

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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

Year Ended December 31, 2021

## Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**Nicollet County  
St. Peter, Minnesota**

Year Ended December 31, 2021



**Office of the State Auditor**

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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ST. PETER, MINNESOTA**

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## **INTRODUCTORY SECTION**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

ORGANIZATION  
DECEMBER 31, 2021

| Office                                   | Name                     | Term Expires  |
|--|--------------------------|---------------|
| <b>Commissioners</b>                     |                          |               |
| 1st District                             | Marie Dranttel           | January 2025  |
| 2nd District                             | Terry Morrow*            | January 2023  |
| 3rd District                             | Vacant**                 | January 2025  |
| 4th District                             | Jack Kolars              | January 2023  |
| 5th District                             | John Luepke              | January 2025  |
| <b>Officers Elected</b>                  |                          |               |
| Attorney                                 | Michelle Zehnder Fischer | January 2023  |
| County Judge                             | Allison Krehbiel         | January 2023  |
| County Judge                             | Todd Westphal            | January 2027  |
| Sheriff                                  | David Lange              | January 2023  |
| <b>Officers Appointed</b>                |                          |               |
| Administrator                            | Mandy Landkamer          | Indefinite    |
| Assessor                                 | Lorna Sandvik            | December 2024 |
| Community Corrections Director           | Richard Molitor          | Indefinite    |
| Coroner                                  | Dr. Kelly Mills          | December 2022 |
| Court Administrator                      | Carol Weikle             | Indefinite    |
| Extension Director                       | Bonnie Christiansen      | Indefinite    |
| Facilities Maintenance Director          | Cody Johnson             | Indefinite    |
| Finance Director                         | Heather McCormick        | Indefinite    |
| Health and Human Services<br>Director    | Cassandra Sassenberg     | Indefinite    |
| Human Resources Director                 | Kristy Larson            | Indefinite    |
| Property and Public Services<br>Director | Jaci Kopet               | Indefinite    |
| Public Works Director                    | Seth Greenwood           | May 2025      |
| Surveyor                                 | Bolton & Menk            | Indefinite    |
| Technologies Director                    | Dayle Moore              | Indefinite    |
| Veterans Service Officer                 | Nathan Tish              | October 2024  |

\*Chair

\*\*Position was vacant at year-end due to the death of Commissioner Denny Kemp.

**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Nicollet County  
St. Peter, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet County, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet County as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Road and Bridge Special Revenue Fund, and Health and Human Services Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nicollet County's basic financial statements. The Debt Service Fund Budgetary Comparison Schedule, Combining Statement of Fiduciary Net Position, Combining Statement of Changes in Fiduciary Net Position, Schedule of Intergovernmental Revenue – Governmental Funds, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2022, on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

/s/Julie Blaha

JULIE BLAHA  
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

August 16, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021  
(Unaudited)**

As management of Nicollet County, we offer readers of the Nicollet County financial statements this narrative overview and analysis of the financial activities of Nicollet County for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Nicollet County exceeded its liabilities and deferred inflows of resources by \$143,935,940 at the close of 2021. Of this amount, \$21,392,407 (unrestricted net position) may be used to meet Nicollet County's ongoing obligations to citizens and creditors.
- At the close of 2021, Nicollet County's governmental funds reported combined ending fund balances of \$52,458,827, an increase of \$1,084,073 in comparison with the prior year. Of the total fund balance, \$13,099,991 is available for spending at the County's discretion and is noted as unassigned fund balance.
- At the close of 2021, the unassigned fund balance for the General Fund was \$15,847,331, or 79.3 percent, of total General Fund expenditures.
- Nicollet County's total bonds payable decreased by \$1,835,000. There were payments of \$815,000 to G.O. Capital Improvement Bonds – Human Services Building, Series 2013A. There were also payments of \$150,000 to G.O. Drainage Bonds, Series 2018A; \$310,000 to G.O. Capital Improvement Bonds, Series 2018B; \$515,000 to G.O. Road Reconstruction Refunding Bonds, Series 2018C; and \$45,000 to G.O. Drainage Refunding Bonds, Series 2018C.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Government-Wide Financial Statements**

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

- Proprietary funds—Nicollet County maintains one proprietary fund. The Self-Insurance Internal Service Fund is used to account for the accumulation of resources for, and the payment of, insurance costs of the self-insurance program. Because the Self-Insurance Internal Service Fund benefits the governmental function, it has been included within the governmental activities column on the government-wide financial statements. Proprietary fund financial statements are on Exhibits 8 through 10.
- Fiduciary funds—Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. The County maintains two types of fiduciary funds: one private-purpose trust fund and several custodial funds. The private-purpose trust fund is used to account for collection and distribution of social security funds with the County acting as a representative payee for individuals. Separate custodial funds are used to account for property tax revenues for other jurisdictions and charges and fees revenues for other state and local governments. Other custodial funds include Brown-Nicollet Community Health Services, Tri-County Solid Waste, Family Services Collaborative, Women’s Foundation of Minnesota, and Jail/Sheriff Activities. Private-purpose and custodial funds do not involve measurement of results of operations and are not reflected in the government-wide financial statements because those resources are not available to support the County’s programs. Fiduciary funds are on Exhibits 11, 12, C-1, and C-2.

## **Notes to the Financial Statements**

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

## **Other Information**

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. Nicollet County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$143,935,940 at the close of 2021. The largest portion of Nicollet County's net position (71.9 percent) reflects its investment in capital assets (land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending.

### Governmental Net Position

|                                   | <u>2020</u>           | <u>2021</u>           |
|-----------------------------------|-----------------------|-----------------------|
| Assets                            |                       |                       |
| Current and other assets          | \$ 66,412,340         | \$ 70,591,603         |
| Capital assets                    | <u>107,169,552</u>    | <u>114,909,634</u>    |
| Total Assets                      | <u>\$ 173,581,892</u> | <u>\$ 185,501,237</u> |
| Deferred Outflows of Resources    | <u>\$ 2,069,624</u>   | <u>\$ 8,297,284</u>   |
| Liabilities                       |                       |                       |
| Long-term liabilities outstanding | \$ 39,001,682         | \$ 33,677,297         |
| Other liabilities                 | <u>3,563,805</u>      | <u>5,593,203</u>      |
| Total Liabilities                 | <u>\$ 42,565,487</u>  | <u>\$ 39,270,500</u>  |
| Deferred Inflows of Resources     | <u>\$ 2,306,476</u>   | <u>\$ 10,592,081</u>  |
| Net position                      |                       |                       |
| Net investment in capital assets  | \$ 93,465,473         | \$ 103,192,130        |
| Restricted                        | 18,289,844            | 19,351,403            |
| Unrestricted                      | <u>19,024,236</u>     | <u>21,392,407</u>     |
| Total Net Position                | <u>\$ 130,779,553</u> | <u>\$ 143,935,940</u> |

