Women's Foundation of Minnesota</b>	<b>Community Health Service</b>	<b>Tri-County Solid Waste</b>	<b>Family Services Collaborative</b>	<b>Jail/Sheriff Activities</b>	<b>Total Custodial Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 32,484	\$ 210,912
-	1,134	1,117	247	-	2,498
-	-	-	-	-	35,362,404
-	-	-	-	-	4,144,073
-	1,789,108	-	133,908	-	1,923,016
-	336,957	342,083	17,331	21,626	717,997
<b>\$ -</b>	<b>\$ 2,127,199</b>	<b>\$ 343,200</b>	<b>\$ 151,486</b>	<b>\$ 54,110</b>	<b>\$ 42,360,900</b>
\$ -	\$ 407,576	\$ 111,711	\$ -	\$ 32,484	\$ 551,771
-	-	-	-	-	34,635,444
-	-	-	-	-	4,375,263
-	5,850	6,092	378	-	12,320
1,410	1,695,580	206,724	187,596	21,626	2,112,936
<b>\$ 1,410</b>	<b>\$ 2,109,006</b>	<b>\$ 324,527</b>	<b>\$ 187,974</b>	<b>\$ 54,110</b>	<b>\$ 41,687,734</b>
\$ (1,410)	\$ 18,193	\$ 18,673	\$ (36,488)	\$ -	\$ 673,166
9,317	383,741	308,557	228,090	-	1,656,763
<b>\$ 7,907</b>	<b>\$ 401,934</b>	<b>\$ 327,230</b>	<b>\$ 191,602</b>	<b>\$ -</b>	<b>\$ 2,329,929</b>

## **Schedules**

**Nicollet County  
St. Peter, Minnesota**

***Exhibit D-1***

**Schedule of Intergovernmental Revenue – Governmental Funds  
For the Year Ended December 31, 2023**

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$ 8,381,384
County program aid	1,845,815
PERA aid	408,127
Disparity reduction aid	11,666
Police aid	179,675
Public safety aid	537,293
Enhanced 911	224,616
Next generation 911	56,132
Market value credit	257,886
SCORE	102,438
Aquatic invasive species prevention aid	69,351
Riparian protection aid	77,010
Medical assistance renewal aid	178,462
Statewide affordable housing aid	110,745
Local homeless prevention aid	61,285
Deputy registrar aid	26,096

<b>Total appropriations and shared revenue</b>	<b>\$ 12,527,981</b>
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**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$ 1,299,446
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**Payments**

**Local**

Other contributions	\$ 15,000
Payments in lieu of taxes	59,165

<b>Total payments</b>	<b>\$ 74,165</b>
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**Grants**

**State**

Minnesota Department/Office of	
Public Safety	\$ 5,084
Secretary of State	8,689
Transportation	1,187,500
Health	200,094
Natural Resources	27,880
Human Services	2,556,896
Veterans Affairs	10,000
Corrections	714,268
Water and Soil Resources Board	50,885
Pollution Control Agency	46,897

<b>Total state</b>	<b>\$ 4,808,193</b>
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**Federal**

Department of	
Agriculture	\$ 575,140
Justice	48,881
Transportation	134,164
Treasury	973,413
Education	1,907
Health and Human Services	3,821,000

<b>Total federal</b>	<b>\$ 5,554,505</b>
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<b>Total state and federal grants</b>	<b>\$ 10,362,698</b>
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<b>Total Intergovernmental Revenue</b>	<b>\$ 24,264,290</b>
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**Nicollet County  
St. Peter, Minnesota**

