

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Chippewa County Montevideo, Minnesota

Year Ended December 31, 2020

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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Chippewa County Montevideo, Minnesota

Year Ended December 31, 2020



Office of the State Auditor

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

ORGANIZATION
2020

Office	Name	Term Expires
Commissioners		
1st District	Matt Gilbertson*	January 2023
2nd District	Jeffrey Lopez	January 2021
3rd District	David Nordaune	January 2021
4th District	Jim Dahlvang	January 2021
5th District	David Lieser	January 2023
Officers		
Elected		
Attorney	Matthew Haugen	January 2023
Coroner	Dr. A. Quinn Strobel and Anoka County	Indefinite
Sheriff	Derek Olson	January 2023
Appointed		
Assessor	Bonnie Crosby	Indefinite
Auditor/Treasurer/Coordinator	Michelle May	Indefinite
County Recorder and Registrar of Titles	Amy Rodeberg	Indefinite
Deputy Registrar	Alice McColley	Indefinite
Highway Engineer	Jeremy Gilb**	Indefinite
Land and Resource Management	Scott Williams	Indefinite
Veterans' Service Officer	Tim Kolhei	Indefinite
Family Services Director	Patrick Bruflat	Indefinite
Information Technology	Terry Ocaña	Indefinite

*Chair 2020

**Jeremy Gilb replaced Steve Kubista who retired on January 31, 2020.



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Chippewa County
Montevideo, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the 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 Chippewa County's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2021, on our consideration of Chippewa 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 Chippewa 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 Chippewa County's internal control over financial reporting and compliance.

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

September 15, 2021

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

The Auditor/Treasurer/Coordinator of Chippewa County offers readers of Chippewa County's financial statements this narrative overview and analysis of the financial activities of Chippewa County for the fiscal year ended December 31, 2020. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Chippewa County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2020) by \$80,857,010 (net position). Of this amount, \$13,516,144 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- Chippewa County's total net position increased by \$5,424,573. The increase is primarily due to an increase in road and bridge infrastructure and construction in progress.
- As of the close of the 2020 fiscal year, Chippewa County's governmental funds' ending fund balances were \$23,226,596, compared to \$21,800,824 in 2019. Approximately 8.3 percent of the amount, \$1,930,786, is available for spending at Chippewa County's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Chippewa County's basic financial statements. Chippewa 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 required supplementary information.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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 near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Within the governmental funds, Chippewa County maintains two fund types: General and special revenue. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Road and Bridge Special Revenue Fund, Family Services Special Revenue Fund, and Ditch Revenue Special Revenue Fund, all of which are considered to be major funds.

Chippewa County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

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

The General Fund is used to account for all financial resources not accounted for in another fund.

Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Road and Bridge Fund,
- Family Services Fund, and
- Ditch Fund.

A proprietary fund is maintained by Chippewa County. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses the Internal Service Fund to account for its self-insurance. The service benefits the governmental functions and has been allocated to the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements are Exhibits 7 through 9 of this report.

Fiduciary funds (private-purpose trust and custodial funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Chippewa County's own programs. The accounting used for fiduciary funds is much like that used for the government-wide statements. The basic fiduciary fund financial statements are Exhibits 10 and 11 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29 through 82 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and supplementary information. The budgetary statements referred to earlier in connection with the major governmental funds are presented immediately following the notes to the financial statements. Combining statements can be found on Exhibits B-1 and B-2 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. In the case of Chippewa County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,857,010 on December 31, 2020.

The largest portion of net position (74.5 percent) reflects the County's net investment in capital assets (for example: land; buildings; machinery and equipment; infrastructure; improvements to land; and construction in progress, net of accumulated depreciation). Chippewa County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Of Chippewa County's net position, 8.8 percent represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$13,516,144, may be used to meet the government's ongoing obligations to citizens and creditors. Comparative data with 2019 is presented.

Net Position

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 29,948,438	\$ 28,612,928
Capital assets	60,614,685	56,552,167
Total Assets	<u>\$ 90,563,123</u>	<u>\$ 85,165,095</u>
Deferred Outflows of Resources		
Deferred pension outflows	\$ 894,940	\$ 1,109,993
Deferred OPEB outflows	108,751	105,013
Total Deferred Outflows of Resources	<u>\$ 1,003,691</u>	<u>\$ 1,215,006</u>
Liabilities		
Other liabilities	\$ 1,608,670	\$ 1,185,942
Long-term liabilities	7,645,137	6,822,589
Total Liabilities	<u>\$ 9,253,807</u>	<u>\$ 8,008,531</u>
Deferred Inflows of Resources		
Deferred pension inflows	\$ 1,441,894	\$ 2,922,679
Deferred OPEB inflows	14,103	16,454
Total Deferred Inflows of Resources	<u>\$ 1,455,997</u>	<u>\$ 2,939,133</u>
Net Position		
Net investment in capital assets	\$ 60,235,741	\$ 56,334,670
Restricted	7,105,125	7,382,793
Unrestricted	13,516,144	11,714,974
Total Net Position	<u>\$ 80,857,010</u>	<u>\$ 75,432,437</u>

Unrestricted net position at December 31, 2020—the part of net position that may be used to meet the County’s ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements—is 16.7 percent of the net position.

Governmental Activities

The County’s activities increased net position by 7.2 percent to \$80,857,010 for 2020, compared to \$75,432,437 for 2019, as restated. Key elements in this increase in net position are as follows:

Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 2,651,428	\$ 3,186,179
Operating grants and contributions	10,945,872	18,725,438
Capital grants and contributions	1,412,000	1,013,703
General revenues		
Property taxes	11,148,684	10,498,807
Other	1,617,981	1,388,282
Total Revenues	\$ 27,775,965	\$ 34,812,409
Expenses		
General government	\$ 4,129,288	\$ 3,880,434
Public safety	3,276,720	3,165,475
Highways and streets	5,135,654	7,452,278
Sanitation	281,137	342,376
Human services	6,635,309	6,289,350
Health	497,858	164,543
Culture and recreation	519,108	498,145
Conservation of natural resources	1,479,952	1,132,551
Economic development	386,777	50,191
Interest	9,589	10,168
Total Expenses	\$ 22,351,392	\$ 22,985,511
Change in Net Position	\$ 5,424,573	\$ 11,826,898
Net Position – January 1, as restated	75,432,437	63,605,539*
Net Position – December 31, as reported	\$ 80,857,010	\$ 75,432,437

*Amount includes a change in accounting principles and prior period adjustment.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, Chippewa County's governmental funds reported combined ending fund balances of \$23,226,596, an increase of \$1,425,772, or 6.5 percent, in comparison with the prior year. Of the combined ending fund balances, \$18,333,041 represents unrestricted fund balance, which is available for spending at the County Board's discretion. The remainder of the fund balance, \$4,893,555, is either nonspendable or is restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law or grant agreements.

The General Fund is the main operating fund for the County. At the end of 2020, it had an unrestricted fund balance of \$2,577,887. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 24.8 percent of total General Fund expenditures. During 2020, the ending fund balance increased by \$1,627,889. The contributing factor to this increase is the additional intergovernmental and tax revenues received during 2020.

The Road and Bridge Special Revenue Fund had an unrestricted fund balance of \$12,449,288 at the end of 2020, representing 133.0 percent of its annual expenditures. The ending fund balance increased by \$121,142 during 2020, primarily due to additional investment earnings received.

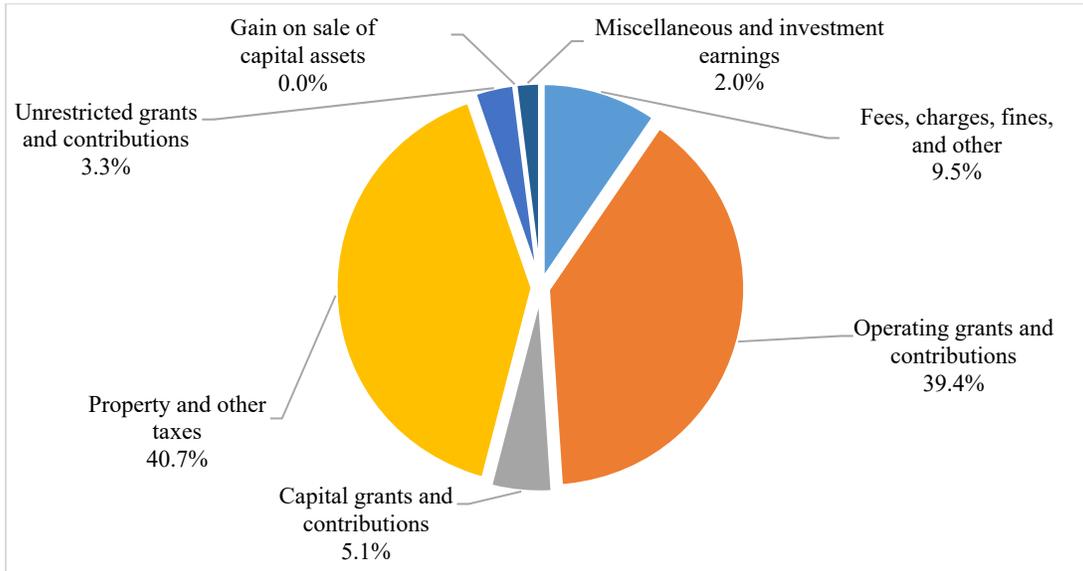
The Family Services Special Revenue Fund had an unrestricted fund balance of \$3,875,841 at the end of 2020, representing 54.1 percent of its annual expenditures. The ending fund balance increased by \$59,225 during 2020. The ending fund balance increase is due to additional charges for services and intergovernmental revenues over expenditures.

The Ditch Revenue Special Revenue Fund has a fund balance of \$1,831,195 at the end of 2020. The ending fund balance decreased by \$382,484 during 2020; the decrease is due to a reduction of collection in special assessments and an increase in ditch maintenance expenditures.

GOVERNMENTAL ACTIVITIES

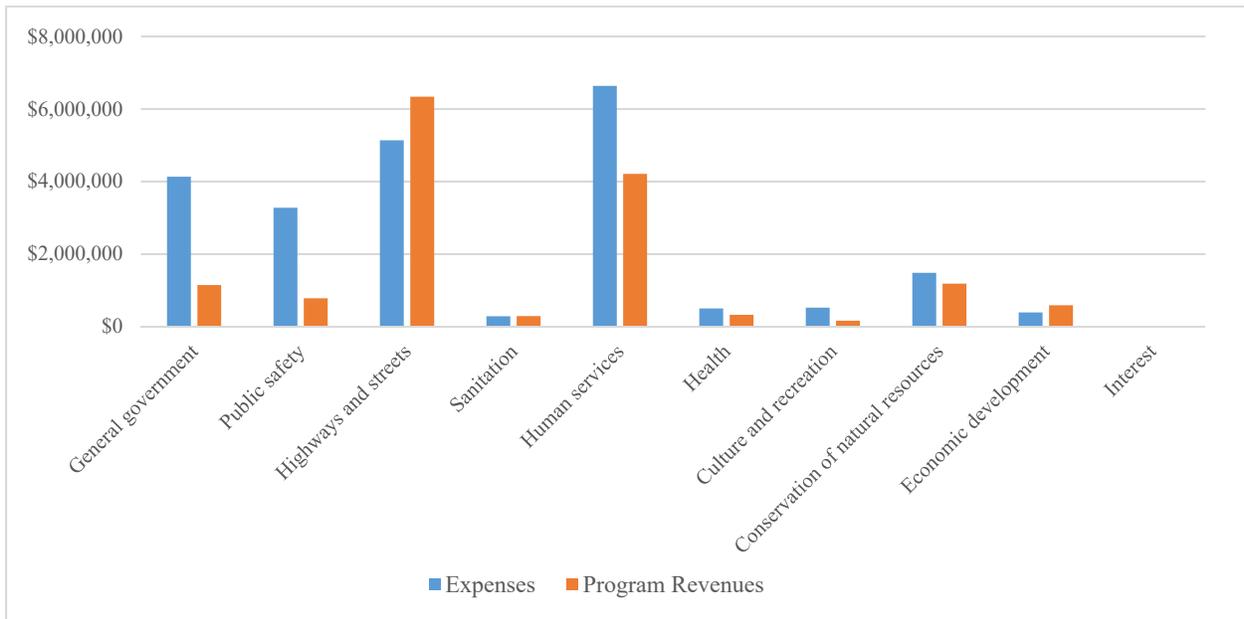
The County's total revenues were \$27,775,965. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2020.