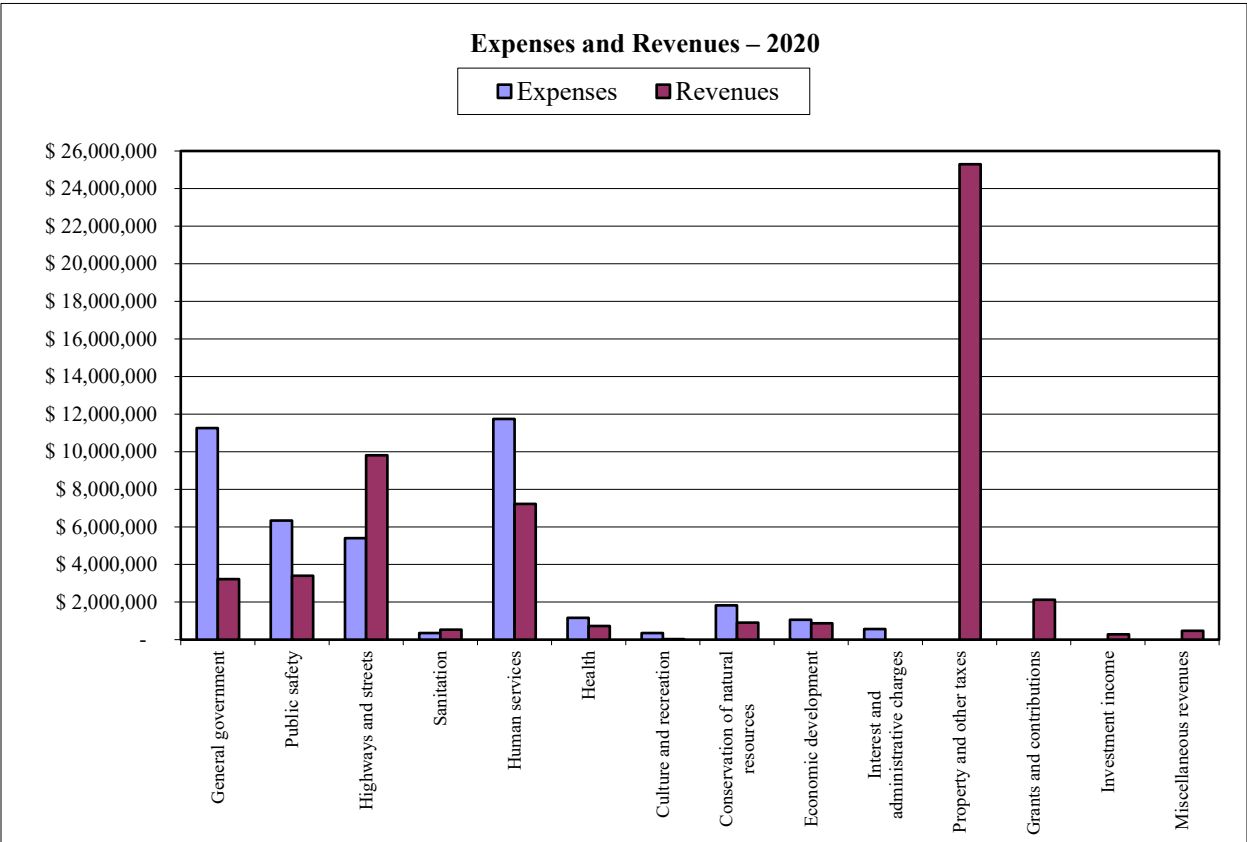
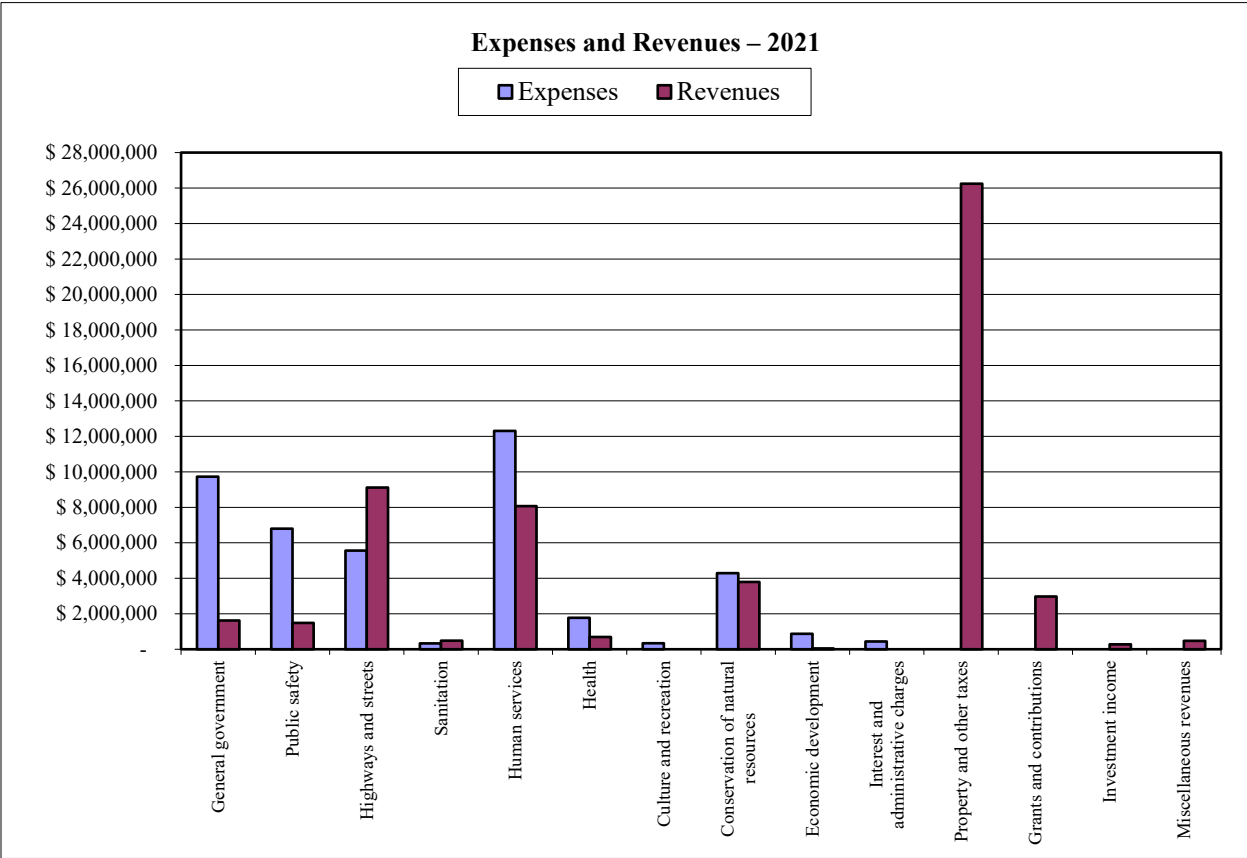
The unrestricted net position amount of \$21,392,407 as of December 31, 2021, may be used to meet the County's ongoing obligations to citizens and creditors.

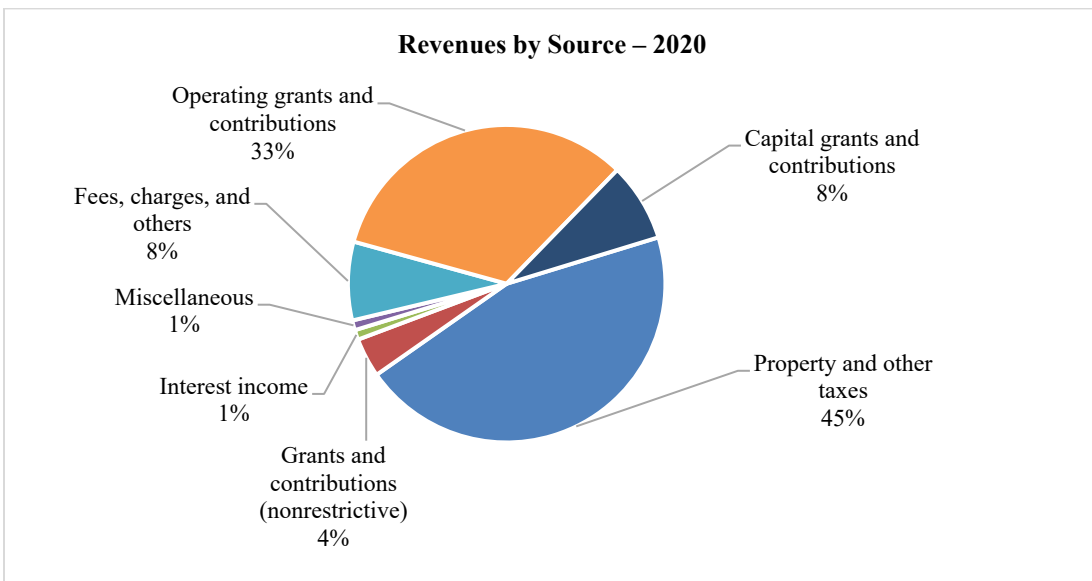
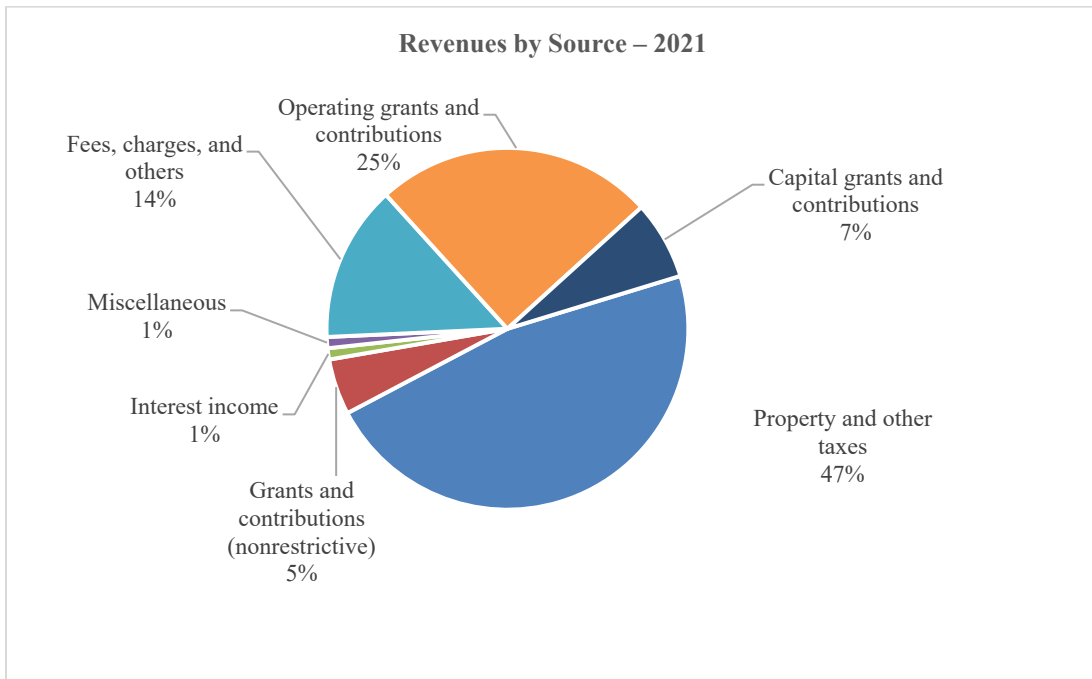


## GOVERNMENTAL ACTIVITIES

Nicollet County's activities increased net position by \$13,156,387, or 10.1 percent, over the 2020 net position. The following table summarizes the changes in net position for 2021.

|                                    | <u>2020</u>           | <u>2021</u>           |
|------------------------------------|-----------------------|-----------------------|
| Revenues                           |                       |                       |
| Program revenues                   |                       |                       |
| Fees, charges, and others          | \$ 4,227,840          | \$ 7,691,483          |
| Operating grants and contributions | 18,324,490            | 14,055,371            |
| Capital grants and contributions   | 4,160,340             | 3,897,852             |
| General revenues                   |                       |                       |
| Property taxes                     | 23,033,482            | 23,694,006            |
| Other                              | 5,133,365             | 6,270,714             |
| Total Revenues                     | <u>\$ 54,879,517</u>  | <u>\$ 55,609,426</u>  |
| Expenses                           |                       |                       |
| General government                 | \$ 11,258,462         | \$ 9,732,310          |
| Public safety                      | 6,337,338             | 6,801,807             |
| Highways and streets               | 5,401,006             | 5,558,744             |
| Sanitation                         | 347,764               | 330,737               |
| Human services                     | 11,743,977            | 12,312,974            |
| Health                             | 1,161,882             | 1,771,702             |
| Culture and recreation             | 352,961               | 343,025               |
| Conservation of natural resources  | 1,823,102             | 4,290,210             |
| Economic development               | 1,059,863             | 874,814               |
| Interest                           | 568,113               | 436,716               |
| Total Expenses                     | <u>\$ 40,054,468</u>  | <u>\$ 42,453,039</u>  |
| Increase in Net Position           | \$ 14,825,049         | \$ 13,156,387         |
| Net Position – January 1           | <u>115,954,504</u>    | <u>130,779,553</u>    |
| Net Position – December 31         | <u>\$ 130,779,553</u> | <u>\$ 143,935,940</u> |





**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

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

## **Governmental Funds**

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$52,458,827, an increase of \$1,084,073 in comparison with the prior year. A portion of this amount (\$27,134,550) constitutes assigned and unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is restricted, committed, or nonspendable to indicate that it is not available for new spending because it has already been committed for various reasons.