**Exhibit D-2**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed Through Brown-Nicollet Community Health Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	232MN004W1003	\$ 133,020
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	232MN101S2514	442,120
<b>Total U.S. Department of Agriculture</b>			<b>\$ 575,140</b>
<b>U.S. Department of Justice</b>			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	F-CVS-2022-NICCAO	<b>\$ 48,881</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00052	<b>\$ 128,908</b>
<b>U.S. Department of the Treasury</b>			
Direct COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		<b>\$ 973,413</b>
<b>U.S. Department of Education</b>			
Passed Through Brown-Nicollet Community Health Services Special Education – Grants for Infants and Families	84.181	H181A220029	<b>\$ 1,907</b>
<b>U.S. Department of Health and Human Services</b>			
Direct Drug-Free Communities Support Program Grants	93.276		\$ 128,730
Passed Through Brown-Nicollet Community Health Services Public Health Emergency Preparedness	93.069	NU90TP922026	37,421
Early Hearing Detection and Intervention	93.251	H61MC00035	3,250
COVID-19 – Immunization Cooperative Agreements	93.268	NH23IP922628	105,691
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	191,156
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922188	66,892
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$372,854)	93.558	1801MNTANF	23,401
Medicaid Cluster Medical Assistance Program	93.778	2305MN5ADM	31,906
(Total Medical Assistance Program 93.778 \$1,432,069)			
CDC's Collaboration with Academia to Strengthen Public Health	93.967	NE11OE000048	245
Maternal and Child Health Services Block Grant to the States	93.994	B04MC28107	29,314

**Nicollet County  
St. Peter, Minnesota**

**Exhibit D-2**  
*(Continued)*

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	G-2201MNFPS	3,873
Temporary Assistance for Needy Families	93.558	2301MNTANF	349,453
(Total Temporary Assistance for Needy Families 93.558 \$372,854)			
Child Support Enforcement	93.563	2301MNCEST	86,262
Child Support Enforcement	93.563	2301MNCSES	795,177
(Total Child Support Enforcement 93.563 \$881,439)			
Refugee and Entrant Assistance – State Administered Programs	93.566	2301MNRCSA	1,444
CCDF Cluster			
Child Care and Development Block Grant	93.575	G2301MNCCDF	21,161
Community-Based Child Abuse Prevention Grants	93.590	G-2202MNBCAP	14,239
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2301MNCWSS	6,905
Foster Care – Title IV-E	93.658	2301MNFOS	440,372
Social Services Block Grant	93.667	G-2301MNSOSR	153,386
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-2301MNCILP	2,707
Children's Health Insurance Program	93.767	2305MNS021	1,690
Medicaid Cluster			
Medical Assistance Program	93.778	2305MNSADM	1,386,377
Medical Assistance Program	93.778	2305MNSMAP	13,786
(Total Medical Assistance Program 93.778 \$1,432,069)			
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 3,894,838</b>
<b>Total Federal Awards</b>			<b>\$ 5,623,087</b>

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2023.

**Totals by Cluster**

Total expenditures for SNAP Cluster	\$ 442,120
Total expenditures for Medicaid Cluster	1,432,069
Total expenditures for CCDF Cluster	21,161

**Nicollet County**  
**St. Peter, Minnesota**

Notes to the Schedule of Expenditures of Federal Awards  
As of and for the Year Ended December 31, 2023

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**Note 1 – Summary of Significant Accounting Policies**

**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.

**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, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards 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.

**Note 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.

**Note 3 – Reconciliation to Schedule of Intergovernmental Revenue**

Reconciliation to Schedule of Intergovernmental Revenue	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 5,554,505
Grants received more than 60 days after year-end, unavailable in 2023	
Highway Planning and Construction (AL No. 20.205)	22,423
Temporary Assistance for Needy Families (AL No. 93.558)	73,838
Unavailable in 2022, recognized as revenue in 2023	
Highway Planning and Construction (AL No. 20.205)	(27,679)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 5,623,087</u>

## **Management and Compliance Section**



**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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 25, 2024.

**Report on 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 opinion on the financial statements, but not for the purpose of expressing our 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.