**Table 1
Revenues by Source**



The expenses and program revenues (Table 2) show the expenditures for each area on the left-hand bar and revenues received on the right-hand bar. The difference between the two bars is made up by real, personal, and mobile home taxes levied on County property owners.

**Table 2
Expenses and Program Revenues**



The cost of all governmental activities in 2020 was \$22,351,392. However, as shown on the Statement of Activities, Exhibit 2, the amount that Chippewa County taxpayers ultimately financed for these activities through County taxes and non-program revenues was only \$7,342,092, because some of the cost was paid by those who directly benefited from the programs, \$2,651,428, or by other governments and organizations that subsidized certain programs with grants and contributions, \$12,357,872. The County paid for the remaining “public benefit” portion of governmental activities with \$12,766,665 in general revenues, primarily taxes (some of which could be used only for certain programs) and other revenues, such as grants and contributions not restricted to specific programs, and investment income.

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

**Table 3
Governmental Activities**

	2020	
	Total Cost of Services	Net (Cost) Revenue of Services
General government	\$ 4,129,288	\$ (2,985,029)
Public safety	3,276,720	(2,495,697)
Highways and streets	5,135,654	1,202,685
Sanitation	281,137	6,105
Human services	6,635,309	(2,424,218)
Health	497,858	(174,416)
Culture and recreation	519,108	(359,794)
Conservation of natural resources	1,479,952	(299,454)
Economic development	386,777	197,315
Interest	9,589	(9,589)
Totals	\$ 22,351,392	\$ (7,342,092)

General Fund Budgetary Highlights

Over the course of the year, the County Board increased the General Fund expenditure budget by \$86,623.

The actual charges to appropriations (expenditures) were \$1,040,047 more than final budget amounts. These additional expenditures are primarily attributed to implementation and disbursement of the CARES grant (CFDA 21.019 COVID 19 -- Coronavirus Relief Fund).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental activities at December 31, 2020, totaled \$60,614,685 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The investment in capital assets increased \$4,602,518, or 7.2 percent, from the previous year.

	Capital Assets at Year-End Net of Depreciation	
	2020	2019
Land and right-of-way	\$ 1,896,605	\$ 1,884,202
Infrastructure	50,050,186	47,170,050
Buildings	3,710,178	3,648,617
Improvements other than buildings	71,900	75,634
Machinery and equipment	2,714,243	2,984,189
Construction in progress	2,171,573	789,475
Total	<u>\$ 60,614,685</u>	<u>\$ 56,552,167</u>

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

Long-Term Debt

At the end of the current fiscal year, the County had no outstanding bonded debt.

Information on the County's other long-term obligations can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's officials considered many factors when setting the 2021 budget, tax rates, and fees that will be charged for the year.

- The unemployment rate for Chippewa County at the end of 2020 was 4.2 percent. This compares with the state unemployment rate of 4.7 percent and national unemployment rate of 10.2 percent. This shows a moderate decrease from the County's 2.7 percent rate of one year ago. The economic recovery nationally continues, however, at a very slow rate but shows little impact locally. The lack of sustainable jobs in the area places increased pressure on the need for services administered by the County.

- The 2021 property tax levy for the County increased 1.48 percent, \$166,107, from 2020. This is due to the increase of future expenses in personnel costs and anticipated program services expenditures.
- The COVID 19 health pandemic was a significant factor in setting the budget and tax rates. The economic recovery from the pandemic is ongoing for Chippewa County.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Chippewa County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Chippewa County Auditor/Treasurer/Coordinator Michelle May, 629 North 11th Street, Montevideo, Minnesota 56265.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 1

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

Assets

Cash and pooled investments	\$	8,951,665
Investments		15,160,898
Receivables – net		5,666,695
Inventories		166,331
Prepaid items		2,849
Capital assets		
Non-depreciable		4,068,178
Depreciable – net of accumulated depreciation		56,546,507
Total Assets	\$	90,563,123

Deferred Outflows of Resources

Deferred pension outflows	\$	894,940
Deferred other postemployment benefits outflows		108,751
Total Deferred Outflows of Resources	\$	1,003,691

Liabilities

Accounts payable and other current liabilities	\$	1,185,597
Unearned revenue		118,941
Advance from other governments		304,132
Long-term liabilities		
Due within one year		214,844
Due in more than one year		1,404,437
Other postemployment benefits liability		803,453
Net pension liability		5,222,403
Total Liabilities	\$	9,253,807

Deferred Inflows of Resources

Deferred pension inflows	\$	1,441,894
Deferred other postemployment benefits inflows		14,103
Total Deferred Inflows of Resources	\$	1,455,997

Net Position

Net investment in capital assets	\$	60,235,741
Restricted for		
General government		540,345
Public safety		180,919
Highways and streets		2,664,503
Conservation of natural resources		3,463,108
Economic development		256,250
Unrestricted		13,516,144
Total Net Position	\$	80,857,010

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions		Capital Grants and Contributions
<u>Functions/Programs</u>					
Governmental activities					
General government	\$ 4,129,288	\$ 630,277	\$ 513,982	\$ -	\$ (2,985,029)
Public safety	3,276,720	224,095	556,928	-	(2,495,697)
Highways and streets	5,135,654	154,271	4,772,068	1,412,000	1,202,685
Sanitation	281,137	217,550	69,692	-	6,105
Human services	6,635,309	543,005	3,668,086	-	(2,424,218)
Health	497,858	-	323,442	-	(174,416)
Culture and recreation	519,108	34	159,280	-	(359,794)
Conservation of natural resources	1,479,952	882,196	298,302	-	(299,454)
Economic development	386,777	-	584,092	-	197,315
Interest	9,589	-	-	-	(9,589)
Total Governmental Activities	\$ 22,351,392	\$ 2,651,428	\$ 10,945,872	\$ 1,412,000	\$ (7,342,092)
General Revenues					
Property taxes					\$ 11,148,684
Mortgage registry and deed tax					12,104
Payments in lieu of tax					139,687
Grants and contributions not restricted to specific programs					910,936
Miscellaneous					107,497
Unrestricted investment earnings					445,757
Gain on sale of capital assets					2,000
Total general revenues					\$ 12,766,665
Change in net position					\$ 5,424,573
Net Position – Beginning					75,432,437
Net Position – Ending					\$ 80,857,010

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
<u>Assets</u>					
Cash and pooled investments	\$ 3,780,048	\$ 224,165	\$ 3,996,871	\$ 504,329	\$ 8,505,413
Petty cash and change funds	2,100	-	100	-	2,200
Investments	500,200	13,160,698	-	1,500,000	15,160,898
Taxes receivable					
Delinquent	79,196	16,337	30,656	-	126,189
Special assessments receivable					
Delinquent	15,407	-	-	5,952	21,359
Noncurrent	606,781	-	-	801,465	1,408,246
Accounts receivable – net	52,797	713	35,718	105,848	195,076
Accrued interest receivable	9,338	51,370	-	-	60,708
Due from other governments	333,683	2,275,178	635,206	62,654	3,306,721
Inventories	1,473	164,858	-	-	166,331
Prepaid items	-	1,895	954	-	2,849
Loans receivable	297,960	250,436	-	-	548,396
Total Assets	<u>\$ 5,678,983</u>	<u>\$ 16,145,650</u>	<u>\$ 4,699,505</u>	<u>\$ 2,980,248</u>	<u>\$ 29,504,386</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 151,166	\$ 36,537	\$ 164,872	\$ 75,259	\$ 427,834
Salaries payable	100,514	32,493	54,629	-	187,636
Contracts payable	-	321,544	-	-	321,544
Due to other governments	11,277	181	11,169	98,521	121,148
Unearned revenue	118,941	-	-	-	118,941
Advance from other governments	-	-	304,132	-	304,132
Total Liabilities	<u>\$ 381,898</u>	<u>\$ 390,755</u>	<u>\$ 534,802</u>	<u>\$ 173,780</u>	<u>\$ 1,481,235</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>\$ 1,040,383</u>	<u>\$ 2,492,991</u>	<u>\$ 287,908</u>	<u>\$ 975,273</u>	<u>\$ 4,796,555</u>

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

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**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
(Continued)					
Fund Balances					
Nonspendable					
Prepaid items	\$ -	\$ 1,895	\$ 954	\$ -	\$ 2,849
Inventories	1,473	164,858	-	-	166,331
Missing heirs	7,262	-	-	-	7,262
Unclaimed property	49	-	-	-	49
Restricted for					
Law library	73,605	-	-	-	73,605
Enhanced 911	80,093	-	-	-	80,093
Boat and water	578	-	-	-	578
Sheriff's contingency	3,002	-	-	-	3,002
Permit to carry	93,530	-	-	-	93,530
Recorder's technology fund	210,717	-	-	-	210,717
Recorder's compliance fund	247,999	-	-	-	247,999
Law enforcement – drug task force	4,294	-	-	-	4,294
Attorney forfeiture	8,024	-	-	-	8,024
Highway allotments	-	645,863	-	-	645,863
Septic/sewer loans	151,588	-	-	-	151,588
Unspent grant funds	661,046	-	-	-	661,046
Ditch maintenance and repairs	-	-	-	2,401,170	2,401,170
Aquatic invasive species aid	135,555	-	-	-	135,555
Assigned for					
Vehicle purchases	77,126	-	-	-	77,126
Road and bridge	-	10,976,497	-	-	10,976,497
Capital equipment	-	1,222,954	-	-	1,222,954
Human services	-	-	1,203,475	-	1,203,475
Future building	-	-	1,847,366	-	1,847,366
Land and building capital outlay	-	249,837	-	-	249,837
Out-of-home placements	-	-	500,000	-	500,000
Out-of-home prevention services	-	-	125,000	-	125,000
Children's mental health	-	-	100,000	-	100,000
Mental health contingencies	-	-	100,000	-	100,000
Unassigned	2,500,761	-	-	(569,975)	1,930,786
Total Fund Balances	\$ 4,256,702	\$ 13,261,904	\$ 3,876,795	\$ 1,831,195	\$ 23,226,596
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,678,983	\$ 16,145,650	\$ 4,699,505	\$ 2,980,248	\$ 29,504,386

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020**

Fund balance – total governmental funds (Exhibit 3)	\$	23,226,596
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.		60,614,685
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.		894,940
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in governmental funds.		108,751
An internal service fund is used by Chippewa County to charge the cost of the self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		316,617
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.		4,796,555
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Leases payable	\$ (57,400)	
Loans payable	(782,116)	
Compensated absences	(779,765)	
Other postemployment benefits liability	(803,453)	
Net pension liability	<u>(5,222,403)</u>	(7,645,137)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(1,441,894)
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(14,103)</u>
Net Position of Governmental Activities (Exhibit 1)	\$	<u>80,857,010</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 5

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
Revenues					
Taxes	\$ 7,044,828	\$ 1,435,736	\$ 2,658,761	\$ -	\$ 11,139,325
Special assessments	295,564	352	-	240,900	536,816
Licenses and permits	28,665	18,500	-	-	47,165
Intergovernmental	3,265,262	7,462,205	4,052,562	49,683	14,829,712
Charges for services	698,994	40,642	327,185	646	1,067,467
Fines and forfeits	40,675	-	-	-	40,675
Gifts and contributions	3,045	-	-	-	3,045
Investment earnings	61,164	377,449	-	1,408	440,021
Miscellaneous	404,028	95,803	184,978	5,401	690,210
Total Revenues	\$ 11,842,225	\$ 9,430,687	\$ 7,223,486	\$ 298,038	\$ 28,794,436
Expenditures					
Current					
General government	\$ 4,406,142	\$ -	\$ -	\$ -	\$ 4,406,142
Public safety	3,140,773	-	-	-	3,140,773
Highways and streets	-	8,895,311	-	-	8,895,311
Sanitation	279,289	-	-	-	279,289
Human services	-	-	6,984,705	-	6,984,705
Health	323,442	-	-	-	323,442
Culture and recreation	211,511	-	-	-	211,511
Conservation of natural resources	849,555	-	-	680,522	1,530,077
Economic development	386,777	-	-	-	386,777
Intergovernmental					
Public safety	403,272	-	-	-	403,272
Highways and streets	-	466,091	-	-	466,091
Health	-	-	174,416	-	174,416
Culture and recreation	284,107	-	-	-	284,107
Debt service					
Principal	109,270	1,566	5,140	-	115,976
Interest	9,587	-	-	-	9,587
Total Expenditures	\$ 10,403,725	\$ 9,362,968	\$ 7,164,261	\$ 680,522	\$ 27,611,476
Excess of Revenues Over (Under)					
Expenditures	\$ 1,438,500	\$ 67,719	\$ 59,225	\$ (382,484)	\$ 1,182,960