The General Fund is the chief operating fund of Nicollet County. At the end of the current fiscal year, assigned and unassigned fund balance of the General Fund was \$15,847,331, while total fund balance was \$18,023,263. As a measure of the General Fund's liquidity, it may be useful to compare the assigned and unassigned fund balance to total fund expenditures. The assigned and unassigned fund balance represents 79.3 percent of total General Fund expenditures, while total fund balance represents 90.2 percent of that same amount. In 2021, the fund balance amount in the General Fund increased by \$730,106.

The Road and Bridge Special Revenue Fund's fund balance decreased by \$180,358 in 2021.

The Health and Human Services Special Revenue Fund's fund balance increased by \$1,097,489 in 2021. Intergovernmental and charges for services revenue were higher than budgeted, which explains the increase.

The Revolving Loan Special Revenue Fund's fund balance increased by \$37,165 in 2021.

The Ditch Special Revenue Fund had a negative fund balance of \$2,456,523 at year-end 2021. Total fund balance decreased by \$796,627 in 2021. This fund is continually monitored and reviewed for potential future bonding. In 2019, the County implemented a policy to follow MN Statute 103E.655, charging quarterly interest to each negative drainage system balance.

The Debt Service Fund's restricted fund balance increased by \$196,298 in 2021. Tax collections were greater than the debt obligations in 2021. The fund balance continues to hold \$7.1 million in G.O. refunding bond proceeds for the Crossover Advance Refunding of Series 2013A. The funds are being held with a fiscal agent until refunding in 2022.

## **General Fund Budgetary Highlights**

In total, there were no budget changes for expenditures or revenue in 2021. The budget expenditures were below actual expenditures by \$572,982. The actual revenues and transfers in exceeded budget revenues and transfers in by \$1,446,851. Significant variances during the current year included the following:

- Intergovernmental revenues exceeded the budget by \$1,053,333 for unbudgeted revenue. Contributing factors include receipt of federal revenues for Coronavirus State and Local Fiscal Recovery Funds of \$802,584.
- Capital outlay expenditures exceeded budget by \$954,385 due to the spending of the federal revenues of \$802,584 noted above.
- Economic development expenses exceeded budget by \$638,367 for the County Relief Grant Program passed through the County from the State of Minnesota to local businesses.
- Many County departments in the General Fund had staff planning variances from budget (salaries and benefits) causing favorable variances.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2021, was \$114,909,634 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 7.22 percent.

|   | <b>Capital Assets</b> |                       |
|---|-----------------------|-----------------------|
|   | <u>2020</u>           | <u>2021</u>           |
| Land  | \$ 5,284,752          | \$ 5,445,936          |
| Construction in progress                      | 6,369,749             | 7,912,342             |
| Land improvements                             | 739,300               | 688,980               |
| Buildings                                     | 19,663,600            | 20,069,569            |
| Machinery, vehicles, furniture, and equipment | 4,075,559             | 3,789,007             |
| Infrastructure                                | <u>71,036,592</u>     | <u>77,003,800</u>     |
| Totals  | <u>\$ 107,169,552</u> | <u>\$ 114,909,634</u> |

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

### Long-Term Debt

At the end of the current fiscal year, the County had total bonded debt outstanding of \$20,180,000, which is backed by the full faith and credit of the government.

|                          | <b>Outstanding Debt</b> |                      |
|--------------------------|-------------------------|----------------------|
|                          | <u>2020</u>             | <u>2021</u>          |
| General obligation bonds | <u>\$ 22,015,000</u>    | <u>\$ 20,180,000</u> |

The County's debt related to general obligation bonds decreased by \$1,835,000 (8.3 percent) during the fiscal year. The primary reason for the decrease is due to debt payments made by the Debt Service Fund.

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

Minnesota statutes limit the amount of net debt to three percent of the market value of taxable property in the County. As of the end of 2021, Nicollet County is below the three percent debt limit imposed by state statutes.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

- Nicollet County's unemployment rate was 2.0 percent as of the end of 2021. This is slightly below the statewide rate of 2.6 percent. (Source: Minnesota Department of Employment and Economic Development, Unemployment Statistics – LAUS Data.)
- Nicollet County's population remains steady at 34,706. Agricultural land values, both tillable and non-tillable, have increased. Residential property values have continued to increase, and commercial and industrial property values remained steady or increased by varying degrees based on property type and location.

At the end of 2021, Nicollet County set its 2022 revenue and expenditure budgets.

### **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2021**

**Assets**

|   |           |                    |
|---|-----------|--------------------|
| Cash and pooled investments                   | \$        | 50,301,916         |
| Cash with fiscal agent                        |           | 6,970,795          |
| Taxes receivable – delinquent                 |           | 161,383            |
| Special assessments receivable                |           |                    |
| Delinquent                                    |           | 17,389             |
| Noncurrent                                    |           | 3,714,473          |
| Accounts receivable                           |           | 978,577            |
| Accrued interest receivable                   |           | 29,990             |
| Due from other governments                    |           | 7,560,772          |
| Inventories                                   |           | 609,831            |
| Prepaid items                                 |           | 182,638            |
| Capital assets                                |           |                    |
| Non-depreciable                               |           | 13,358,278         |
| Depreciable – net of accumulated depreciation |           | 101,551,356        |
| Net pension asset                             |           | 63,839             |
|   |           | 63,839             |
| <b>Total Assets</b>                           | <b>\$</b> | <b>185,501,237</b> |

**Deferred Outflows of Resources**

|   |           |                  |
|---|-----------|------------------|
| Deferred other postemployment benefits outflows | \$        | 203,507          |
| Deferred pension outflows                       |           | 8,093,777        |
|   |           | 8,093,777        |
| <b>Total Deferred Outflows of Resources</b>     | <b>\$</b> | <b>8,297,284</b> |

**Liabilities**

|   |           |                   |
|---|-----------|-------------------|
| Accounts payable                        | \$        | 794,379           |
| Claims payable                          |           | 165,514           |
| Salaries payable                        |           | 793,782           |
| Contracts payable                       |           | 428,815           |
| Due to other governments                |           | 584,487           |
| Accrued interest payable                |           | 215,425           |
| Unearned revenue                        |           | 2,610,801         |
| Long-term liabilities                   |           |                   |
| Due within one year                     |           | 10,297,129        |
| Due in more than one year               |           | 12,946,205        |
| Other postemployment benefits liability |           | 1,441,958         |
| Net pension liability                   |           | 8,992,005         |
|   |           | 8,992,005         |
| <b>Total Liabilities</b>                | <b>\$</b> | <b>39,270,500</b> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

***EXHIBIT 1  
(Continued)***

**STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2021**

**Deferred Inflows of Resources**

|  |                             |
|--|-----------------------------|
| Deferred other postemployment benefits inflows | \$ 437,028                  |
| Deferred pension inflows                       | <u>10,155,053</u>           |
| <b>Total Deferred Inflows of Resources</b>     | <b><u>\$ 10,592,081</u></b> |

**Net Position**

|                                   |                              |
|-----------------------------------|------------------------------|
| Net investment in capital assets  | \$ 103,192,130               |
| Restricted for                    |                              |
| General government                | 1,285,240                    |
| Public safety                     | 604,664                      |
| Highways and streets              | 13,163,412                   |
| Human services                    | 19,685                       |
| Conservation of natural resources | 603,335                      |
| Opioid remediation activities     | 349,089                      |
| Debt service                      | 3,325,978                    |
| Unrestricted                      | <u>21,392,407</u>            |
| <b>Total Net Position</b>         | <b><u>\$ 143,935,940</u></b> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT 2*

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

| <u>Expenses</u>  | <u>Program Revenues</u>                        |   |   | <u>Net (Expense)<br/>Revenue and<br/>Change in<br/>Net Position</u> |
|--|--|---|---|---|
|  | <u>Fees, Charges,<br/>Fines,<br/>and Other</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |   |
| <b><u>Functions/Programs</u></b>                             |  |   |   |   |
| <b>Governmental activities</b>                               |  |   |   |   |
| General government   | \$ 9,732,310                                   | \$ 1,003,180                                      | \$ 616,283                                      | \$ -  |
| Public safety  | 6,801,807                                      | 593,784   | 887,015   | -   |
| Highways and streets   | 5,558,744                                      | 168,098   | 5,051,262                                       | 3,897,852   |
| Sanitation   | 330,737  | 381,724   | 99,380  | -   |
| Human services   | 12,312,974                                     | 1,688,103   | 6,383,979                                       | -   |
| Health   | 1,771,702                                      | 66,704  | 977,095   | -   |
| Culture and recreation                                       | 343,025  | -   | -   | -   |
| Conservation of natural resources                            | 4,290,210                                      | 3,789,890   | -   | -   |
| Economic development   | 874,814  | -   | 40,357  | -   |
| Interest and administrative charges                          | 436,716  | -   | -   | -   |
| <b>Total Governmental Activities</b>                         | <b>\$ 42,453,039</b>                           | <b>\$ 7,691,483</b>                               | <b>\$ 14,055,371</b>                            | <b>\$ 3,897,852</b>   |
| <b>General Revenues</b>                                      |  |   |   |   |
| Property taxes   |  |   |   | \$ 23,694,006   |
| Mortgage registry and deed tax                               |  |   |   | 52,565  |
| Wheelage tax   |  |   |   | 590,350   |
| Gravel tax   |  |   |   | 70,851  |
| Transportation sales tax                                     |  |   |   | 1,781,772   |
| Payments in lieu of tax                                      |  |   |   | 50,181  |
| Grants and contributions not restricted to specific programs |  |   |   | 2,974,822   |
| Unrestricted investment earnings                             |  |   |   | 279,162   |
| Miscellaneous  |  |   |   | 471,011   |
| <b>Total general revenues</b>                                |  |   |   | <b>\$ 29,964,720</b>  |
| <b>Change in net position</b>                                |  |   |   | <b>\$ 13,156,387</b>  |
| <b>Net Position – January 1</b>                              |  |   |   | <b>130,779,553</b>  |
| <b>Net Position – December 31</b>                            |  |   |   | <b>\$ 143,935,940</b>   |