*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 a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

**Report on 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 – bid laws, depositories of public funds and public 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on Nicollet County’s response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and 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 and 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

Julie Blaha  
State Auditor

July 25, 2024

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor



## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### Independent Auditor's Report

Board of County Commissioners  
Nicollet County  
St. Peter, Minnesota

### **Report on Compliance for Each Major Federal Program**

#### ***Qualified and Unmodified Opinions***

We have audited Nicollet County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Nicollet County's major federal programs for the year ended December 31, 2023. 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.

#### ***Qualified Opinion on Medicaid Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Nicollet County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster for the year ended December 31, 2023.

#### ***Unmodified Opinion on the Other 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 its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2023.

#### ***Basis for Qualified and Unmodified Opinions***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Matter Giving Rise to Qualified Opinion on Medicaid Cluster***

As described in the accompanying Schedule of Findings and Questioned Costs, Nicollet County did not comply with requirements regarding Assistance Listing No. 93.778 Medicaid Cluster as described in finding number 2023-002 for Allowable Costs/Costs Principles and Reporting.

Compliance with such requirements is necessary, in our opinion, for Nicollet County to comply with the requirements applicable to that program.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Nicollet County's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Nicollet County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Nicollet County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Nicollet County's response was not subjected to the other 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

Julie Blaha  
State Auditor

July 25, 2024

/s/Chad Struss

Chad Struss, CPA  
Deputy State Auditor

# Nicollet County St. Peter, Minnesota

## Schedule of Findings and Questioned Costs For the Year Ended December 31, 2023

### Section 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 generally accepted accounting principles: **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 federal programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Type of auditor’s report issued on compliance for major federal programs: **Unmodified, except for Medicaid Cluster, which is qualified.**

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

Identification of major federal programs:

Assistance Listing	
Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.778	Medicaid Cluster

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

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

### Section II – Financial Statement Findings

#### 2023-001 Prior Period Adjustment

Prior Year Finding Number: N/A

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

**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. One indication of a

## Nicollet County St. Peter, Minnesota

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material weakness in internal control is the restatement of previously issued financial statements to reflect the correction of material misstatements due to error.

**Condition:** A prior period adjustment was identified that resulted in significant changes to Nicollet County's financial statements.

**Context:** The need for prior period adjustments can raise doubts as to the accuracy of the Nicollet County financial information being presented.

**Effect:** The January 1, 2023, fund balance of the General Fund increased by \$246,780 and fund balance of the Debt Service Fund decreased by \$246,780, to restate fund balance for penalties, interest, and fees that were incorrectly settled to the Debt Service Fund from 2019 to 2022.

**Cause:** The County's documentation to support the tax settlement was updated incorrectly, which caused the penalties, interest, and fees collected from 2019 to 2022 to be settled to the Debt Service Fund rather than the General Fund.

**Recommendation:** We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting and prevent, or detect and correct, misstatements in the financial statements.

**View of Responsible Official:** Acknowledge

### Section III – Federal Award Findings and Questioned Costs

#### **2023-002      Allowable Costs/Cost Principles and Reporting**

**Prior Year Finding Number:** 2022-003

**Year of Finding Origination:** 2022

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Material Weakness and Modified Opinion

**Federal Agency:** U.S. Department of Health and Human Services

**Program:** 93.778 Medical Assistance Program

**Award Number and Year:** 2305MN5ADM; 2023

**Pass-Through Agency:** Minnesota Department of Human Services

**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.

For County federal awards received from the Minnesota Department of Human Services (DHS), the County should establish and maintain internal control to provide assurance that program reports submitted to DHS are completed accurately and in accordance with report instructions. As part of the County's reporting requirements for the Medical Assistance Program, the County submits to DHS the quarterly Social Service Fund Report (DHS-2556).