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

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**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

***EXHIBIT 5
(Continued)***

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
Other Financing Sources (Uses)					
Loans issued	\$ 188,741	\$ -	\$ -	\$ -	\$ 188,741
Proceeds from sale of capital assets	-	2,000	-	-	2,000
Insurance recoveries	648	-	-	-	648
Total Other Financing Sources (Uses)	<u>\$ 189,389</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,389</u>
Net Change in Fund Balance	\$ 1,627,889	\$ 69,719	\$ 59,225	\$ (382,484)	\$ 1,374,349
Fund Balance – January 1	2,628,813	13,140,762	3,817,570	2,213,679	21,800,824
Increase (decrease) in inventories	<u>-</u>	<u>51,423</u>	<u>-</u>	<u>-</u>	<u>51,423</u>
Fund Balance – December 31	<u><u>\$ 4,256,702</u></u>	<u><u>\$ 13,261,904</u></u>	<u><u>\$ 3,876,795</u></u>	<u><u>\$ 1,831,195</u></u>	<u><u>\$ 23,226,596</u></u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net change in fund balance – total governmental funds (Exhibit 5) \$ 1,374,349

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 deferred revenue as unavailable revenue.

Unavailable revenue – December 31	\$ 4,796,555	
Unavailable revenue – January 1	<u>(5,626,162)</u>	(829,607)

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 and reported as depreciation expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. The difference is the net book value of the assets disposed of.

Expenditures for general capital assets and infrastructure	\$ 6,484,063	
Net book value of assets disposed of	(145,892)	
Current year depreciation	<u>(2,275,653)</u>	4,062,518

Debt issuance proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are:

Loans issued		(188,741)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments		
Loan payments	\$ 96,296	
Lease payments	<u>19,680</u>	115,976

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

**EXHIBIT 6
(Continued)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	\$	(102,149)	
Change in other postemployment benefits liability		(30,620)	
Change in net pension liability		(617,014)	
Change in deferred pension outflows		(215,053)	
Change in deferred other postemployment benefits outflows		3,738	
Change in deferred pension inflows		1,480,785	
Change in deferred other postemployment benefits inflows		2,351	
Change in inventories		<u>51,423</u>	573,461

An internal service fund is used by Chippewa County to charge the cost of the self-funded insurance programs to functions. The increase or decrease in net position of the internal service fund is reported in the government-wide statement of activities.

316,617

Change in Net Position of Governmental Activities (Exhibit 2)

\$ 5,424,573

PROPRIETARY FUND

CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA

EXHIBIT 7

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2020

	<u>Governmental Activities Internal Service Fund</u>
<u>Assets</u>	
Current assets	
Cash and pooled investments	\$ <u>444,052</u>
<u>Liabilities</u>	
Current liabilities	
Claims payable	\$ <u>127,435</u>
<u>Net Position</u>	
Unrestricted	\$ <u><u>316,617</u></u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues	
Charges for services	\$ 2,972,995
Operating Expenses	
Cost of service	<u>2,656,378</u>
Operating Income (Loss)	\$ 316,617
Net Position – January 1	<u>-</u>
Net Position – December 31	<u>\$ 316,617</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Receipts from internal services provided	\$ 2,972,995
Payments to suppliers	(2,528,943)
	444,052
Net cash provided by (used in) operating activities	\$ 444,052
Cash and Cash Equivalents at January 1	-
Cash and Cash Equivalents at December 31	\$ 444,052
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	\$ 316,617
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Increase (decrease) in claims payable	127,435
	127,435
Total adjustments	\$ 127,435
Net Cash Provided by (Used in) Operating Activities	\$ 444,052

FIDUCIARY FUNDS

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds	
		Other	External Investment Pool
<u>Assets</u>			
Cash and pooled investments	\$ 25,233	\$ 4,478,051	\$ -
Investments	-	21,000	9,272,937
Taxes and special assessments receivable for other governments	-	362,560	-
Accounts receivable	-	2,340	-
Accrued interest receivable	-	106	9,737
	\$ 25,233	\$ 4,864,057	\$ 9,282,674
<u>Liabilities</u>			
Due to others	\$ -	\$ 995	\$ -
Due to other governments	-	2,340	-
	\$ -	\$ 3,335	\$ -
<u>Net Position</u>			
Restricted for individuals, organizations, and other governments	\$ 25,233	\$ 4,860,722	\$ 9,282,674

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT 11

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

	Social Welfare Private-Purpose Trust Fund	Custodial Funds	
		Other	External Investment Pool
<u>Additions</u>			
Contributions from individuals	\$ 200,108	\$ 90,207	\$ -
Net increase in fair market value of investments	-	-	21,371
Interest earnings	-	807	78,510
Property tax collections for other governments	-	13,230,276	-
Fees collected for state	-	1,534,762	-
Payments from state	-	880,419	-
Refunds collected for other entities	-	46,536	-
Payments from other entities	-	71,838,442	9,818,931
Miscellaneous	-	13,169	-
Total Additions	\$ 200,108	\$ 87,634,618	\$ 9,918,812
<u>Deductions</u>			
Beneficiary payments to individuals	\$ 193,439	\$ 1,604,704	\$ -
Payments of property tax to other governments	-	13,031,601	-
Payments to state	-	1,508,738	-
Administrative expense	-	1,541	-
Payments to other entities	-	68,642,748	9,550,989
Total Deductions	\$ 193,439	\$ 84,789,332	\$ 9,550,989
Change in Net Position	\$ 6,669	\$ 2,845,286	\$ 367,823
Net Position – January 1	18,564	2,015,436	8,914,851
Net Position – December 31	\$ 25,233	\$ 4,860,722	\$ 9,282,674

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Chippewa County was established February 20, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Chippewa County. 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 Auditor/Treasurer/Coordinator serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures

The County participates in several joint ventures described in Note 4.C.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about Chippewa 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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

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

2. Fund Financial Statements

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

The County reports the following major governmental funds:

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state governments, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Family Services Special Revenue Fund accounts for restricted revenue resources from federal, state, and other oversight agencies, as well as assigned property tax revenues used for economic assistance and community social services programs.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

Additionally, the County reports the following fund types:

- The Internal Service Fund accounts for health insurance premiums and payments.
- The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust that Chippewa County is holding on behalf of individuals receiving social welfare assistance.
- Custodial funds are safekeeping in nature. These funds account for monies held in a fiduciary capacity.
 - Other custodial funds are used to account for money on behalf of special districts that use the County as a depository, property taxes collected on behalf of other governments, and individual inmate accounts from the County jail.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

- The External Investment Pool is used to account for investments held by the County for CCM Health, a legally separate entity that is not part of the County's financial reporting entity. CCM Health was formerly known as Chippewa County-Montevideo Hospital, and it is referred to as the Hospital in this report.

C. Measurement Focus and Basis of Accounting

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

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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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

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

1. Cash and 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.

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer/Coordinator for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$61,039.

Chippewa 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are included in assigned fund balance in applicable governmental funds and offset by nonspendable fund balance in the General Fund to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Special assessments receivable consist of delinquent special assessments payable in the years 2015 through 2020 and noncurrent special assessments payable in 2021 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

Accounts receivable are shown net of an allowance for uncollectibles.

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of Chippewa County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Improvements other than buildings	20 - 35
Public domain infrastructure	15 - 75
Machinery and equipment	3 - 15

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation, sick leave, and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide financial statements. The government-wide

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

6. Compensated Absences (Continued)

statement of net position reports both current and noncurrent portions of compensated absences. The current portion is calculated using a trend analysis of current usage of vacation. The noncurrent portion consists of the remaining amount of vacation, total vested sick leave, and comp time. For the governmental activities, compensated absences are liquidated by the General Fund, Road and Bridge Special Revenue Fund, and Family Services Special Revenue Fund.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

At December 31, 2020, Chippewa County reported no bonded debt.

8. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association of Minnesota (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 the General Fund, Road and Bridge Special Revenue Fund, and Family Services Special Revenue Fund.

9. 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 position that applies to a future period(s) and will not be recognized as an outflow of resources

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

9. Deferred Outflows/Inflows of Resources (Continued)

(expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with defined benefit pension plans and other postemployment benefits (OPEB) and, accordingly, they are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows, unavailable revenue, deferred pension inflows, and deferred OPEB inflows, that qualify for reporting in this category. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, grants receivable, and other items that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. This unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County also reports deferred inflows of resources associated with defined benefit pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

10. Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. At December 31, 2020, all unearned revenue was the result of receiving grants prior to the revenue recognition criteria being met.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

11. Classification of Net Position

Net position in the government-wide 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 and related contracts payable 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.

12. Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Chippewa 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

12. Classification of Fund Balances (Continued)

- 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 Auditor/Treasurer/Coordinator, who has been delegated that authority by Board resolution.
- Unassigned – the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Chippewa 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 classifications could be used.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

1. Summary of Significant Accounting Policies

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

13. Minimum Fund Balance

Chippewa County has adopted a minimum fund balance policy for its governmental funds. The General Fund, the Road and Bridge Special Revenue Fund, and the Family Services Special Revenue Fund all are heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. At December 31, 2020, the County's unrestricted fund balance was at or above the minimum fund balance level, except in the General Fund.

14. Use of Estimates

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

2. Stewardship, Compliance, and Accountability

Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$1,831,195 as of December 31, 2020, although the County reported individual ditches with deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

115 ditches with positive fund balances	\$ 2,401,170
26 ditches with deficit fund balances	<u>(569,975)</u>
Total Fund Balance	<u>\$ 1,831,195</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 8,951,665
Investments	15,160,898
Statement of fiduciary net position	
Cash and pooled investments	4,503,284
Investments	<u>9,293,937</u>
 Total Cash and Investments	 <u>\$ 37,909,784</u>

a. Deposits

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

a. Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County has adopted a policy for custodial credit risk of obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and perfected security interest under federal law. As of December 31, 2020, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

- (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. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available, and that they qualify under Minn. Stat. § 118A.06 to hold investments. At December 31, 2020, the County's investments were not exposed to custodial credit risk.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit.