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

|   | <b>General</b>       | <b>Road and<br/>Bridge</b> |
|---|----------------------|----------------------------|
| <b><u>Assets</u></b>  |                      |                            |
| Cash and pooled investments   | \$ 18,932,503        | \$ 15,854,611              |
| Cash with fiscal agent  | -                    | -                          |
| Taxes receivable – delinquent   | 94,050               | 11,834                     |
| Special assessments receivable  |                      |                            |
| Delinquent  | 3,138                | -                          |
| Noncurrent  | -                    | -                          |
| Accounts receivable   | 78,433               | 29,146                     |
| Accrued interest receivable   | 29,990               | -                          |
| Interfund receivable  | 1,844,310            | -                          |
| Due from other funds  | 79,569               | 696                        |
| Due from other governments  | 193,891              | 6,032,905                  |
| Prepaid items   | 169,715              | 2,576                      |
| Inventories   | -                    | 609,831                    |
|   | <b>\$ 21,425,599</b> | <b>\$ 22,541,599</b>       |
| <b><u>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</u></b> |                      |                            |
| <b>Liabilities</b>  |                      |                            |
| Accounts payable  | \$ 184,051           | \$ 87,700                  |
| Salaries payable  | 433,508              | 61,243                     |
| Contracts payable   | 58,236               | 135,785                    |
| Interfund payable   | -                    | -                          |
| Due to other funds  | -                    | -                          |
| Due to other governments  | 87,934               | 2,924                      |
| Unearned revenue  | 2,576,963            | 33,838                     |
|   | <b>\$ 3,340,692</b>  | <b>\$ 321,490</b>          |
| <b>Deferred Inflows of Resources</b>  |                      |                            |
| Unavailable revenue   | <b>\$ 61,644</b>     | <b>\$ 5,833,098</b>        |

**EXHIBIT 3**

| <u>Health and<br/>Human Services</u> | <u>Revolving<br/>Loan</u> | <u>Ditch</u>        | <u>Debt Service</u>  | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|---------------------------|---------------------|----------------------|---|
| \$ 8,720,906                         | \$ 633,207                | \$ -                | \$ 3,466,773         | \$ 47,608,000                           |
| -                                    | -                         | -                   | 6,970,795            | 6,970,795                               |
| 39,737                               | -                         | -                   | 15,762               | 161,383                                 |
| -                                    | -                         | 14,251              | -                    | 17,389                                  |
| -                                    | 279,314                   | 3,435,159           | -                    | 3,714,473                               |
| 826,455                              | -                         | -                   | 44,543               | 978,577                                 |
| -                                    | -                         | -                   | -                    | 29,990                                  |
| -                                    | -                         | -                   | -                    | 1,844,310                               |
| -                                    | -                         | -                   | -                    | 80,265                                  |
| 1,333,976                            | -                         | -                   | -                    | 7,560,772                               |
| 9,680                                | -                         | 667                 | -                    | 182,638                                 |
| -                                    | -                         | -                   | -                    | 609,831                                 |
| <u>\$ 10,930,754</u>                 | <u>\$ 912,521</u>         | <u>\$ 3,450,077</u> | <u>\$ 10,497,873</u> | <u>\$ 69,758,423</u>                    |
| \$ 266,200                           | \$ -                      | \$ 256,428          | \$ -                 | \$ 794,379                              |
| 296,029                              | -                         | 3,002               | -                    | 793,782                                 |
| -                                    | -                         | 234,794             | -                    | 428,815                                 |
| -                                    | -                         | 1,844,310           | -                    | 1,844,310                               |
| 51,586                               | 2,925                     | 25,754              | -                    | 80,265                                  |
| 117,692                              | -                         | 375,937             | -                    | 584,487                                 |
| -                                    | -                         | -                   | -                    | 2,610,801                               |
| <u>\$ 731,507</u>                    | <u>\$ 2,925</u>           | <u>\$ 2,740,225</u> | <u>\$ -</u>          | <u>\$ 7,136,839</u>                     |
| <u>\$ 816,177</u>                    | <u>\$ 277,995</u>         | <u>\$ 3,166,375</u> | <u>\$ 7,468</u>      | <u>\$ 10,162,757</u>                    |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

|   | <b>General</b>       | <b>Road and<br/>Bridge</b> |
|---|----------------------|----------------------------|
| <b><u>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances</u></b> |                      |                            |
| <b>(Continued)</b>  |                      |                            |
| <b>Fund Balances</b>  |                      |                            |
| Nonspendable  |                      |                            |
| Inventories   | \$ -                 | \$ 609,831                 |
| Prepaid items   | 169,715              | 2,576                      |
| Restricted for  |                      |                            |
| Law library   | 57,416               | -                          |
| Recorder's equipment  | 595,931              | -                          |
| Enhanced 911 system   | 273,746              | -                          |
| Snowmobile grant  | 2,250                | -                          |
| Handgun permit fees – carry program administration                              | 297,827              | -                          |
| Boat and water safety   | 13,337               | -                          |
| Offroad highway grant   | 4,946                | -                          |
| Sheriff's contingency   | 1,605                | -                          |
| Sheriff – prostitution law enforcement, training, and education                 | 3,135                | -                          |
| Forfeited sheriff property  | 7,818                | -                          |
| Forfeited attorney property   | 57,488               | -                          |
| Attorney – prostitution prosecution, training, and education                    | 1,094                | -                          |
| Veteran van   | 40,001               | -                          |
| Aquatic invasive species program  | 292,978              | -                          |
| Land reclamation  | 116,313              | -                          |
| Riparian project  | 240,332              | -                          |
| Highway construction  | -                    | 85,240                     |
| Transportation – sales tax  | -                    | 6,062,803                  |
| Transportation – wheelage tax   | -                    | 1,638,935                  |
| Child protection services   | -                    | -                          |
| Debt service  | -                    | -                          |
| ISTS loans  | -                    | -                          |
| Ditch maintenance and repairs   | -                    | -                          |
| Committed to  |                      |                            |
| Transportation  | -                    | 3,728,000                  |
| Assigned for  |                      |                            |
| Road and bridge   | -                    | 4,259,626                  |
| Human services  | -                    | -                          |
| Septic/sewer loans  | -                    | -                          |
| Unassigned  | 15,847,331           | -                          |
| <b>Total Fund Balances</b>  | <b>\$ 18,023,263</b> | <b>\$ 16,387,011</b>       |
| <b>Total Liabilities, Deferred Inflows of Resources, and<br/>Fund Balances</b>  | <b>\$ 21,425,599</b> | <b>\$ 22,541,599</b>       |



**EXHIBIT 3**  
**(Continued)**

| <u>Health and<br/>Human Services</u> | <u>Revolving<br/>Loan</u> | <u>Ditch</u>          | <u>Debt Service</u>  | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|---------------------------|-----------------------|----------------------|---|
| \$ -                                 | \$ -                      | \$ -                  | \$ -                 | \$ 609,831                              |
| 9,680                                | -                         | 667                   | -                    | 182,638                                 |
| -                                    | -                         | -                     | -                    | 57,416                                  |
| -                                    | -                         | -                     | -                    | 595,931                                 |
| -                                    | -                         | -                     | -                    | 273,746                                 |
| -                                    | -                         | -                     | -                    | 2,250                                   |
| -                                    | -                         | -                     | -                    | 297,827                                 |
| -                                    | -                         | -                     | -                    | 13,337                                  |
| -                                    | -                         | -                     | -                    | 4,946                                   |
| -                                    | -                         | -                     | -                    | 1,605                                   |
| -                                    | -                         | -                     | -                    | 3,135                                   |
| -                                    | -                         | -                     | -                    | 7,818                                   |
| -                                    | -                         | -                     | -                    | 57,488                                  |
| -                                    | -                         | -                     | -                    | 1,094                                   |
| -                                    | -                         | -                     | -                    | 40,001                                  |
| -                                    | -                         | -                     | -                    | 292,978                                 |
| -                                    | -                         | -                     | -                    | 116,313                                 |
| -                                    | -                         | -                     | -                    | 240,332                                 |
| -                                    | -                         | -                     | -                    | 85,240                                  |
| -                                    | -                         | -                     | -                    | 6,062,803                               |
| -                                    | -                         | -                     | -                    | 1,638,935                               |
| 19,685                               | -                         | -                     | -                    | 19,685                                  |
| -                                    | -                         | -                     | 10,490,405           | 10,490,405                              |
| -                                    | 210,373                   | -                     | -                    | 210,373                                 |
| -                                    | -                         | 290,150               | -                    | 290,150                                 |
| -                                    | -                         | -                     | -                    | 3,728,000                               |
| -                                    | -                         | -                     | -                    | 4,259,626                               |
| 9,353,705                            | -                         | -                     | -                    | 9,353,705                               |
| -                                    | 421,228                   | -                     | -                    | 421,228                                 |
| -                                    | -                         | (2,747,340)           | -                    | 13,099,991                              |
| <u>\$ 9,383,070</u>                  | <u>\$ 631,601</u>         | <u>\$ (2,456,523)</u> | <u>\$ 10,490,405</u> | <u>\$ 52,458,827</u>                    |
| <u>\$ 10,930,754</u>                 | <u>\$ 912,521</u>         | <u>\$ 3,450,077</u>   | <u>\$ 10,497,873</u> | <u>\$ 69,758,423</u>                    |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 3A**

**RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

|   |                     |                              |
|---|---------------------|------------------------------|
| <b>Fund balances – total governmental funds (Exhibit 3)</b>   |                     | <b>\$ 52,458,827</b>         |
| 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.  |                     | 114,909,634                  |
| Net pension assets are not financial resources and, therefore, are not reported in the governmental funds.  |                     | 63,839                       |
| 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.  |                     | 10,162,757                   |
| Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the governmental funds.  |                     |                              |
| Deferred outflows related to other postemployment benefits  | \$ 203,507          |                              |
| Deferred inflows related to other postemployment benefits   | <u>(437,028)</u>    | (233,521)                    |
| Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions not recognized in the governmental funds.   |                     |                              |
| Deferred outflows related to pensions   | \$ 8,093,777        |                              |
| Deferred inflows related to pensions  | <u>(10,155,053)</u> | (2,061,276)                  |
| Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.   |                     | (215,425)                    |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.   |                     |                              |
| General obligation bonds  | \$ (20,180,000)     |                              |
| Unamortized premium on bonds payable  | (499,566)           |                              |
| Loans payable   | (468,151)           |                              |
| Compensated absences payable  | (2,095,617)         |                              |
| Other postemployment benefits liability   | (1,441,958)         |                              |
| Net pension liability   | <u>(8,992,005)</u>  | (33,677,297)                 |
| The Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position. |                     | <u>2,528,402</u>             |
| <b>Net Position of Governmental Activities (Exhibit 1)</b>  |                     | <b><u>\$ 143,935,940</u></b> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <b>General</b>       | <b>Road and<br/>Bridge</b> |
|---|----------------------|----------------------------|
| <b>Revenues</b>                                     |                      |                            |
| Taxes   | \$ 13,999,685        | \$ 4,162,095               |
| Special assessments                                 | 304,121              | -                          |
| Licenses and permits                                | 127,781              | -                          |
| Intergovernmental                                   | 4,008,168            | 8,950,338                  |
| Charges for services                                | 861,654              | 62,699                     |
| Fines and forfeits                                  | 13,496               | -                          |
| Gifts and contributions                             | 9,490                | -                          |
| Investment earnings                                 | 305,787              | -                          |
| Miscellaneous                                       | 1,084,936            | 105,399                    |
|   | <b>\$ 20,715,118</b> | <b>\$ 13,280,531</b>       |
| <b>Expenditures</b>                                 |                      |                            |
| <b>Current</b>                                      |                      |                            |
| General government                                  | \$ 9,789,956         | \$ -                       |
| Public safety                                       | 7,124,091            | -                          |
| Highways and streets                                | -                    | 12,569,515                 |
| Sanitation  | 280,070              | -                          |
| Human services                                      | -                    | -                          |
| Health  | -                    | -                          |
| Culture and recreation                              | 118,637              | 116,467                    |
| Conservation of natural resources                   | 460,226              | 12,004                     |
| Economic development                                | 874,814              | -                          |
| <b>Intergovernmental</b>                            |                      |                            |
| Highways and streets                                | -                    | 217,998                    |
| Culture and recreation                              | 110,088              | -                          |
| <b>Capital outlay</b>                               |                      |                            |
| General government                                  | 419,109              | -                          |
| Public safety                                       | 8,362                | -                          |
| Highways and streets                                | -                    | 537,134                    |
| Health  | 802,584              | -                          |
| <b>Debt service</b>                                 |                      |                            |
| Principal   | -                    | -                          |
| Interest  | -                    | -                          |
| Interest on interfund loans                         | -                    | -                          |
| Administrative charges                              | -                    | -                          |
|   | <b>\$ 19,987,937</b> | <b>\$ 13,453,118</b>       |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>\$ 727,181</b>    | <b>\$ (172,587)</b>        |

**EXHIBIT 4**

| <b>Health and<br/>Human Services</b> | <b>Revolving<br/>Loan</b> | <b>Ditch</b>        | <b>Debt Service</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------|---------------------------|---------------------|---------------------|---|
| \$ 5,860,207                         | \$ -                      | \$ -                | \$ 2,295,754        | \$ 26,317,741                           |
| -                                    | 124,988                   | 3,255,989           | -                   | 3,685,098                               |
| -                                    | -                         | -                   | -                   | 127,781                                 |
| 7,506,745                            | -                         | -                   | 25,080              | 20,490,331                              |
| 1,582,306                            | -                         | -                   | -                   | 2,506,659                               |
| -                                    | -                         | -                   | -                   | 13,496                                  |
| 1,550                                | -                         | -                   | -                   | 11,040                                  |
| -                                    | -                         | -                   | 7,495               | 313,282                                 |
| 193,115                              | -                         | 27,064              | -                   | 1,410,514                               |
| <b>\$ 15,143,923</b>                 | <b>\$ 124,988</b>         | <b>\$ 3,283,053</b> | <b>\$ 2,328,329</b> | <b>\$ 54,875,942</b>                    |
| \$ -                                 | \$ -                      | \$ -                | \$ -                | \$ 9,789,956                            |
| -                                    | -                         | -                   | -                   | 7,124,091                               |
| -                                    | -                         | -                   | -                   | 12,569,515                              |
| -                                    | 47,150                    | -                   | -                   | 327,220                                 |
| 12,930,729                           | -                         | -                   | -                   | 12,930,729                              |
| 1,115,705                            | -                         | -                   | -                   | 1,115,705                               |
| -                                    | -                         | -                   | -                   | 235,104                                 |
| -                                    | -                         | 3,718,424           | -                   | 4,190,654                               |
| -                                    | -                         | -                   | -                   | 874,814                                 |
| -                                    | -                         | -                   | -                   | 217,998                                 |
| -                                    | -                         | -                   | -                   | 110,088                                 |
| -                                    | -                         | -                   | -                   | 419,109                                 |
| -                                    | -                         | -                   | -                   | 8,362                                   |
| -                                    | -                         | -                   | -                   | 537,134                                 |
| -                                    | -                         | -                   | -                   | 802,584                                 |
| -                                    | 79,803                    | 195,000             | 1,640,000           | 1,914,803                               |
| -                                    | 5,095                     | 58,635              | 491,031             | 554,761                                 |
| -                                    | -                         | 107,621             | -                   | 107,621                                 |
| -                                    | -                         | -                   | 1,000               | 1,000                                   |
| <b>\$ 14,046,434</b>                 | <b>\$ 132,048</b>         | <b>\$ 4,079,680</b> | <b>\$ 2,132,031</b> | <b>\$ 53,831,248</b>                    |
| <b>\$ 1,097,489</b>                  | <b>\$ (7,060)</b>         | <b>\$ (796,627)</b> | <b>\$ 196,298</b>   | <b>\$ 1,044,694</b>                     |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <u>General</u>       | <u>Road and<br/>Bridge</u> |
|---|----------------------|----------------------------|
| <b>Other Financing Sources (Uses)</b>       |                      |                            |
| Transfers in                                | \$ 2,925             | \$ -                       |
| Transfers out                               | -                    | -                          |
| Loans issued                                | -                    | -                          |
|   | <u>          </u>    | <u>          </u>          |
| <b>Total Other Financing Sources (Uses)</b> | <b>\$ 2,925</b>      | <b>\$ -</b>                |
| <br>  |                      |                            |
| <b>Net Change in Fund Balances</b>          | <b>\$ 730,106</b>    | <b>\$ (172,587)</b>        |
| <br>  |                      |                            |
| <b>Fund Balances – January 1</b>            | <b>17,293,157</b>    | <b>16,567,369</b>          |
| <b>Increase (decrease) in inventories</b>   | <b>-</b>             | <b>(7,771)</b>             |
|   | <u>          </u>    | <u>          </u>          |
| <b>Fund Balances – December 31</b>          | <b>\$ 18,023,263</b> | <b>\$ 16,387,011</b>       |

**EXHIBIT 4**  
**(Continued)**

| <u>Health and<br/>Human Services</u> | <u>Revolving<br/>Loan</u> | <u>Ditch</u>          | <u>Debt Service</u>  | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|---------------------------|-----------------------|----------------------|---|
| \$ -                                 | \$ -                      | \$ -                  | \$ -                 | \$ 2,925                                |
| -                                    | (2,925)                   | -                     | -                    | (2,925)                                 |
| -                                    | 47,150                    | -                     | -                    | 47,150                                  |
| <u>\$ -</u>                          | <u>\$ 44,225</u>          | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ 47,150</u>                        |
| \$ 1,097,489                         | \$ 37,165                 | \$ (796,627)          | \$ 196,298           | \$ 1,091,844                            |
| 8,285,581                            | 594,436                   | (1,659,896)           | 10,294,107           | 51,374,754                              |
| -                                    | -                         | -                     | -                    | (7,771)                                 |
| <u>\$ 9,383,070</u>                  | <u>\$ 631,601</u>         | <u>\$ (2,456,523)</u> | <u>\$ 10,490,405</u> | <u>\$ 52,458,827</u>                    |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 4A**

**RECONCILIATION OF THE CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Net change in fund balances – total governmental funds (Exhibit 4)** **\$ 1,091,844**

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.

|                                   |               |         |
|-----------------------------------|---------------|---------|
| Unavailable revenue – December 31 | \$ 10,162,757 |         |
| Unavailable revenue – January 1   | (9,416,587)   | 746,170 |
|                                   |               |         |

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets disposed.

|  |               |           |
|--|---------------|-----------|
| Expenditures for general capital assets and infrastructure | \$ 11,843,228 |           |
| Current year depreciation                                  | (4,070,814)   |           |
| Net book value of assets disposed                          | (32,332)      | 7,740,082 |
|  |               |           |

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.

|                                     |             |           |
|-------------------------------------|-------------|-----------|
| Proceeds of new debt – loans issued | \$ (47,150) |           |
| Principal repayments                | 1,914,803   |           |
| Amortization of premium on bonds    | 92,928      | 1,960,581 |
|                                     |             |           |

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

|   |             |           |
|---|-------------|-----------|
| Change in inventories                                     | \$ (7,771)  |           |
| Change in deferred other postemployment benefits outflows | 59,926      |           |
| Change in deferred pension outflows                       | 6,167,734   |           |
| Change in accrued interest payable                        | 26,117      |           |
| Change in compensated absences payable                    | (103,095)   |           |
| Change in other postemployment benefits liability         | (98,312)    |           |
| Change in net pension asset                               | 63,839      |           |
| Change in net pension liability                           | 3,565,211   |           |
| Change in deferred other postemployment benefits inflows  | 89,081      |           |
| Change in deferred pension inflows                        | (8,374,686) | 1,388,044 |
|   |             |           |

The net income (loss) of the Internal Service Fund is reported with governmental activities. 229,666