## Nicollet County St. Peter, Minnesota

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**Condition:** The following exceptions were noted in the testing of the DHS-2556 reports:

- Payments of federal funds to the Nicollet County Family Services Collaborative were misclassified as Other Expenses rather than Contracted Services, which resulted in an overstatement in the federal funds cost pool of \$100,207 for the year.
- Federal revenues received to offset reported costs were omitted from the report, which resulted in an overstatement in the federal funds cost pool of \$218,529 for the year.
- Depreciation expense for reported capital outlay was omitted, which resulted in an understatement in the federal funds cost pool of \$18,746 for the year.

**Questioned Costs:** Known questioned costs are \$318,736.

**Context:** DHS relies on accurate reporting of program costs to ensure that resulting grant funds paid to the County are for applicable federal program activities/costs and provide detailed information necessary for maintaining proper oversight over federal programs.

The sample sizes were based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** Errors in the submission of costs on the quarterly reports can impair DHS' ability to provide required oversight over federal programs and can result in the County receiving either more or less federal funds than can be justified based on the actual underlying activity.

**Cause:** The County's controls over preparation of the quarterly reports were not sufficient to identify the reporting errors.

**Recommendation:** We recommend Nicollet County implement controls to ensure all DHS reports are completed accurately and in accordance with DHS guidance.

**View of Responsible Official:** Acknowledge

**Representation of Nicollet County  
St. Peter, Minnesota**

Corrective Action Plan  
For the Year Ended December 31, 2023

**Finding Number: 2023-001**

**Finding Title: Prior Period Adjustment**

Name of Contact Person Responsible for Corrective Action:

Jaci Kopet, PPSD Director

Christine Johnson, Accountant

Heather McCormick, Finance Director

Corrective Action Planned:

Finance Director (Heather McCormick) will share the audit finding with Property and Public Services (PPSD) Director (Jaci Kopet) and Finance staff. Additional financial report education will be communicated to PPSD and Finance staff to develop knowledge and expertise.

Jaci Kopet will update the tax settlement internal worksheet to appropriately classify penalties and interest within the General Revenue column. Christine Johnson will review the tax settlement worksheets and journal entries in the impacted settlement months. In addition, 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:

Updates made as part of June 2024 tax settlement and month end reporting.

**Finding Number: 2023-002**

**Finding Title: Allowable Cost/Cost Principles and Reporting**

**Program: 93.778 Medical Assistance Program**

Name of Contact Person Responsible for Corrective Action:

Amy Kral, Fiscal Supervisor

Jodi Thomas, Fiscal Coordinator

Corrective Action Planned:

Nicollet County will implement controls that ensure that all DHS reports are completed accurately and in accordance with DHS guidelines. Cross-training will continue between the Fiscal Coordinator and the Fiscal Supervisor to ensure accuracy of reports. Additional processes are currently being documented for the 2556 Quarterly Report which will detail notes for collaborative expenses, ARPA funds, and depreciation expense, as well as a complete review by the Fiscal Supervisor prior to submission of the reports.

Anticipated Completion Date:

DHS 2556 corrections were completed on June 24, 2024 for year 2023 and the Q1 2024 Report was immediately implemented and resubmitted. Complete Process Documentation to be updated by 10/31/2024.

**Representation of Nicollet County  
St. Peter, Minnesota**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2023**

**Finding Number: 2022-001**

**Year of Finding Origination: 2022**

**Finding Title: Audit Adjustment**

**Summary of Condition:** A material audit adjustment was identified that resulted in significant changes to the County's financial statements.

**Summary of Corrective Action Previously Reported:** Finance Director (Heather McCormick) will share the audit finding with Property and Public Services (PPSD) Director (Jaci Kopet) and Finance staff. Additional financial statement education will be communicated for staff to develop knowledge and expertise.

Finance will work with Property & Public Services on ideas for improvements on financial reporting as the Ditch Fund identified a material weakness. Additional review will occur specific to the areas of joint ditch billings and outstanding accounts payable.

In preparation of the 2023 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.