The following table presents the County's cash and investment balances at December 31, 2020, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
U.S. agency securities					
Federal Home Loan Bank Bond	Aaa AA+	Moody's S&P	>5%	11/29/2021	\$ 2,336,708
Municipal bonds					
Clifton, NJ	AA-	S&P	<5%	08/15/2021	\$ 102,942
Los Angeles, CA	AA	S&P			
	Aa2	Moody's	<5%	09/01/2022	159,965
New Ulm, MN	Aa2	Moody's	<5%	12/01/2021	355,698
Las Vegas Valley, NV Watershed District	AA	S&P			
	Aa1	Moody's	<5%	12/01/2021	104,406
Lindenwold Boro, NJ School District	AA	S&P	<5%	06/01/2022	105,113
Montgomery County, NY Ref	A+	S&P	<5%	08/01/2022	550,155
Shawnee County, KS Ref	Aa1	Moody's	<5%	09/01/2022	167,425
Athol Royalston, MA Regional School District	A+	S&P	<5%	09/01/2022	145,400
Connecticut ST Municipal Bond	A	S&P			
	A1	Moody's	<5%	10/15/2022	517,985
Bethel Park, PA Ref	AA	S&P	<5%	12/01/2022	193,485
Beaumont, CA Unified School District	Aa3	Moody's	<5%	08/01/2023	185,628
Burlingame, CA Elementary School	Aa1	Moody's	<5%	08/01/2023	775,320
San Mateo, CA Union High School	Aaa	Moody's	<5%	09/01/2023	263,605
Canadian County, OK ISD	A+	S&P	<5%	11/01/2023	784,538
Bethel Park, PA Ref	AA	S&P	<5%	12/01/2023	205,130
Total municipal bonds					\$ 4,616,795

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
Money market mutual funds	N/R	N/A	>5%	N/A	\$ 2,490,408
Negotiable certificates of deposit with brokers	N/A	N/A	>5%	Varies	\$ 4,265,974
Investment pools – MAGIC Funds	N/R	N/A	>5%	N/A	\$ 10,775,936
Total investments					\$ 24,485,821
Checking					11,252,563
Non-negotiable certificates of deposit					2,169,200
Petty cash and change funds					2,200
Total Cash and Investments					\$ 37,909,784

N/A – Not Applicable

N/R – Not Rated

<5% – Concentration is less than 5% of investments

>5% – Concentration is more than 5% of investments

Chippewa 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

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

	December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. agencies	\$ 2,336,708	\$ -	\$ 2,336,708	\$ -
Municipal bonds	4,616,795	-	4,616,795	-
Negotiable certificates of deposit	4,265,974	-	4,265,974	-
Money market mutual fund	1,067,004	-	1,067,004	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 12,286,481</u>	<u>\$ -</u>	<u>\$ 12,286,481</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Money market mutual funds	<u>\$ 12,199,340</u>			

Debt securities classified in Level 2 are valued using a market approach based on various market and industry inputs.

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

The County's invests in money market mutual funds for the benefit of liquid investments. Money market funds held by the County seek a constant NAV of \$1.00 per share. In addition to being a part of the County's portfolio, the County also holds money market funds as part of the Investment Trust fund and may only use these funds to redeem Gross Revenue Hospital Bonds, Series 2016.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments (Continued)

External Investment Pool

Chippewa County sponsors an external investment pool where cash belonging to CCM Health (Hospital) is pooled and invested by the County Auditor/Treasurer/Coordinator. The pool is reported as a fiduciary fund of the County. The fund is not registered with the Securities and Exchange Commission.

2. Receivables

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

	<u>Receivable</u>	<u>Less: Allowance for Uncollectible Accounts</u>	<u>Net Receivables</u>	<u>Amounts Not Scheduled for Collection During the Subsequent Year</u>
Governmental Activities				
Taxes	\$ 126,189	\$ -	\$ 126,189	\$ -
Special assessments	1,429,605	-	1,429,605	758,235
Accounts receivable	975,538	(780,462)	195,076	-
Interest	60,708	-	60,708	-
Loans receivable	548,396	-	548,396	515,563
Due from other governments	<u>3,306,721</u>	<u>-</u>	<u>3,306,721</u>	<u>-</u>
Total Governmental Activities	<u>\$ 6,447,157</u>	<u>\$ (780,462)</u>	<u>\$ 5,666,695</u>	<u>\$ 1,273,798</u>

Loans Receivable

On February 6, 2018, the County Board approved a \$325,000 loan to the Chippewa County Fair Board for the construction of a garage at the Chippewa County Fairgrounds to house buses. The loan is to be repaid at three percent annual interest over 14 years beginning in 2019, with provisions to review the terms of the agreement every three years.

On November 15, 2011, the County Board approved a \$348,072 loan to the City of Clara City for the construction of a highway maintenance shop in Clara City. Chippewa County issued a loan for one-half of the construction costs to be repaid at 1.5 percent interest over 25 years, with repayments beginning in 2013.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

2. Receivables

Loans Receivable (Continued)

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

	Beginning Balance	Increase	Decrease	Ending Balance
Chippewa County fair board	\$ 317,166	\$ -	\$ 19,206	\$ 297,960
City of Clara City shop	263,286	-	12,850	250,436
Total	<u>\$ 580,452</u>	<u>\$ -</u>	<u>\$ 32,056</u>	<u>\$ 548,396</u>

3. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,281,329	\$ -	\$ -	\$ 1,281,329
Right-of-way	602,873	14,403	2,000	615,276
Construction in progress	789,475	1,677,711	295,613	2,171,573
Total capital assets not depreciated	<u>\$ 2,673,677</u>	<u>\$ 1,692,114</u>	<u>\$ 297,613</u>	<u>\$ 4,068,178</u>
Capital assets depreciated				
Buildings	\$ 12,446,728	\$ 303,816	\$ -	\$ 12,750,544
Improvements other than buildings	82,642	-	-	82,642
Machinery and equipment	7,867,644	381,070	202,132	8,046,582
Infrastructure	73,693,162	4,402,676	-	78,095,838
Total capital assets depreciated	<u>\$ 94,090,176</u>	<u>\$ 5,087,562</u>	<u>\$ 202,132</u>	<u>\$ 98,975,606</u>
Less: accumulated depreciation for				
Buildings	\$ 8,798,111	\$ 242,255	\$ -	\$ 9,040,366
Improvements other than buildings	7,008	3,734	-	10,742
Machinery and equipment	4,883,455	507,124	58,240	5,332,339
Infrastructure	26,523,112	1,522,540	-	28,045,652
Total accumulated depreciation	<u>\$ 40,211,686</u>	<u>\$ 2,275,653</u>	<u>\$ 58,240</u>	<u>\$ 42,429,099</u>
Total capital assets depreciated, net	<u>\$ 53,878,490</u>	<u>\$ 2,811,909</u>	<u>\$ 143,892</u>	<u>\$ 56,546,507</u>
Capital Assets, Net	<u>\$ 56,552,167</u>	<u>\$ 4,504,023</u>	<u>\$ 441,505</u>	<u>\$ 60,614,685</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

3. Capital Assets (Continued)

Construction in progress consists of amounts completed on open road projects.

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

General government	\$ 200,451
Public safety	178,270
Highways and streets, including depreciation of infrastructure assets	1,792,490
Sanitation	1,848
Human services	20,880
Culture and recreation	23,931
Conservation of natural resources	57,783
Total Depreciation Expense – Governmental Activities	\$ 2,275,653

B. Liabilities and Deferred Inflows of Resources

1. Accounts Payable

Accounts payable at December 31, 2020, were as follows:

	Governmental Activities
Accounts payable	\$ 427,834
Salaries payable	187,636
Contracts payable	321,544
Claims payable	127,435
Due to other governments	121,148
Total Payables	\$ 1,185,597

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities and Deferred Inflows of Resources (Continued)

2. Construction Commitments

The County has active construction projects and other commitments as of December 31, 2020. The projects and commitments include the following:

	Spent-to-Date	Remaining Commitment
Road and Bridge Special Revenue Fund		
Gravel crushing and hauling	\$ -	\$ 534,075
Ditch Special Revenue Fund		
Construction, repairs, maintenance	-	73,428
Total Construction Commitments	\$ -	\$ 607,503

Additional remaining commitments for highway projects are state funded and, therefore, not obligations of the County at December 31, 2020.

3. Advances From Other Governments

Chippewa County is the designated fiscal host for the Southwest Minnesota Regional Minnesota Family Investment Program/Divisionary Work Program (MFIP/DWP) Partnership. This is a 14-county partnership created to administer MFIP/DWP funds. The participating counties previously advanced \$273,742 to Chippewa County for cash flow purposes. During 2019, an additional \$30,390 was advanced to Chippewa County from the participating entities. The outstanding balance at December 31, 2020, was \$304,132. The funds will be returned when the partnership is dissolved.

4. Long-Term Debt

Loans Payable

The County entered into loan agreements with the Minnesota Pollution Control Agency for the financing of clean water projects. The loans are secured by special assessments placed on the individual parcels requesting funding of a project. Loan payments are reported in the General Fund.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities and Deferred Inflows of Resources

4. Long-Term Debt

Loans Payable (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Chippewa River Continuation Loan (SRF0207)	2021	\$ 11,745	2.0	\$ 105,970	\$ 11,571
Hawk Creek Watershed Continuation Loan (SRF0231)	2023	8,252	2.0	74,451	23,911
Chippewa River Watershed Loan (SRF0232)	2024	13,232	2.0	119,391	50,624
Hawk Creek Watershed Loan (SRF277)	2026	11,851	2.0	106,929	66,693
Chippewa River Watershed Loan (SRF295)	2028	17,268	2.0	155,802	119,708
Hawk Creek Watershed Loan (SRF300)	2029	18,114	2.0	163,441	140,837
Chippewa River Watershed Loan (SRF310)	2029	18,328	2.0	330,737	330,737
AG BMP Well loans	2031	1,694 - 2,214	-	38,035	38,035
Total				<u>\$ 1,094,756</u>	<u>\$ 782,116</u>

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of copiers for various departments. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Capital lease payments are paid from the General Fund, the Road and Bridge Special Revenue Fund, and the Family Services Special Revenue Fund.

Capital leases consist of the following at December 31, 2020:

Lease	Final Maturity	Installments	Payment Amount	Original Issue Amount	Outstanding Balance December 31, 2020
Copier leases	2023	Monthly	\$ 1,640	\$ 78,720	<u>\$ 57,400</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities and Deferred Inflows of Resources

4. Long-Term Debt

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

Year Ending December 31	Governmental Activities
2021	\$ 21,245
2022	21,245
2023	19,474
Total minimum lease payments	\$ 61,694
Less: amount representing interest	(4,564)
Present Value of Minimum Lease Payments	\$ 57,400

5. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans payable	\$ 689,671	\$ 188,741	\$ 96,296	\$ 782,116	\$ 100,483
Capital lease	77,080	-	19,680	57,400	19,680
Compensated absences	677,616	425,623	323,474	779,765	94,681
Long-Term Liabilities	\$ 1,444,367	\$ 614,364	\$ 439,450	\$ 1,619,281	\$ 214,844

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities and Deferred Inflows of Resources (Continued)

6. Debt Service Requirements

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

<u>Year Ending December 31</u>	<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 100,483	\$ 11,213
2022	96,167	12,669
2023	98,137	10,806
2024	91,854	8,945
2025	80,439	7,240
2026 - 2030	305,885	15,302
2031	9,151	182
Total	<u>\$ 782,116</u>	<u>\$ 66,357</u>

7. Conduit Debt

In 2007, Chippewa County issued \$36,565,000 of Gross Revenue Hospital Bonds, Series 2007, to provide financial assistance to the Hospital for the acquisition, construction, and equipping of a new hospital located in the City of Montevideo. The bonds are secured by the property. They are financed and payable solely from revenues of the Hospital. Neither the County, the state, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In 2016, Chippewa County issued \$31,600,000 of Gross Revenue Hospital Refunding Bonds, Series 2016, to refund the Gross Revenue Bonds, Series 2007, which were redeemed on March 1, 2017. The outstanding principal payable at December 31, 2020, was \$28,120,000.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

B. Liabilities and Deferred Inflows of Resources (Continued)

8. Property Assessed Clean Energy Program

The Port Authority of the City of Saint Paul created the Property Assessed Clean Energy Program (PACE) of Minnesota for purposes of implementing and administering activities under Minn. Stat. §§ 216C.435 and 216C.346 and ch. 429 to provide financing for acquisition and construction or installation of energy efficiency and conservation improvements on qualifying real properties. On July 21, 2015, the County signed a joint powers agreement with the Port Authority of the City of Saint Paul, creating the opportunity for Chippewa County landowners to obtain financing for qualifying improvements through PACE of Minnesota with repayment to be made by the County through collections of special assessments. The Port Authority is solely responsible for implementation and administration of PACE of Minnesota. The County is not obligated in any manner for special assessment debt and is in no way liable for repayment, but is only acting as agent for the property owners in collection of the assessments, forwarding the collections to the Port Authority, and initiating foreclosure proceedings, if appropriate. At December 31, 2020, the outstanding balance of PACE loans in Chippewa County was \$405,200.

C. Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue consists of special assessments, taxes, state grants, interest, and other receivables not collected soon enough after year-end to pay liabilities of the current period. Deferred inflows of resources at December 31, 2020, are summarized below by fund:

	Special Assessments	Taxes	Grants	Interest	Loans Receivable	Other	Total
Major governmental funds							
General Fund	\$ 622,188	\$ 79,196	\$ -	\$ 9,338	\$ 297,960	\$ 31,701	\$ 1,040,383
Special Revenue Funds							
Road and Bridge	-	16,337	2,162,703	39,220	250,436	24,295	2,492,991
Family Services	-	30,656	-	-	-	257,252	287,908
Ditch	807,417	-	-	-	-	167,856	975,273
Total	<u>\$ 1,429,605</u>	<u>\$ 126,189</u>	<u>\$ 2,162,703</u>	<u>\$ 48,558</u>	<u>\$ 548,396</u>	<u>\$ 481,104</u>	<u>\$ 4,796,555</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

D. Other Postemployment Benefits (OPEB)

1. Plan Description

Chippewa County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical, dental, and life insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

2. Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Chippewa County Board of Commissioners. Retirees are required to pay 100 percent of the premium costs. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

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, 2019, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Active plan participants	<u>114</u>
Total	<u><u>125</u></u>

3. Total OPEB Liability

The County's total OPEB liability of \$803,453 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2019. The OPEB liability is liquidated through the General Fund, Road and Bridge Special Revenue Fund, and Family Services Special Revenue Fund.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

3. Total OPEB Liability (Continued)

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

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.50 percent
Salary increases	3.00 percent, average wage inflation plus merit/productivity increases
Health care cost trend	6.25 percent as of January 1, 2020, decreasing to 5.00 percent over five years

The salary increases have been determined on the long-term inflation assumption plus any additional wage increase assumption in excess of inflation. The additional wage increase assumption is based on review of increases in the taxable wage base compared to inflation.

The current year discount rate is 3.80 percent. For the current valuation, the discount rate is the 20-year municipal bond yield. The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of January 1, 2020.

Mortality rates are based on Society of Actuaries RP-2014 White Collar Mortality tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB) (Continued)

4. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2020	\$ 772,833
Changes for the year	
Service cost	\$ 43,111
Interest	30,202
Benefit payments	(42,693)
Net change	\$ 30,620
Balance at December 31, 2020	\$ 803,453

5. OPEB Liability Sensitivity

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

	Discount Rate	Total OPEB Liability
1% Decrease	2.80%	\$ 862,301
Current	3.80	803,453
1% Increase	4.80	748,687

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:

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

5. OPEB Liability Sensitivity (Continued)

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 723,903
Current	6.50% Decreasing to 5.00%	803,453
1% Increase	7.50% Decreasing to 6.00%	896,720

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

For the year ended December 31, 2020, the County recognized OPEB expense of \$79,865. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience of the plan	\$ 53,417	\$ -
Changes in actuarial assumptions	-	14,103
Contributions subsequent to the measurement date	55,334	-
Total	\$ 108,751	\$ 14,103

The \$55,334 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

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

Year Ended December 31	OPEB Expense Amount
2021	\$ 6,552
2022	6,552
2023	6,552
2024	6,552
2025	6,552
Thereafter	6,554

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No Chippewa 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, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

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

b. Benefits Provided

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

c. Contributions

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

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

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

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

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

General Employees Plan	\$ 385,883
Police and Fire Plan	127,850
Correctional Plan	55,058

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

d. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of \$4,328,720 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.0722 percent. It was 0.0698 percent measured as of June 30, 2019. The County recognized pension expense of (\$6,038) for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$11,613 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The County's proportionate share of the net pension liability	\$ 4,328,720
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>133,435</u>
Total	<u>\$ 4,462,155</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 38,326	\$ 16,378
Changes in actuarial assumptions	-	162,580
Difference between projected and actual investment earnings	66,514	-
Changes in proportion	99,518	332,863
Contributions paid to PERA subsequent to the measurement date	190,514	-
Total	\$ 394,872	\$ 511,821

The \$190,514 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (441,880)
2022	(85,425)
2023	115,259
2024	104,583

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Police and Fire Plan

At December 31, 2020, the County reported a liability of \$821,181 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.0623 percent. It was 0.0670 percent measured as of June 30, 2019. The County recognized pension expense of \$72,927 for its proportionate share of the Police and Fire Plan's pension expense.

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

Legislation required the State of Minnesota to pay direct state aid of \$4.5 million on October 1, 2019, and to pay \$9 million by October 1 of each subsequent year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$5,955 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

The County's proportionate share of the net pension liability	\$ 821,181
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>19,355</u>
Total	<u>\$ 840,536</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$5,607 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 39,175	\$ 47,537
Changes in actuarial assumptions	335,711	611,829
Difference between projected and actual investment earnings	4,590	-
Changes in proportion	1,894	110,269
Contributions paid to PERA subsequent to the measurement date	66,635	-
Total	\$ 448,005	\$ 769,635

The \$66,635 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Year Ended December 31	Pension Expense Amount
2021	\$ (101,418)
2022	(311,158)
2023	10,584
2024	21,499
2025	(7,772)

Correctional Plan

At December 31, 2020, the County reported a liability of \$72,502 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.2672 percent. It was 0.2385 percent measured as of June 30, 2019. The County recognized pension expense of (\$123,766) for its proportionate share of the Correctional Plan's pension expense.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 587	\$ 26,414
Changes in actuarial assumptions	-	127,398
Difference between projected and actual investment earnings	18,349	-
Changes in proportion	3,622	6,626
Contributions paid to PERA subsequent to the measurement date	29,505	-
Total	\$ 52,063	\$ 160,438

The \$29,505 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (150,924)
2022	(5,037)
2023	5,001
2024	13,080

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was (\$56,877).

e. Actuarial Assumptions

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

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

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

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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

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

f. Discount Rate

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The changes result in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

General Employees Plan (Continued)

- The 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.

Police and Fire Plan

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

Correctional Plan

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

h. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 6,937,437	6.50%	\$ 1,636,731	6.50%	\$ 450,593
Current	7.50	4,328,720	7.50	821,181	7.50	72,502
1% Increase	8.50	2,176,738	8.50	146,455	8.50	(230,217)

i. Pension Plan Fiduciary Net Position

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

2. Defined Contribution Plan

Five County Commissioners of Chippewa 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

2. Defined Contribution Plan (Continued)

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 Chippewa County during the year ended December 31, 2020, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 8,358	\$ 8,358
Percentage of covered payroll	5.00%	5.00%

4. Summary of Significant Contingencies and Other Items

A. 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 for which the County carries commercial insurance. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For all other risks, 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

A. Risk Management (Continued)

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

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.

On October 29, 2019, Chippewa County entered into a joint powers agreement with other local counties (Benton, Lyon, Murray, Redwood, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2020. Premiums will be withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County will be billed weekly, in aggregate, for claims incurred.

The County established a limited risk management program for health coverage in 2020. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$50,000 stop-loss per person insured (employee and eligible dependent) per year (\$1,000,000 aggregate) for the health plan. Liabilities of the Internal Service Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The December 31, 2020, liability is determined based on detailed reports received by the County from the third-party administrator for claims incurred, adjusted, and paid through March 31, 2021. Changes in the balances of claims liabilities during 2020 are as follows:

Unpaid claims, January 1	\$ -
Incurred claims	1,989,372
Claims payments	<u>(1,861,937)</u>
Unpaid Claims, December 31	<u>\$ 127,435</u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

B. Contingent Liabilities

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

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.

C. Joint Ventures

Countryside Public Health Service

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

In the event of termination of the joint powers agreement, any property acquired as a result of the agreement and any surplus monies on hand at that time shall be divided among the counties in the same proportions as their respective proportionate financial responsibilities.

Control is vested in the Countryside Public Health Service Board of Health. The Board consists of 11 persons, two from each county, except the county with the largest population, which has three members. Each member of the Board is appointed by the County Commissioners of the county represented.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

Countryside Public Health Service (Continued)

Financing is provided by state and federal grants, appropriations from member counties, and charges for services. Chippewa County's contribution for 2020 was \$174,416.

Complete financial statements for the Countryside Public Health Service can be obtained from PO Box 313, Benson, Minnesota 56215.

Region 6W Community Corrections

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

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

Chippewa County's contribution for the year ended 2020 was \$365,531.

Complete financial statements for Region 6W Community Corrections can be obtained at 129 Nichols Avenue, PO Box 551, Montevideo, Minnesota 56265.

CCM Health

Chippewa County participates with the City of Montevideo in a joint venture to provide acute inpatient and outpatient care to the Chippewa County area. The Hospital Commission consists of seven members—three from Chippewa County, three from the City of Montevideo, and a seventh member appointed by the other six members. The Chippewa County-Montevideo Hospital changed its name to CCM Health during 2020.

Chippewa County presents an external investment pool fund for investments held by the County for CCM Health, presented as an other custodial fund held by the County for CCM Health. The County also has conduit debt related to the Hospital disclosed in Note 3.B.7. Chippewa County did not contribute to CCM Health during 2020.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

CCM Health (Continued)

Complete financial statements can be obtained at CCM Health, 824 North 11th Street, Montevideo, Minnesota 56265.

Southwest Minnesota Private Industry Council, Inc.

The Southwest Minnesota Private Industry Council, Inc., (SW MN PIC) is a private nonprofit corporation which was created through a joint powers agreement on October 1, 1983, and began operations in 1985 under the Job Training Partnership Act (JTPA) authorized by Congress to administer and operate job training programs in a 14-county area of southwestern Minnesota. These counties include Big Stone, Chippewa, Cottonwood, Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, Swift, and Yellow Medicine.

SW MN PIC is governed by the Chief Elected Official Board, which is composed of one representative from each member county. Chippewa County, as fiscal host of the MFIP/DWP Partnership, provided \$874,515 to this organization in 2020.

Separate financial information can be obtained from the Lyon County Government Center, 607 West Main Street, Marshall, Minnesota 56258.

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

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures

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

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

Financing is provided by charges for services to member and nonmember counties. Chippewa County's contribution to the PLYP for 2020 was \$180,204.

Complete financial information can be obtained from the PLYP's office, 1808 Civic Center Drive Northeast, PO Box 894, Willmar, Minnesota 56201.

Chippewa CARE Collaborative

The Chippewa CARE Collaborative is a collaboration to receive and expend grant funds on new prevention, early intervention, and services to address children's mental health issues. Chippewa County is a member and fiscal host for the Collaborative. Chippewa County reports the Collaborative as a custodial fund in the financial statements. The County contributed \$300 to the Collaborative in 2020.

Pioneerland Library System

Chippewa County, along with 32 cities and nine other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional public library service. The Pioneerland Library System is governed by the Pioneerland Library System Board, composed of 35 members appointed by member cities and counties. During the year, Chippewa County contributed \$269,107 to the System. The City of Montevideo provided \$65,350 of the amount contributed by the County.

Separate financial information can be obtained from Pioneerland Library System at 410 – 5th Street Southwest, Willmar, Minnesota 56201.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Coordinated Enforcement Effort (CEE) VI Task Force

The Coordinated Enforcement Effort (CEE) VI Task Force was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Chippewa, Kandiyohi, Meeker, Swift, and Yellow Medicine Counties; and the Cities of Appleton, Benson, Clara City, Cosmos, Granite Falls, Litchfield, Montevideo, and Willmar.

Control of the Task Force is vested in a Board of Directors comprised of 13 members. The Board consists of the department heads or a designee from each participating full-time member agency.

The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Chippewa County has no operational or financial control over the CEE VI Task Force. During the year, Chippewa County contributed \$59,825 in funds to the Task Force. In an agent capacity, Kandiyohi County reports the cash transactions of the CEE VI Task Force as a fiduciary fund on its financial statements.

Minnesota Counties Information Systems (MCIS)

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

MCIS is governed by a 11-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. During the year, Chippewa County contributed \$107,247. Lake County is the fiscal agent for MCIS.

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

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Summary of Significant Contingencies and Other Items

C. Joint Ventures (Continued)

Port Authority of the City of Saint Paul Property Assessed Clean Energy Program (PACE) of Minnesota

Chippewa County and the Port Authority of the City of Saint Paul entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide for the financing of the acquisition and construction or installation of energy efficiency and conservation improvements on qualifying real properties located within Chippewa County. The Port Authority is solely responsible for the implementation and administration of PACE of Minnesota and financing of the improvements. Chippewa County imposes special assessments on the benefitting property and makes payment to the Port Authority. In 2020, Chippewa County paid \$94,534 to the Port Authority.