**Change in Net Position of Governmental Activities (Exhibit 2)** **\$ 13,156,387**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 5**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|  | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|----------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>         |                           |                                       |
| <b>Revenues</b>                                  |                         |                      |                           |                                       |
| Taxes  | \$ 14,160,034           | \$ 14,160,034        | \$ 13,999,685             | \$ (160,349)                          |
| Special assessments                              | 292,000                 | 292,000              | 304,121                   | 12,121                                |
| Licenses and permits                             | 65,000                  | 65,000               | 127,781                   | 62,781                                |
| Intergovernmental                                | 2,954,835               | 2,954,835            | 4,008,168                 | 1,053,333                             |
| Charges for services                             | 746,414                 | 746,414              | 861,654                   | 115,240                               |
| Fines and forfeits                               | 19,000                  | 19,000               | 13,496                    | (5,504)                               |
| Gifts and contributions                          | 1,000                   | 1,000                | 9,490                     | 8,490                                 |
| Investment earnings                              | 190,300                 | 190,300              | 305,787                   | 115,487                               |
| Miscellaneous                                    | 837,609                 | 837,609              | 1,084,936                 | 247,327                               |
| <b>Total Revenues</b>                            | <b>\$ 19,266,192</b>    | <b>\$ 19,266,192</b> | <b>\$ 20,715,118</b>      | <b>\$ 1,448,926</b>                   |
| <b>Expenditures</b>                              |                         |                      |                           |                                       |
| <b>Current</b>                                   |                         |                      |                           |                                       |
| <b>General government</b>                        |                         |                      |                           |                                       |
| Commissioners                                    | \$ 350,922              | \$ 350,922           | \$ 318,675                | \$ 32,247                             |
| Courts   | 50,570                  | 50,570               | 49,463                    | 1,107                                 |
| Courts – CHIPS/TPR                               | 65,000                  | 65,000               | 56,832                    | 8,168                                 |
| Drug court                                       | 10,500                  | 10,500               | 10,500                    | -                                     |
| Law library                                      | 32,580                  | 32,580               | 18,259                    | 14,321                                |
| County administrator                             | 295,139                 | 295,139              | 334,368                   | (39,229)                              |
| Finance  | 488,427                 | 488,427              | 457,250                   | 31,177                                |
| Capital improvements                             | -                       | 231,330              | 2,691                     | 228,639                               |
| Public services                                  | 701,531                 | 701,531              | 797,359                   | (95,828)                              |
| Accounting and auditing                          | 71,125                  | 71,125               | 90,317                    | (19,192)                              |
| Property assessment                              | 764,830                 | 764,830              | 744,815                   | 20,015                                |
| Human resources                                  | 384,340                 | 384,340              | 268,594                   | 115,746                               |
| Office of technologies                           | 2,234,474               | 2,234,474            | 2,201,566                 | 32,908                                |
| Elections  | 5,400                   | 5,400                | 15,728                    | (10,328)                              |
| Other general government                         | 979,742                 | 690,742              | 687,982                   | 2,760                                 |
| County attorney                                  | 1,178,561               | 1,178,561            | 1,177,021                 | 1,540                                 |
| County attorney – forfeited property<br>proceeds | -                       | -                    | 585                       | (585)                                 |
| Recorder/abstractor                              | 357,026                 | 357,026              | 274,436                   | 82,590                                |
| Recorder – future equipment                      | 116,400                 | 116,400              | 134,628                   | (18,228)                              |
| Surveyor   | 30,000                  | 30,000               | 9,286                     | 20,714                                |
| Telephone  | 193,449                 | 193,449              | 183,117                   | 10,332                                |
| Courthouse operations                            | 889,096                 | 889,096              | 859,347                   | 29,749                                |
| North Mankato County office building             | 18,000                  | 18,000               | 11,929                    | 6,071                                 |
| Health and human services building               | 88,500                  | 88,500               | 79,485                    | 9,015                                 |
| Adult mental health services building            | -                       | -                    | 277                       | (277)                                 |
| Building fund department                         | -                       | -                    | 450                       | (450)                                 |
| Veterans service                                 | 193,512                 | 193,512              | 194,526                   | (1,014)                               |
| Property services                                | 1,008,761               | 1,008,761            | 810,470                   | 198,291                               |
| Gravel tax reclamation                           | 18,000                  | 18,000               | -                         | 18,000                                |
| <b>Total general government</b>                  | <b>\$ 10,525,885</b>    | <b>\$ 10,468,215</b> | <b>\$ 9,789,956</b>       | <b>\$ 678,259</b>                     |