In addition, Nicollet County is currently collaborating with Sibley County to find a better solution for the joint drainage bill back and collections in the future.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number: 2022-002**

**Year of Finding Origination: 2022**

**Finding Title: Eligibility**

**Program:** 93.778 Medical Assistance Program

**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, updated, or input correctly to support participant eligibility. The following exceptions were noted in the sample of 40 MAXIS and 40 METS case files tested:

- Four MAXIS case files included amounts for various client accounts (assets) that were not properly updated and/or substantiated for the most recent application/certification prior to being automatically renewed during the pandemic.

- One MAXIS case file was not updated to include the correct income amount.
- Four METS case files included income amounts that were incorrect or were not supported with documentation retained.
- Three MAXIS case files transferred from other agencies did not include the supporting documentation to verify the income or assets were correct, and one of the three case files did not include the most recent application on file.

**Summary of Corrective Action Previously Reported:** At a staff meeting, the income maintenance supervisor reminded staff members of the importance of asset balances in Maxis matching what is documented in the case file and within the case note. Reminders were also provided to use the ending balance on the statement, or balance as of the first of the month, whichever is appropriate, and to case note if subtracting monthly income to reach the balance recorded.

Additionally, the healthcare team discussed what income to use in the budget. The importance of documenting which pay stubs were used and how income was averaged was stressed. The procedure for clearing flagged verifications was also reviewed.

Staff were directed to enter case notes every time a request is made to another county for a file so that we have a record of request dates if it is not received. Staff members were also reminded to review files for current applications, renewal, etc. when a file is received.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number:** 2022-003

**Year of Finding Origination:** 2022

**Finding Title:** Allowable Cost/Cost Principles and Reporting

**Program:** 93.778 Medical Assistance Program

**Summary of Condition:** The following exceptions were noted in the tested samples of program activity reports:

- A portion of administrative costs included on the 2022 DHS-2556 reports totaling approximately \$400,000, were misclassified as Direct Materials and Supplies rather than Services and Charges.
- Sampled DHS-3220 reports for the Community Corrections Department overstated the federal funds cost pool by including payroll costs for employees that were not LCTS participants, including accrued expenditures, omitting applicable federal revenue offsets, and containing clerical/mathematical errors in the allocation of costs to LCTS participants and supporting staff. In total, the two sampled reports overstated the federal funds cost pool by approximately \$41,500.
- The LCTS funds reported on the LCTS Annual Spending Report were for the incorrect period resulting in an understatement of approximately \$22,000.

**Summary of Corrective Action Previously Reported:** Finance Director (Heather McCormick) will share the audit finding with Health and Human Services, Community Corrections, and Finance staff.

DHS-2556 Category Classification – Updates will be made by the Fiscal Supervisor to DHS quarterly report procedures. Appropriate 2022 reports will be resubmitted with the expense category reclassification. Cross training will also be completed on DHS quarterly reports. All DHS quarterly reports will be appropriately reviewed prior to submission to ensure reports are accurate and in accordance with DHS guidance.

DHS-3220 Federal Funds cost pool reports – Updates will be made by the Community Corrections Admin Support Technician to quarterly report procedures and support spreadsheets. Quarterly LCTS report submissions will be appropriately reviewed prior to submission to ensure reports are accurate and in accordance with DHS guidance.

LCTS Annual Spending Report – Updates will be made by the Fiscal Supervisor and HHS Accounting Specialist to LCTS Annual Spending Report procedures. Cross training and delegation of this report to the HHS Accounting Specialist will also be completed. The LCTS Annual Spending Report will be appropriately reviewed prior to submission to ensure reports are accurate and in accordance with DHS guidance.

**Status:** Partially Corrected. Corrective Actions on DHS-3220 and LCTS were completed. Corrective Action on DHS-2556 were partially completed. Staff turnover impacted the DHS-2556 reporting from being fully corrected. The 2023 audit will detail updated corrective actions with responsible staff and duties assigned.