5. Subsequent Event

On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60 days after enactment. Chippewa County's projected allocation of the State and Local Coronavirus Recovery Funds is \$2,292,012.

REQUIRED SUPPLEMENTARY INFORMATION

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,063,524	\$ 7,063,524	\$ 7,044,828	\$ (18,696)
Special assessments	91,000	91,000	295,564	204,564
Licenses and permits	7,640	7,640	28,665	21,025
Intergovernmental	937,252	1,002,136	3,265,262	2,263,126
Charges for services	598,970	598,970	698,994	100,024
Fines and forfeits	-	-	40,675	40,675
Gifts and contributions	-	-	3,045	3,045
Investment earnings	20,025	20,025	61,164	41,139
Miscellaneous	354,605	354,605	404,028	49,423
Total Revenues	\$ 9,073,016	\$ 9,137,900	\$ 11,842,225	\$ 2,704,325
Expenditures				
Current				
General government				
Commissioners	\$ 298,488	\$ 298,488	\$ 371,803	\$ (73,315)
Law library	4,600	4,600	4,488	112
Auditor/treasurer	553,964	553,964	550,197	3,767
Accounting and auditing	49,000	49,000	58,909	(9,909)
Information technology	522,900	522,900	536,551	(13,651)
Central services	160,501	160,501	264,987	(104,486)
Elections	35,819	35,819	101,612	(65,793)
Attorney	322,200	322,200	317,650	4,550
Recorder	413,715	413,715	413,646	69
Geographic information systems	53,650	53,650	16,249	37,401
County assessor	492,848	492,848	416,845	76,003
Building and plant	591,553	591,553	603,948	(12,395)
Veterans service officer	186,094	186,094	163,791	22,303
Deputy registrar – license bureau	284,344	284,344	228,351	55,993
PACE clean energy	-	-	94,534	(94,534)
Other general government	83,900	83,900	262,581	(178,681)
Total general government	\$ 4,053,576	\$ 4,053,576	\$ 4,406,142	\$ (352,566)

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,506,447	\$ 1,486,325	\$ 1,496,367	\$ (10,042)
Boat and water safety	600	600	3,468	(2,868)
Court-ordered assessments	100,000	100,000	107,879	(7,879)
Court security	10,765	10,765	4,651	6,114
D.A.R.E. program	4,000	4,000	2,556	1,444
Coroner	15,000	15,000	12,577	2,423
Jail	1,357,029	1,357,029	1,210,541	146,488
Victim witness program	74,272	74,272	71,522	2,750
Emergency management	140,182	160,304	149,311	10,993
Safety management	-	-	607	(607)
Dispatch	100,250	100,250	81,294	18,956
Total public safety	\$ 3,308,545	\$ 3,308,545	\$ 3,140,773	\$ 167,772
Sanitation				
Household hazardous waste	\$ 3,500	\$ 3,500	\$ 2,467	\$ 1,033
Recycling	182,000	182,000	176,826	5,174
Solid waste	100,100	100,100	99,996	104
Total sanitation	\$ 285,600	\$ 285,600	\$ 279,289	\$ 6,311
Public health				
Other public health	\$ -	\$ -	\$ 323,442	\$ (323,442)
Culture and recreation				
Airport	\$ 36,750	\$ 36,750	\$ 16,313	\$ 20,437
Historical society	45,000	45,000	45,000	-
Regional library	62,700	62,700	33,276	29,424
Fairgrounds	48,149	48,149	48,126	23
Parks	52,000	52,000	9,477	42,523
Other culture and recreation	-	-	59,319	(59,319)
Total culture and recreation	\$ 244,599	\$ 244,599	\$ 211,511	\$ 33,088

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Conservation of natural resources				
Extension	\$ 114,377	\$ 114,377	\$ 105,208	\$ 9,169
Soil and water conservation	82,000	82,000	82,000	-
Ditch inspector	98,113	98,113	65,217	32,896
Weed control	148,112	148,112	78,662	69,450
Water planning	12,000	95,623	132,743	(37,120)
Land resource management	228,336	228,336	383,068	(154,732)
County farm	500	500	487	13
Other	3,000	3,000	2,170	830
	<u>3,000</u>	<u>3,000</u>	<u>2,170</u>	<u>830</u>
Total conservation of natural resources	\$ 686,438	\$ 770,061	\$ 849,555	\$ (79,494)
Economic development				
Community development	\$ 17,000	\$ 17,000	\$ 346,234	\$ (329,234)
Prairie Five	10,034	10,034	16,568	(6,534)
Other economic development	24,620	24,620	23,975	645
	<u>24,620</u>	<u>24,620</u>	<u>23,975</u>	<u>645</u>
Total economic development	\$ 51,654	\$ 51,654	\$ 386,777	\$ (335,123)
Intergovernmental				
Public safety	\$ 365,532	\$ 365,532	\$ 403,272	\$ (37,740)
Culture and recreation	284,111	284,111	284,107	4
	<u>284,111</u>	<u>284,111</u>	<u>284,107</u>	<u>4</u>
Total intergovernmental	\$ 649,643	\$ 649,643	\$ 687,379	\$ (37,736)
Debt service				
Principal	\$ -	\$ -	\$ 109,270	\$ (109,270)
Interest	-	-	9,587	(9,587)
	<u>-</u>	<u>-</u>	<u>9,587</u>	<u>(9,587)</u>
Total debt service	\$ -	\$ -	\$ 118,857	\$ (118,857)
Total Expenditures	\$ 9,280,055	\$ 9,363,678	\$ 10,403,725	\$ (1,040,047)
Excess of Revenues Over (Under) Expenditures	\$ (207,039)	\$ (225,778)	\$ 1,438,500	\$ 1,664,278

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

***EXHIBIT A-1
(Continued)***

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Loans issued	\$ -	\$ -	\$ 188,741	\$ 188,741
Insurance recoveries	-	-	648	648
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,389</u>	<u>\$ 189,389</u>
Net Change in Fund Balance	\$ (207,039)	\$ (225,778)	\$ 1,627,889	\$ 1,853,667
Fund Balance – January 1	<u>2,628,813</u>	<u>2,628,813</u>	<u>2,628,813</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 2,421,774</u></u>	<u><u>\$ 2,403,035</u></u>	<u><u>\$ 4,256,702</u></u>	<u><u>\$ 1,853,667</u></u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,472,981	\$ 1,472,981	\$ 1,435,736	\$ (37,245)
Special assessments	-	-	352	352
Licenses and permits	18,000	18,000	18,500	500
Intergovernmental	8,271,014	8,271,014	7,462,205	(808,809)
Charges for services	40,000	40,000	40,642	642
Investment earnings	50,000	50,000	377,449	327,449
Miscellaneous	116,000	116,000	95,803	(20,197)
Total Revenues	\$ 9,967,995	\$ 9,967,995	\$ 9,430,687	\$ (537,308)
Expenditures				
Current				
Highways and streets				
Maintenance	\$ 2,647,075	\$ 2,647,075	\$ 2,151,042	\$ 496,033
Engineering/construction	6,750,850	6,750,850	6,147,992	602,858
Administration	278,350	278,350	284,419	(6,069)
Equipment and shop	481,700	481,700	311,858	169,842
Total highways and streets	\$ 10,157,975	\$ 10,157,975	\$ 8,895,311	\$ 1,262,664
Intergovernmental				
Highways and streets	469,000	469,000	466,091	2,909
Debt service				
Principal	-	-	1,566	(1,566)
Total Expenditures	\$ 10,626,975	\$ 10,626,975	\$ 9,362,968	\$ 1,264,007
Excess of Revenues Over (Under) Expenditures	\$ (658,980)	\$ (658,980)	\$ 67,719	\$ 726,699
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	2,000	2,000
Net Change in Fund Balance	\$ (658,980)	\$ (658,980)	\$ 69,719	\$ 728,699
Fund Balance – January 1	13,140,762	13,140,762	13,140,762	-
Increase (decrease) in inventories	-	-	51,423	51,423
Fund Balance – December 31	\$ 12,481,782	\$ 12,481,782	\$ 13,261,904	\$ 780,122

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

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**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
FAMILY SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,727,082	\$ 2,727,082	\$ 2,658,761	\$ (68,321)
Intergovernmental	3,660,487	3,660,487	4,052,562	392,075
Charges for services	246,385	246,385	327,185	80,800
Miscellaneous	99,900	99,900	184,978	85,078
Total Revenues	\$ 6,733,854	\$ 6,733,854	\$ 7,223,486	\$ 489,632
Expenditures				
Current				
Human services				
Income maintenance	\$ 1,751,979	\$ 1,751,979	\$ 1,817,644	\$ (65,665)
Social services	5,393,360	5,393,360	5,167,061	226,299
Total human services	\$ 7,145,339	\$ 7,145,339	\$ 6,984,705	\$ 160,634
Intergovernmental				
Health	348,832	174,416	174,416	-
Debt service				
Principal	-	-	5,140	(5,140)
Total Expenditures	\$ 7,494,171	\$ 7,319,755	\$ 7,164,261	\$ 155,494
Net Change in Fund Balance	\$ (760,317)	\$ (585,901)	\$ 59,225	\$ 645,126
Fund Balance – January 1	3,817,570	3,817,570	3,817,570	-
Fund Balance – December 31	\$ 3,057,253	\$ 3,231,669	\$ 3,876,795	\$ 645,126

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-4

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 497,500	\$ 497,500	\$ 240,900	\$ (256,600)
Intergovernmental	50,000	50,000	49,683	(317)
Charges for services	-	-	646	646
Investment earnings	15,000	15,000	1,408	(13,592)
Miscellaneous	-	-	5,401	5,401
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 562,500	\$ 562,500	\$ 298,038	\$ (264,462)
Expenditures				
Current				
Conservation of natural resources				
Other	562,500	562,500	680,522	(118,022)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	\$ -	\$ -	\$ (382,484)	\$ (382,484)
Fund Balance – January 1	<u>2,213,679</u>	<u>2,213,679</u>	<u>2,213,679</u>	<u>-</u>
Fund Balance – December 31	<u><u>\$ 2,213,679</u></u>	<u><u>\$ 2,213,679</u></u>	<u><u>\$ 1,831,195</u></u>	<u><u>\$ (382,484)</u></u>

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-5

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 43,111	\$ 41,855	\$ 39,088
Interest	30,202	23,569	22,401
Differences between expected and actual experience	-	71,223	-
Changes of assumption or other inputs	-	(18,805)	-
Benefit payments	<u>(42,693)</u>	<u>(34,423)</u>	<u>(23,462)</u>
Net change in total OPEB liability	\$ 30,620	\$ 83,419	\$ 38,027
Total OPEB Liability – Beginning, as restated	<u>772,833</u>	<u>689,414</u>	<u>651,387</u>
Total OPEB Liability – Ending	<u><u>\$ 803,453</u></u>	<u><u>\$ 772,833</u></u>	<u><u>\$ 689,414</u></u>
Covered-employee payroll	\$ 6,115,660	\$ 5,937,534	\$ 5,845,864
Total OPEB liability (asset) as a percentage of covered-employee payroll	13.14%	13.02%	11.79%

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-6

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Chippewa County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0722 %	\$ 4,328,720	\$ 133,435	\$ 4,462,155	\$ 5,149,249	84.07 %	79.06 %
2019	0.0698	3,859,086	119,995	3,979,081	4,941,712	78.09	80.23
2018	0.0704	3,905,503	128,195	4,033,698	4,733,400	82.51	79.53
2017	0.0704	4,494,290	68,149	4,562,439	4,533,198	99.14	75.90
2016	0.0702	5,697,862	90,231	5,788,093	4,357,074	130.77	68.91
2015	0.0729	3,776,789	N/A	3,776,789	4,286,189	88.12	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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-7

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 385,883	\$ 385,883	\$ -	\$ 5,145,296	7.50 %
2019	377,390	377,390	-	5,031,833	7.50
2018	361,703	361,703	-	4,822,666	7.50
2017	349,227	349,227	-	4,656,307	7.50
2016	334,168	334,168	-	4,455,883	7.50
2015	316,550	316,550	-	4,220,639	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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-8

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Chippewa County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0623 %	\$ 821,181	\$ 19,355	\$ 840,536	\$ 704,085	119.38 %	87.19 %
2019	0.0670	713,283	N/A	713,283	705,369	101.12	89.26
2018	0.0702	748,260	N/A	748,260	740,077	101.11	88.84
2017	0.0750	1,012,589	N/A	1,012,589	773,432	130.92	85.43
2016	0.0760	3,050,012	N/A	3,050,012	732,687	416.28	63.88
2015	0.0750	852,176	N/A	852,176	691,058	123.31	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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-9

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 127,850	\$ 127,850	\$ -	\$ 722,318	17.70 %
2019	117,206	117,206	-	691,483	16.95
2018	115,615	115,615	-	713,675	16.20
2017	126,010	126,010	-	777,841	16.20
2016	121,380	121,380	-	749,260	16.20
2015	116,654	116,654	-	720,086	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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-10

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.2672 %	\$ 72,502	\$ 581,027	12.48 %	96.67 %
2019	0.2385	33,020	510,785	6.46	98.17
2018	0.2307	37,943	471,259	8.05	97.64
2017	0.2400	684,002	477,503	143.25	67.89
2016	0.2500	913,285	461,040	198.09	58.16
2015	0.2600	40,196	462,071	8.70	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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT A-11

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2020	\$ 55,100	\$ 55,058	\$ (42)	\$ 629,728	8.74 %
2019	48,772	48,942	170	557,396	8.78
2018	41,002	41,002	-	468,595	8.75
2017	41,585	41,585	-	475,262	8.75
2016	41,341	41,341	-	472,467	8.75
2015	39,776	39,932	156	454,579	8.78

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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

1. General Budget Policies

The County Board adopts estimated revenue and expenditure budgets for the General Fund and special revenue funds. The expenditure budget is approved at the fund level.