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

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**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 5  
(Continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>        |                           |                                       |
| <b>Expenditures</b>                            |                         |                     |                           |                                       |
| <b>Current (Continued)</b>                     |                         |                     |                           |                                       |
| <b>Public safety</b>                           |                         |                     |                           |                                       |
| Sheriff  | \$ 2,452,676            | \$ 2,452,676        | \$ 2,591,850              | \$ (139,174)                          |
| Boat and water safety                          | 1,700                   | 1,700               | 3,907                     | (2,207)                               |
| Sheriff's contingency fund                     | 2,500                   | 2,500               | 5,292                     | (2,792)                               |
| Prisoner commissions account                   | 37,000                  | 37,000              | 28,884                    | 8,116                                 |
| Sheriff – snowmobile safety enforcement        | 3,803                   | 3,803               | 3,255                     | 548                                   |
| Enhanced 911 system                            | 229,377                 | 229,377             | 171,612                   | 57,765                                |
| Sheriff – forfeited property proceeds          | 1,500                   | 1,500               | 1,898                     | (398)                                 |
| Sheriff – offroad highway grant                | 4,268                   | 4,268               | 114                       | 4,154                                 |
| Gun permits                                    | 25,000                  | 25,000              | 4,645                     | 20,355                                |
| Coroner  | 40,000                  | 40,000              | 38,985                    | 1,015                                 |
| Dispatch center                                | 1,002,089               | 1,002,089           | 969,956                   | 32,133                                |
| Corrections                                    | 1,538,240               | 1,538,240           | 1,507,576                 | 30,664                                |
| Probation department                           | 1,862,308               | 1,862,308           | 1,609,235                 | 253,073                               |
| Nicollet County collaborative                  | 76,068                  | 76,068              | 74,540                    | 1,528                                 |
| Emergency services                             | 119,189                 | 119,189             | 112,342                   | 6,847                                 |
| <b>Total public safety</b>                     | <b>\$ 7,395,718</b>     | <b>\$ 7,395,718</b> | <b>\$ 7,124,091</b>       | <b>\$ 271,627</b>                     |
| <b>Sanitation</b>                              |                         |                     |                           |                                       |
| Solid waste management                         | \$ 315,500              | \$ 315,500          | \$ 280,070                | \$ 35,430                             |
| <b>Culture and recreation</b>                  |                         |                     |                           |                                       |
| Historical society                             | \$ 117,913              | \$ 117,913          | \$ 118,101                | \$ (188)                              |
| Transit  | 33,150                  | 33,150              | 536                       | 32,614                                |
| <b>Total culture and recreation</b>            | <b>\$ 151,063</b>       | <b>\$ 151,063</b>   | <b>\$ 118,637</b>         | <b>\$ 32,426</b>                      |
| <b>Conservation of natural resources</b>       |                         |                     |                           |                                       |
| Agricultural society                           | \$ 50,000               | \$ 50,000           | \$ 50,000                 | \$ -                                  |
| COOP extension                                 | -                       | -                   | (356)                     | 356                                   |
| County extension                               | 168,561                 | 168,561             | 166,889                   | 1,672                                 |
| Soil and water conservation district           | 242,993                 | 242,993             | 242,993                   | -                                     |
| Tri-county fair                                | 700                     | 700                 | 700                       | -                                     |
| <b>Total conservation of natural resources</b> | <b>\$ 462,254</b>       | <b>\$ 462,254</b>   | <b>\$ 460,226</b>         | <b>\$ 2,028</b>                       |
| <b>Economic development</b>                    |                         |                     |                           |                                       |
| Economic development                           | \$ 113,245              | \$ 113,245          | \$ 88,612                 | \$ 24,633                             |
| Housing and redevelopment authority            | 123,202                 | 123,202             | 123,202                   | -                                     |
| County Relief Grant Program                    | -                       | -                   | 663,000                   | (663,000)                             |
| <b>Total economic development</b>              | <b>\$ 236,447</b>       | <b>\$ 236,447</b>   | <b>\$ 874,814</b>         | <b>\$ (638,367)</b>                   |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 5  
(Continued)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|----------------------|---------------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>         |                           |                                       |
| <b>Expenditures (Continued)</b>                         |                         |                      |                           |                                       |
| <b>Intergovernmental</b>                                |                         |                      |                           |                                       |
| Culture and recreation – regional library               | \$ 110,088              | \$ 110,088           | \$ 110,088                | \$ -                                  |
| <b>Capital outlay</b>                                   |                         |                      |                           |                                       |
| General government                                      | \$ 218,000              | \$ 275,670           | \$ 419,109                | \$ (143,439)                          |
| Public safety   | -                       | -                    | 8,362                     | (8,362)                               |
| Health  | -                       | -                    | 802,584                   | (802,584)                             |
| <b>Total capital outlay</b>                             | <b>\$ 218,000</b>       | <b>\$ 275,670</b>    | <b>\$ 1,230,055</b>       | <b>\$ (954,385)</b>                   |
| <b>Total Expenditures</b>                               | <b>\$ 19,414,955</b>    | <b>\$ 19,414,955</b> | <b>\$ 19,987,937</b>      | <b>\$ (572,982)</b>                   |
| <b>Excess of Revenues Over (Under)<br/>Expenditures</b> | <b>\$ (148,763)</b>     | <b>\$ (148,763)</b>  | <b>\$ 727,181</b>         | <b>\$ 875,944</b>                     |
| <b>Other Financing Sources (Uses)</b>                   |                         |                      |                           |                                       |
| Transfers in  | 5,000                   | 5,000                | 2,925                     | (2,075)                               |
| <b>Net Change in Fund Balance</b>                       | <b>\$ (143,763)</b>     | <b>\$ (143,763)</b>  | <b>\$ 730,106</b>         | <b>\$ 873,869</b>                     |
| <b>Fund Balance – January 1</b>                         | <b>17,293,157</b>       | <b>17,293,157</b>    | <b>17,293,157</b>         | <b>-</b>                              |
| <b>Fund Balance – December 31</b>                       | <b>\$ 17,149,394</b>    | <b>\$ 17,149,394</b> | <b>\$ 18,023,263</b>      | <b>\$ 873,869</b>                     |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT 6*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON STATEMENT  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|---|-------------------------|----------------------|---------------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>         |                           |                                       |
| <b>Revenues</b>                           |                         |                      |                           |                                       |
| Taxes                                     | \$ 3,744,861            | \$ 3,744,861         | \$ 4,162,095              | \$ 417,234                            |
| Intergovernmental                         | 6,366,700               | 6,366,700            | 8,950,338                 | 2,583,638                             |
| Charges for services                      | 44,000                  | 44,000               | 62,699                    | 18,699                                |
| Miscellaneous                             | 11,645                  | 11,645               | 105,399                   | 93,754                                |
| <b>Total Revenues</b>                     | <b>\$ 10,167,206</b>    | <b>\$ 10,167,206</b> | <b>\$ 13,280,531</b>      | <b>\$ 3,113,325</b>                   |
| <b>Expenditures</b>                       |                         |                      |                           |                                       |
| <b>Current</b>                            |                         |                      |                           |                                       |
| <b>Highways and streets</b>               |                         |                      |                           |                                       |
| Administration                            | \$ 469,335              | \$ 469,335           | \$ 385,951                | \$ 83,384                             |
| Maintenance                               | 1,636,154               | 1,636,154            | 1,486,560                 | 149,594                               |
| Construction                              | 6,930,321               | 6,930,321            | 10,051,835                | (3,121,514)                           |
| Equipment maintenance shops               | 641,469                 | 641,469              | 645,169                   | (3,700)                               |
| <b>Total highways and streets</b>         | <b>\$ 9,677,279</b>     | <b>\$ 9,677,279</b>  | <b>\$ 12,569,515</b>      | <b>\$ (2,892,236)</b>                 |
| <b>Culture and recreation</b>             |                         |                      |                           |                                       |
| Parks                                     | 115,427                 | 115,427              | 116,467                   | (1,040)                               |
| <b>Conservation of natural resources</b>  |                         |                      |                           |                                       |
| Agricultural inspection                   | 14,000                  | 14,000               | 12,004                    | 1,996                                 |
| <b>Intergovernmental</b>                  |                         |                      |                           |                                       |
| Highways and streets                      | 201,500                 | 201,500              | 217,998                   | (16,498)                              |
| <b>Capital outlay</b>                     |                         |                      |                           |                                       |
| Highways and streets                      | 559,000                 | 559,000              | 537,134                   | 21,866                                |
| <b>Total Expenditures</b>                 | <b>\$ 10,567,206</b>    | <b>\$ 10,567,206</b> | <b>\$ 13,453,118</b>      | <b>\$ (2,885,912)</b>                 |
| <b>Net Change in Fund Balance</b>         | <b>\$ (400,000)</b>     | <b>\$ (400,000)</b>  | <b>\$ (172,587)</b>       | <b>\$ 227,413</b>                     |
| <b>Fund Balance – January 1</b>           | <b>16,567,369</b>       | <b>16,567,369</b>    | <b>16,567,369</b>         | <b>-</b>                              |
| <b>Increase (decrease) in inventories</b> | <b>-</b>                | <b>-</b>             | <b>(7,771)</b>            | <b>(7,771)</b>                        |
| <b>Fund Balance – December 31</b>         | <b>\$ 16,167,369</b>    | <b>\$ 16,167,369</b> | <b>\$ 16,387,011</b>      | <b>\$ 219,642</b>                     |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT 7*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON STATEMENT  
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                   | <u>Budgeted Amounts</u> |                      | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|-------------------------|----------------------|---------------------------|---------------------------------------|
|                                   | <u>Original</u>         | <u>Final</u>         |                           |                                       |
| <b>Revenues</b>                   |                         |                      |                           |                                       |
| Taxes                             | \$ 5,880,451            | \$ 5,880,451         | \$ 5,860,207              | \$ (20,244)                           |
| Intergovernmental                 | 6,651,287               | 6,651,287            | 7,506,745                 | 855,458                               |
| Charges for services              | 1,102,750               | 1,102,750            | 1,582,306                 | 479,556                               |
| Gifts and contributions           | 1,500                   | 1,500                | 1,550                     | 50                                    |
| Miscellaneous                     | 45,746                  | 45,746               | 193,115                   | 147,369                               |
| <b>Total Revenues</b>             | <b>\$ 13,681,734</b>    | <b>\$ 13,681,734</b> | <b>\$ 15,143,923</b>      | <b>\$ 1,462,189</b>                   |
| <b>Expenditures</b>               |                         |                      |                           |                                       |
| <b>Current</b>                    |                         |                      |                           |                                       |
| <b>Human services</b>             |                         |                      |                           |                                       |
| Income maintenance                | \$ 3,250,726            | \$ 3,250,726         | \$ 3,368,926              | \$ (118,200)                          |
| Social services                   | 9,377,148               | 9,377,148            | 9,561,803                 | (184,655)                             |
| <b>Total human services</b>       | <b>\$ 12,627,874</b>    | <b>\$ 12,627,874</b> | <b>\$ 12,930,729</b>      | <b>\$ (302,855)</b>                   |
| <b>Health</b>                     |                         |                      |                           |                                       |
| Public health                     | 1,123,860               | 1,123,860            | 1,115,705                 | 8,155                                 |
| <b>Total Expenditures</b>         | <b>\$ 13,751,734</b>    | <b>\$ 13,751,734</b> | <b>\$ 14,046,434</b>      | <b>\$ (294,700)</b>                   |
| <b>Net Change in Fund Balance</b> | <b>\$ (70,000)</b>      | <b>\$ (70,000)</b>   | <b>\$ 1,097,489</b>       | <b>\$ 1,167,489</b>                   |
| <b>Fund Balance – January 1</b>   | <b>8,285,581</b>        | <b>8,285,581</b>     | <b>8,285,581</b>          | <b>-</b>                              |
| <b>Fund Balance – December 31</b> | <b>\$ 8,215,581</b>     | <b>\$ 8,215,581</b>  | <b>\$ 9,383,070</b>       | <b>\$ 1,167,489</b>                   |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT 8*

**STATEMENT OF FUND NET POSITION  
GOVERNMENTAL ACTIVITIES  
SELF-INSURANCE INTERNAL SERVICE FUND  
DECEMBER 31, 2021**

**Assets**

|                             |              |
|-----------------------------|--------------|
| Current assets              |              |
| Cash and pooled investments | \$ 2,693,916 |

**Liabilities**

|                     |         |
|---------------------|---------|
| Current liabilities |         |
| Claims payable      | 165,514 |
|                     | <hr/>   |

**Net Position**

|              |              |
|--------------|--------------|
| Unrestricted | \$ 2,528,402 |
|              | <hr/> <hr/>  |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT 9*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
GOVERNMENTAL ACTIVITIES  
SELF-INSURANCE INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                   |                            |
|-----------------------------------|----------------------------|
| <b>Operating Revenues</b>         |                            |
| Charges for services              | \$ 5,070,486               |
| <b>Operating Expenses</b>         |                            |
| Professional services             | <u>4,840,820</u>           |
| <b>Change in Net Position</b>     | <b>\$ 229,666</b>          |
| <b>Net Position – January 1</b>   | <u>2,298,736</u>           |
| <b>Net Position – December 31</b> | <u><u>\$ 2,528,402</u></u> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 10**

**STATEMENT OF CASH FLOWS  
SELF-INSURANCE INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021  
Increase (Decrease) in Cash and Cash Equivalents**

|  |                                   |
|--|-----------------------------------|
| <b>Cash Flows From Operating Activities</b>  |                                   |
| Receipts from customers and users  | \$ 5,070,486                      |
| Payments to service providers  | <u>(4,775,980)</u>                |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>\$ 294,506</b>                 |
| <b>Cash and Cash Equivalents at January 1</b>  | <u><b>2,399,410</b></u>           |
| <b>Cash and Cash Equivalents at December 31</b>  | <u><u><b>\$ 2,693,916</b></u></u> |
| <br>   |                                   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>        |                                   |
| Operating income (loss)  | \$ 229,666                        |
| <br>   |                                   |
| <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b> |                                   |
| Increase (decrease) in claims payable  | <u>64,840</u>                     |
| <br>   |                                   |
| <b>Net Cash Provided by (Used in) Operating Activities</b>   | <u><u><b>\$ 294,506</b></u></u>   |

**FIDUCIARY FUNDS**



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT 11*

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2021**

|  | <b>Social Welfare<br/>Private-Purpose<br/>Trust Fund</b> | <b>Custodial<br/>Funds</b> |
|--|--|----------------------------|
| <b><u>Assets</u></b>   |  |                            |
| Cash and pooled investments                                      | \$ 32,920  | \$ 1,796,905               |
| Due from other governments                                       | -  | 339,711                    |
| Taxes receivable for other governments                           | -  | 588,651                    |
| Accounts receivable  | -  | 142,216                    |
|  | <b>\$ 32,920</b>   | <b>\$ 2,867,483</b>        |
| <b><u>Liabilities</u></b>  |  |                            |
| Due to others  | \$ -   | \$ 63,915                  |
| Due to other governments   | -  | 443,154                    |
|  | <b>\$ -</b>  | <b>\$ 507,069</b>          |
| <b><u>Deferred Inflows of Resources</u></b>                      |  |                            |
| Prepaid taxes  | \$ -   | \$ 312,197                 |
|  | <b>\$ -</b>  | <b>\$ 312,197</b>          |
| <b><u>Net Position</u></b>                                       |  |                            |
| Restricted for individuals, organizations, and other governments | <b>\$ 32,920</b>   | <b>\$ 2,048,217</b>        |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT 12**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|  | <b>Social Welfare<br/>Private-Purpose<br/>Trust Fund</b> | <b>Custodial<br/>Funds</b> |
|--|--|----------------------------|
| <b><u>Additions</u></b>                        |  |                            |
| Contributions from individuals                 | \$ 235,892   | \$ 297,468                 |
| Interest earnings                              | -  | 5,739                      |
| Property tax collections for other governments | -  | 30,004,028                 |
| License and fees collected for state           | -  | 7,301,200                  |
| Payments from state                            | -  | 1,763,327                  |
| Refunds collected for other entities           | -  | 103,236                    |
| Payments from other entities                   | -  | 915,831                    |
| <b>Total Additions</b>                         | <b>\$ 235,892</b>  | <b>\$ 40,390,829</b>       |
| <b><u>Deductions</u></b>                       |  |                            |
| Beneficiary payments to individuals            | \$ 233,450   | \$ 457,878                 |
| Payments of property tax to other governments  | -  | 29,558,895                 |
| Payments to state                              | -  | 7,203,486                  |
| Administrative expense                         | -  | 10,775                     |
| Payments to other entities                     | -  | 2,345,513                  |
| <b>Total Deductions</b>                        | <b>\$ 233,450</b>  | <b>\$ 39,576,547</b>       |
| <b>Change in Net Position</b>                  | <b>\$ 2,442</b>  | <b>\$ 814,282</b>          |
| <b>Net Position – January 1</b>                | <b>30,478</b>  | <b>1,233,935</b>           |
| <b>Net Position – December 31</b>              | <b>\$ 32,920</b>   | <b>\$ 2,048,217</b>        |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