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

2. Budget Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

3. Budget Amendments

Fund	Original Budget	Revenues Increase (Decrease)	Final Budget
General Fund	\$ 9,073,016	\$ 64,884	\$ 9,137,900
		Expenditures	
Fund	Original Budget	Increase (Decrease)	Final Budget
General Fund	\$ 9,280,055	\$ 83,623	\$ 9,363,678
Family Services Special Revenue Fund	7,494,171	(174,416)	7,319,755

Over the course of the year, the County Board revised the revenue and expenditure budgets. The budget amendments fall into three categories: new information changing the original budget estimates, greater than anticipated revenues or costs, and new grant awards.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

4. Excess of Expenditures Over Appropriations

Fund	Expenditures	Final Budget	Excess
General Fund	\$ 10,403,725	\$ 9,363,678	\$ 1,040,047
Ditch Special Revenue Fund	680,522	562,500	118,022

5. Other Postemployment Benefits Funded Status

See Note 3.D in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

6. Employer Contributions to Other Postemployment Benefits

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

The following are changes that occurred in actuarial assumptions:

2019

- 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 White Collar Mortality tables with MP-2016 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for law enforcement employees were updated.
- The discount rate was changed from 3.30 percent to 3.80 percent.

2018

- The discount rate used changed from 3.50 percent to 3.30 percent.
- The actuarial cost method used changed from the Projected Unit Credit to the Entry Age, level percentage of pay.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

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

General Employees Retirement Plan

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

General Employees Retirement Plan

2020 (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

- 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

General Employees Retirement Plan (Continued)

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

2020

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

2019

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

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

Public Employees Police and Fire Plan

2018 (Continued)

- 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.

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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- 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.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan

2018 (Continued)

- 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.

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

FIDUCIARY FUNDS

OTHER CUSTDIAL FUNDS

Region 6W Community Corrections Custodial Fund – to account for the collection and payment of funds of the Community Corrections joint venture.

State Revenue Custodial Fund – to account for the collection and payment of the state’s share of fees collected by the County.

Taxes and Penalties Custodial Fund – to account for the collection of taxes and penalties and their payment to the various funds and governmental units.

Southern Prairie Community Care Custodial Fund – to account for the collection and payment of payroll of the Southern Prairie Community Care joint venture.

CARE Collaborative Custodial Fund – to account for the collection and payment of funds of the CARE Collaborative joint venture.

CCM Health Custodial Fund – to account for pooled cash held by the County for CCM Health, a legally separate entity, that is not part of the County’s financial reporting entity.

Sheriff Writ of Execution Custodial Fund – to account for the collection of writ of execution fees and payment of those fees.

Jail Canteen Custodial Fund – to account for inmate deposits, inmate canteen purchases, and fees paid to various agencies.

Estate Recoveries Custodial Fund – to account for the State of Minnesota’s share of estate recoveries associated with the Medical Assistance Program.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

	Region 6W Community Corrections	State Revenue	Taxes and Penalties	Southern Prairie Community Care
<u>Assets</u>				
Cash and pooled investments	\$ 606,132	\$ 130,954	\$ 415,162	\$ -
Investments	21,000	-	-	-
Taxes and special assessments receivable for other governments	-	-	362,560	-
Accounts receivable	-	-	-	-
Accrued interest receivable	106	-	-	-
Total Assets	\$ 627,238	\$ 130,954	\$ 777,722	\$ -
<u>Liabilities</u>				
Due to others	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Total Liabilities	\$ -	\$ -	\$ -	\$ -
<u>Net Position</u>				
Restricted for individuals, organizations, and other governments	\$ 627,238	\$ 130,954	\$ 777,722	\$ -

EXHIBIT B-1

Other Custodial Funds

<u>CARE Collaborative</u>	<u>CCM Health</u>	<u>Sheriff Writ of Execution</u>	<u>Jail Canteen</u>	<u>Estate Recoveries</u>	<u>Total Other Custodial Funds</u>
\$ 167,851	\$ 3,150,163	\$ -	\$ 7,789	\$ -	\$ 4,478,051
-	-	-	-	-	21,000
-	-	-	-	-	362,560
-	-	-	-	2,340	2,340
-	-	-	-	-	106
\$ 167,851	\$ 3,150,163	\$ -	\$ 7,789	\$ 2,340	\$ 4,864,057
\$ 995	\$ -	\$ -	\$ -	\$ -	\$ 995
-	-	-	-	2,340	2,340
\$ 995	\$ -	\$ -	\$ -	\$ 2,340	\$ 3,335
\$ 166,856	\$ 3,150,163	\$ -	\$ 7,789	\$ -	\$ 4,860,722

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

	<u>Region 6W Community Corrections</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Southern Prairie Community Care</u>
<u>Additions</u>				
Contributions from individuals	\$ 55,274	\$ -	\$ -	\$ -
Interest earnings	475	-	-	-
Property tax collections for other governments	-	-	13,230,276	-
Fees collected for state	-	440,177	1,094,585	-
Payments from state	700,536	-	-	-
Refunds collected for other entities	-	-	46,536	-
Payments from other entities	1,250,087	-	-	-
Miscellaneous	9,889	-	-	63
Total Additions	\$ 2,016,261	\$ 440,177	\$ 14,371,397	\$ 63
<u>Deductions</u>				
Beneficiary payments to individuals	\$ 1,598,079	\$ -	\$ -	\$ -
Payments of property tax to other governments	-	-	13,031,601	-
Payments to state	-	397,164	1,076,641	-
Administrative expense	-	-	-	-
Payments to other entities	322,198	-	46,001	14,379
Total Deductions	\$ 1,920,277	\$ 397,164	\$ 14,154,243	\$ 14,379
Change in Net Position	\$ 95,984	\$ 43,013	\$ 217,154	\$ (14,316)
Net Position – January 1	531,254	87,941	560,568	14,316
Net Position – December 31	\$ 627,238	\$ 130,954	\$ 777,722	\$ -

Other Custodial Funds

<u>CARE Collaborative</u>	<u>CCM Health</u>	<u>Sheriff Writ of Execution</u>	<u>Jail Canteen</u>	<u>Estate Recoveries</u>	<u>Total Other Custodial Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 34,933	\$ 90,207
332	-	-	-	-	807
-	-	-	-	-	13,230,276
-	-	-	-	-	1,534,762
72,818	107,065	-	-	-	880,419
-	-	-	-	-	46,536
2,100	70,544,935	-	41,320	-	71,838,442
3,217	-	-	-	-	13,169
\$ 78,467	\$ 70,652,000	\$ -	\$ 41,320	\$ 34,933	\$ 87,634,618
\$ -	\$ -	\$ -	\$ 6,625	\$ -	\$ 1,604,704
-	-	-	-	-	13,031,601
-	-	-	-	34,933	1,508,738
1,541	-	-	-	-	1,541
78,936	68,146,215	2,574	32,445	-	68,642,748
\$ 80,477	\$ 68,146,215	\$ 2,574	\$ 39,070	\$ 34,933	\$ 84,789,332
\$ (2,010)	\$ 2,505,785	\$ (2,574)	\$ 2,250	\$ -	\$ 2,845,286
168,866	644,378	2,574	5,539	-	2,015,436
\$ 166,856	\$ 3,150,163	\$ -	\$ 7,789	\$ -	\$ 4,860,722

OTHER SCHEDULES

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT C-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Appropriations and Shared Revenue

State

Highway users tax	\$	5,843,526
County program aid		635,652
PERA rate reimbursement		17,220
Disparity reduction aid		67,564
Police aid		93,723
Enhanced 911		84,345
Market value credit		190,500
Select Committee on Recycling and the Environment (SCORE)		69,692
Aquatic invasive species aid		33,943
Riparian protection aid		109,431
		109,431

Total appropriations and shared revenue **\$ 7,145,596**

Reimbursement for Services

Minnesota Department of Human Services	\$	561,511
Local		126,979
		126,979

Total reimbursement for services **\$ 688,490**

Payments

Local

Payments in lieu of taxes	\$	139,687
Local contributions		65,350
		65,350

Total payments **\$ 205,037**

Grants

State

Minnesota Department/Board/Office of		
Employment and Economic Development	\$	256,250
Human Services		921,858
Natural Resources		36,643
Public Safety		60,698
Transportation		1,412,000
Water and Soil Resources		215,583
Veterans Affairs		7,500
Secretary of State		10,216
		10,216

Total state **\$ 2,920,748**

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

***EXHIBIT C-1
(Continued)***

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Grants (Continued)

Federal

Department of Agriculture	\$ 205,143
Election Assistance Commission	12,198
Health and Human Services	2,051,008
Homeland Security	3,375
Justice	56,835
Treasury	1,527,879
Transportation	13,403

Total federal **\$ 3,869,841**

Total state and federal grants **\$ 6,790,589**

Total Intergovernmental Revenue **\$ 14,829,712**

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

EXHIBIT C-2

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	20MN101S2514	\$ 171,137	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	20MN127Q7503	33,504	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$205,143)	10.561	20MN101S2520	502	-
Total U.S. Department of Agriculture			\$ 205,143	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2020- CHIPPWAO	\$ 56,835	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	F-ENFRC20-2020- CHIPPWSD	\$ 2,824	\$ -
National Priority Safety Programs	20.616	F-ENFRC20-2020- CHIPPWSD	3,996	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC20-2020- CHIPPWSD	6,583	-
Total U.S. Department of Transportation			\$ 13,403	\$ -
U.S. Department of the Treasury				
Passed Through Minnesota Management and Budget COVID-19 – Coronavirus Relief Fund				
	21.019	SLT0016	\$ 1,527,879	\$ 267,781
U.S. Department of Election Assistance Commission				
Passed Through Minnesota Secretary of State COVID-19 – 2018 HAVA Election Security Grants				
	90.404	None Provided	\$ 12,198	\$ -

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

**EXHIBIT C-2
(Continued)**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	2001MNFPS	\$ 1,378	\$ -
Temporary Assistance for Needy Families	93.558	2001MNTANF	746,796	-
Child Support Enforcement	93.563	2001MNCES	217,956	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$284,573)	93.563	2001MNCSES	66,617	-
Refugee and Entrant Assistance – State Administered Programs	93.566	2001MNRCA	209	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2010MNCDF	1,684	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	125	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	955	-
Foster Care – Title IV-E	93.658	2001MNFOS	140,195	-
Social Services Block Grant	93.667	2010MNSOSR	92,888	-
Children's Health Insurance Program	93.767	2005MN5021	394	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MN5ADM	653,922	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$661,257)	93.778	2005MN5MAP	7,335	-
Total U.S. Department of Health and Human Services			\$ 1,930,454	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	None Provided	\$ 3,375	\$ -
Total Federal Awards			\$ 3,749,287	\$ 267,781
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 205,143	
Total expenditures for Highway Safety Cluster			6,820	
Total expenditures for CCDF Cluster			1,684	
Total expenditures for Medicaid Cluster			661,257	

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

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

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

2. De Minimis Cost Rate

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 3,869,841
Unavailable revenue in 2019, recognized as revenue in 2020	
Temporary Assistance for Needy Families (CFDA No. 93.558)	(317,629)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA No. 93.596)	(342)
Grants received more than 60 days after year-end, considered unavailable revenue in 2020	
Temporary Assistance for Needy Families (CFDA No. 93.558)	<u>197,417</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 3,749,287</u>



**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
Chippewa County
Montevideo, 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 Chippewa County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 15, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chippewa 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 Chippewa County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters. As described in the Schedule of Findings and Questioned Costs is another matter reported as item 2020-003.

Chippewa County's Response to Findings

Chippewa County's responses to the internal control and legal compliance findings identified in our audit are described in the Corrective Action Plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 15, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**Independent Auditor's Report

Board of County Commissioners
Chippewa County
Montevideo, Minnesota

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Chippewa 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 major federal program for the year ended December 31, 2020.

Other Matters

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

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002, that we consider to be a significant deficiency.

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

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

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

September 15, 2021

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over the major program:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

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

The major federal program is:

COVID 19 – Coronavirus Relief Fund

CFDA No. 21.019

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

Chippewa County qualified as a low-risk auditee? **Yes**

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

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

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Credit Card Purchases

Criteria: Counties have the authority to make purchases using credit cards, and the County has adopted a credit card policy, including management and internal control procedures. As part of the internal control procedures, the appropriate supervisors review supporting documentation and sign off on the payment as reviewed before it can be considered for payment. Additionally, internal control procedures over the use of credit cards requires claims and original invoices be submitted to the Auditor/Treasurer's Office. If a County officer or employee makes a purchase by credit card that is not approved by the County Board, the officer or employee is personally liable for the amount of the purchase.

Condition: The following internal control deficiencies were noted during the testing of credit card use by the County:

- There were 15 instances where no receipt was provided to support the claims paid and an additional 14 instances where receipts on file were not itemized. Without the proper receipts and supporting documentation, it is not possible to determine if the purchases were in accordance with the County's credit card policy.
- There were five instances where tips were paid but there was no declaration or information from the individual who made the charge to support or indicate it was a tip paid.

Context: Without proper review and approval of credit card purchases, errors or irregularities may not be detected in a timely manner.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

Effect: Failure to follow the credit card policy increases the likelihood for the misuse of the credit cards and County funds.

Cause: The County indicated that a procedure was not in place to follow up on missing items from staff to support credit card purchases.

Recommendation: We recommend the County follow the Board-approved credit card policy and ensure that the employees are submitting the proper documentation to the Auditor/Treasurer's Office for payment.

View of Responsible Official: Acknowledged

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

Finding Number: 2020-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Subrecipient Monitoring

Program: U.S. Department of the Treasury's COVID-19 – Coronavirus Relief Fund (CFDA No. 21.019), Award No. SLT0016, 2020

Pass-Through Agency: Minnesota Management and Budget

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

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

Condition: The documentation on file for one subrecipient did not include an agreement or other signed acknowledgement of program requirements to support the subrecipient had an understanding of the requirements before the funds were provided. Award information, including CFDA number, was not provided to the three subrecipients tested. Additionally, the County does not have documented policies and procedures for subrecipient monitoring.

Questioned Costs: None.

Context: The County passed funds to local governments, which the County is familiar with, who have been operating for many years. Funding was provided to one subrecipient after detailed listings of expenditures were submitted for review.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

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

Cause: Chippewa County does not generally provide federal awards to subrecipients and, therefore, did not have policies and procedures in place for subrecipient monitoring activities.

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

View of Responsible Official: Acknowledged

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

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

IV. OTHER FINDINGS AND RECOMMENDATIONS

LEGAL COMPLIANCE

Finding Number: 2020-003

Prior Year Finding Number: 2019-003

Repeat Finding Since: 2019

General Fund Cash Balance Deficits

Criteria: Minnesota Statutes, section 385.04, requires that counties pay the expenditures only if money is available in the fund for that purpose. Further, counties are limited in their ability to transfer money from one fund to another. The general rule in Minnesota is that county fund transfers, temporary and permanent, require board approval. *See* Minn. Stat. §§ 385.32 and 375.18, subd. 7. For larger counties, the treasurer is permitted to make temporary transfers as long as funds are transferred back as soon as they become available. *See* Minn. Stat. § 385.31.

Condition: The General Fund had a deficit month-end cash balance in three months of 2020, including (\$1,175,037) at the end of May.

Context: When the County allows disbursements on a fund that causes or already has a cash balance deficit, then cash from other County funds is being used to cover the disbursement.

Effect: The General Fund is not in compliance with Minn. Stat. §§ 385.04, 385.32, and 385.31. By allowing a deficit balance, cash is essentially being disbursed from other funds for purposes that were not budgeted or otherwise approved by the County Board for those funds.

Cause: In 2018, the County made a \$3,000,000 contribution as part of a local match for a new veterans' home to be constructed in the City of Montevideo. The County used the General Fund's cash reserves to fund the contribution.

**CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

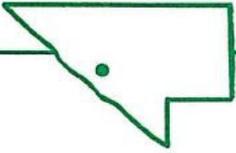
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Recommendation: We recommend that the County borrow from another fund when the cash balances are so low as to cause the fund to have a cash deficit when a payment is made from that fund. We also recommend the County satisfy on a timely basis interfund receivables and payables that arise from the normal course of business.

View of Responsible Official: Acknowledged

V. PREVIOUSLY REPORTED ITEM RESOLVED

2019-004 Budget Deficiencies



**REPRESENTATION OF CHIPPEWA COUNTY
MONTEVIDEO, MINNESOTA**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2020-001

Finding Title: Credit Card Purchases

Name of Contact Person Responsible for Corrective Action:

Michelle May, Auditor/Treasurer/Coordinator

Corrective Action Planned:

Chippewa County will review its policies to ensure they comply with State Auditor recommendations and will update as necessary. The Auditor/Treasurer/Coordinator will train and remind all employees to comply with policies. The Auditor/Treasurer's Office will reject all credit card payments that do not have sufficient documentation.

Anticipated Completion Date:

October 31, 2021

Finding Number: 2020-002

Finding Title: Subrecipient Monitoring

Program Name: COVID-19 – Coronavirus Relief Fund (CFDA No. 21.019)

Name of Contact Person Responsible for Corrective Action:

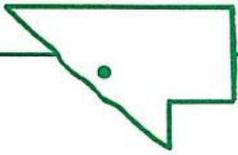
Michelle May, Auditor/Treasurer/Coordinator

Corrective Action Planned:

The Auditor/Treasurer/Coordinator will draft policies for subrecipient monitoring and submit to the Chippewa County Board for adoption. Department Heads will be trained on the policies and requirements for subrecipient monitoring.

Anticipated Completion Date:

December 31, 2021



Finding Number: 2020-003

Finding Title: General Fund Cash Balance Deficits

Name of Contact Person Responsible for Corrective Action:

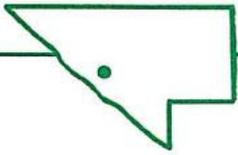
Michelle May, Auditor/Treasurer/Coordinator

Corrective Action Planned:

The Auditor/Treasurer/Coordinator will ensure more timely review of cash values and when balances are low, will request an interfund loan from the Board of Commissioners to cover any future General Fund cash balance deficits.

Anticipated Completion Date:

September 30, 2021



**REPRESENTATION OF CHIPPEWA COUNTY
MOTEVİDEO, MINNESOTA**

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

Finding Number: 2017-002

Repeat Finding Since: 2017

Finding Title: Eligibility Testing

Program Name: Medical Assistance Program (CFDA No. 93.778)

Summary of Condition: The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. In the sample of 40 case files tested, two case files did not meet all verification of asset requirements, one case file did not meet verification of other health insurance requirements, and one instance was found in a case file where the program application was not date stamped.

Summary of Corrective Action Previously Reported: Supervisory reviews will be conducted at a minimum of two non-magi individuals per month and worker self-reviews will be completed with a minimum of four cases each month. All transfer in cases will be reviewed for Citizenship and Identity requirements when received in county.

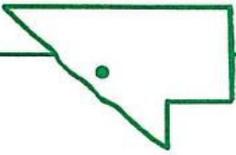
At application and annual renewal STAT panels will be reviewed by worker and updated accordingly with information reported by consumer and the proof provided. Follow up will be done by worker if discrepancy is discovered.

At Unit meeting, the review findings were discussed and clarifications made on asset requirements. Under the guidance of the Health Care Programs Manual and Policy Interpretations it was discussed when assets need to be verified for application and for recertification and what is acceptable proof for verification. As policy updates occur, discussion will be held at the unit meetings to keep staff informed.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X



Finding Number: 2019-001
Repeat Finding Since: 2019
Finding Title: DHS-2902 Reporting
Program Name: Temporary Assistance for Needy Families (CFDA No. 93.558)

Summary of Condition: All four quarterly MFIP-Consolidated Fund Support Services DHS-2902 reports tested for both MFIP-Support Services and the Diversionary Work Program were not reviewed or signed by the Chippewa County Family Services Director.

Summary of Corrective Action Previously Reported: For correction of this finding, we will route the 2902 report to the Director for signature. A copy of the submitted and signed form will be kept in the Accounting Supervisor’s office for auditor review.

Status: Partially Corrected. We have fully administered this action plan. All State reports are routed to the Director for signature and stored in the Fiscal Supervisor’s Office.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

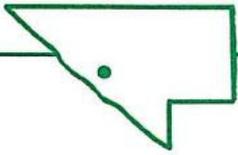
Finding Number: 2019-002
Repeat Finding Since: 2019
Finding Title: Withholding Affidavit for Contractors (Form IC-134)

Summary of Condition: Final payment to two contractors for contracts involving the employment of individuals for wages by the contractor were tested. For both of these, final payment was made on the contract before Form IC-134, which certifies withholding compliance, was received from this contractor and approved by the Minnesota Department of Revenue.

Summary of Corrective Action Previously Reported: All Department Heads who engage contractors and subcontractors will receive training on requiring Form IC-134s before submitting final payments to the Accounts Payable Clerk. The Auditor/Treasurer’s Office will document receipt of Form IC-134 before submitting payment to the County Board.

Status: Partially Corrected. Chippewa County has directed Department Heads to obtain Form IC-134s before submitting final contractor payments to the Auditor/Treasurer’s Office. The Auditor/Treasurer’s Office continues to communicate the importance of obtaining this documentation.

Was corrective action taken significantly different than the action previously reported?
Yes _____ No X



Finding Number: 2019-003
Repeat Finding Since: 2019
Finding Title: General Fund Cash Balance Deficits

Summary of Condition: The General Fund had a deficit month-end cash balance in five months of 2019, including (\$2,279,141) at the end of June.

Summary of Corrective Action Previously Reported: The June deficit cash balance was impacted by a change in timing of the first tax settlement from June to July. This timing difference contributed to the deficit cash balance in June. The Auditor/Treasurer/Coordinator will ensure tax settlement continues to occur in June when cash values are low, as well as, request an interfund loan from the Board of Commissioners to cover any future General Fund cash balance deficits.

Status: Not Corrected. Please see Corrective Action Plan for explanation.
Was corrective action taken significantly different than the action previously reported?
Yes _____ No X

Finding Number: 2019-004
Repeat Finding Since: 2018
Finding Title: Budget Deficiencies

Summary of Condition: Differences were noted between the Board-approved budgets and the original budgets entered in the County's Integrated Financial System (IFS).

Summary of Corrective Action Previously Reported: Auditor/Treasurer staff will verify the Board approved budget is accurately entered into IFS. The IFS budget will be reviewed by another individual for compliance.

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