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1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

Joint Ventures and Jointly-Governed Organizations

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

B. Basic Financial Statements

1. Government-Wide Statements

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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

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

2. Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

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

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

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

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

Additionally, the County reports the following funds:

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

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

1. Cash and Cash Equivalents

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Finance Director for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2021. A market approach is used to value all investments other than external investment pools and mutual funds, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Pooled investment earnings for 2021 were \$305,787.

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

3. Receivables and Payables

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

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

Special assessments receivable consist of delinquent special assessments payable in the years 2016 through 2021 and noncurrent special assessments payable in 2022 and after.

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

4. Inventories and Prepaid Items

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

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

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

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and bridges), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (\$100,000 for infrastructure) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

5. Capital Assets (Continued)

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

| <u>Assets</u>           | <u>Years</u> |
|-------------------------|--------------|
| Buildings               | 25 - 40      |
| Land improvements       | 20 - 30      |
| Infrastructure          | 50 - 75      |
| Machinery and equipment | 5 - 15       |

6. Compensated Absences

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

7. Long-Term Obligations

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

7. Long-Term Obligations (Continued)

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

8. Deferred Outflows/Inflows of Resources

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

8. Deferred Outflows/Inflows of Resources (Continued)

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

9. Pension Plan

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

10. Unearned Revenue

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

11. Classification of Net Position

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

11. Classification of Net Position (Continued)

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

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

12. Classification of Fund Balances

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

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

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

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

12. Classification of Fund Balances (Continued)

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

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

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

13. Use of Estimates

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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2. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

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

During the year, the Board amended the budgets.

B. Deficit Fund Equity

The Ditch Special Revenue Fund has a deficit fund balance of \$2,456,523. This deficit will be eliminated by special assessments. The following is a summary of the individual ditch systems:

|  |                       |
|--|-----------------------|
| 37 ditches with positive fund balances | \$ 290,817            |
| 47 ditches with deficit fund balances  | <u>(2,747,340)</u>    |
| Total Fund Balance                     | <u>\$ (2,456,523)</u> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

2. Stewardship, Compliance, and Accountability (Continued)

C. Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2021:

|  | Expenditures  | Budget        | Excess     |
|--|---------------|---------------|------------|
| General Fund                                   | \$ 19,987,937 | \$ 19,414,955 | \$ 572,982 |
| Road and Bridge Special Revenue Fund           | 13,453,118    | 10,567,206    | 2,885,912  |
| Health and Human Services Special Revenue Fund | 14,046,434    | 13,751,734    | 294,700    |
| Debt Service Fund                              | 2,132,031     | 2,117,163     | 14,868     |

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

|                             |    |            |
|-----------------------------|----|------------|
| Governmental funds          |    |            |
| Cash and pooled investments | \$ | 47,608,000 |
| Cash with fiscal agent      |    | 6,970,795  |
| Internal Service Fund       |    |            |
| Cash and pooled investments |    | 2,693,916  |
| Fiduciary funds             |    |            |
| Cash and pooled investments |    | 1,829,825  |
|                             |    | 1,829,825  |
| Total Cash and Investments  | \$ | 59,102,536 |

a. Deposits

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

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured deposits. As of December 31, 2021, none of the County's deposits were exposed to custodial credit risk.

b. Investments

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

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



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (4) time deposits fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the County's policy to minimize interest rate risk by (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements. At December 31, 2021, the County had the following investments with specified maturity dates:

| Investment Type                    | Carrying<br>(Fair)<br>Value | Maturity Dates    |                     |
|------------------------------------|-----------------------------|-------------------|---------------------|
|                                    |                             | 0 - 1 Year        | Over 1 Year         |
| Negotiable certificates of deposit | \$ 2,167,348                | \$ 448,585        | \$ 1,718,763        |
| U.S. government securities*        | 4,598,414                   | -                 | 4,598,414           |
| Total                              | <u>\$ 6,765,762</u>         | <u>\$ 448,585</u> | <u>\$ 6,317,177</u> |

\*These notes have step provisions which could result in the notes being called prior to maturity.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and the MAGIC Fund held by the County are unrated. The County's other exposure to credit risk as of December 31, 2021, is as follows:

| <u>Moody's<br/>Rating</u> | <u>Fair Value</u>    |
|---------------------------|----------------------|
| Aaa                       | \$ 4,598,414         |
| Aaa-mf                    | 6,401,020            |
| Total                     | <u>\$ 10,999,434</u> |

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is the County's policy to minimize investment custodial credit risk by permitting brokers to hold County investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased in excess of available SIPC coverage are transferred to an approved third-party custodian. At December 31, 2021, none of the County's investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize concentration of credit risk by diversifying the investment portfolio so that the

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Concentration of Credit Risk (Continued)

impact of potential losses from any one type of security or issuer will be minimized. At December 31, 2021, the County's investments were primarily in U.S. government securities, mutual funds, and an external investment pool and, therefore, not subject to concentration of credit risk disclosure requirements. The County's remaining investments in any one issuer did not represent five percent or more of the County's investments.

Fair Value Measurement

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

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

At December 31, 2021, the County had the following recurring fair value measurements.

|   | December 31,<br>2021 | Fair Value Measurements Using  |   |  |
|---|----------------------|--|---|--|
|   |                      | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by fair value level                           |                      |  |   |  |
| Debt securities   |                      |  |   |  |
| U.S. agencies   | \$ 4,598,414         | \$ -   | \$ 4,598,414  | \$ -   |
| Negotiable certificates of deposit                        | 2,167,348            | -  | 2,167,348   | -  |
| <br>  |                      |  |   |  |
| Total Investments Included in<br>the Fair Value Hierarchy | <u>\$ 6,765,762</u>  | <u>\$ -</u>  | <u>\$ 6,765,762</u>                                       | <u>\$ -</u>  |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Fair Value Measurement (Continued)

|   | December 31,<br>2021 | Fair Value Measurements Using  |   |  |
|---|----------------------|--|---|--|
|   |                      | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments measured at the net asset value (NAV) |                      |  |   |  |
| MAGIC Portfolio                                   | \$ 27,772,433        |  |   |  |
| MAGIC Term  | 2,250,000            |  |   |  |
| Money Market Mutual Funds                         | 6,401,020            |  |   |  |
| <br>  |                      |  |   |  |
| Total Investments Measured at the NAV             | <u>\$ 36,423,453</u> |  |   |  |

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

MAGIC is a local government investment pool which is quoted at 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 and the MAGIC Term Series.

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments

Fair Value Measurement (Continued)

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

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

2. Receivables

Receivables as of December 31, 2021, for the County's governmental activities are as follows:

|                                  | <u>Total<br/>Receivables</u> | <u>Amounts Not<br/>Scheduled for<br/>Collection During<br/>the Subsequent Year</u> |
|----------------------------------|------------------------------|--|
| Governmental Activities          |                              |  |
| Taxes – delinquent               | \$ 161,383                   | \$ -   |
| Special assessments – delinquent | 17,389                       | -  |
| Special assessments – noncurrent | 3,714,473                    | 2,946,950  |
| Accounts                         | 978,577                      | 349,089  |
| Accrued interest                 | 29,990                       | -  |
| Due from other governments       | <u>7,560,772</u>             | <u>-</u>   |
| Total Governmental Activities    | <u>\$ 12,462,584</u>         | <u>\$ 3,296,039</u>  |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

|  | Beginning<br>Balance  | Increase             | Decrease            | Ending<br>Balance     |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Capital assets not depreciated                 |                       |                      |                     |                       |
| Land   | \$ 5,284,752          | \$ 161,184           | \$ -                | \$ 5,445,936          |
| Construction in progress                       | 6,369,749             | 4,343,972            | 2,801,379           | 7,912,342             |
| <b>Total capital assets not depreciated</b>    | <b>\$ 11,654,501</b>  | <b>\$ 4,505,156</b>  | <b>\$ 2,801,379</b> | <b>\$ 13,358,278</b>  |
| Capital assets depreciated                     |                       |                      |                     |                       |
| Buildings                                      | \$ 30,860,555         | \$ 1,250,255         | \$ -                | \$ 32,110,810         |
| Land improvements                              | 1,230,453             | -                    | -                   | 1,230,453             |
| Machinery and equipment                        | 12,611,290            | 627,445              | 301,100             | 12,937,635            |
| Infrastructure                                 | 109,606,261           | 8,261,751            | -                   | 117,868,012           |
| <b>Total capital assets depreciated</b>        | <b>\$ 154,308,559</b> | <b>\$ 10,139,451</b> | <b>\$ 301,100</b>   | <b>\$ 164,146,910</b> |
| Less: accumulated depreciation for             |                       |                      |                     |                       |
| Buildings                                      | \$ 11,196,955         | \$ 844,286           | \$ -                | \$ 12,041,241         |
| Land improvements                              | 491,153               | 50,320               | -                   | 541,473               |
| Machinery and equipment                        | 8,535,731             | 881,665              | 268,768             | 9,148,628             |
| Infrastructure                                 | 38,569,669            | 2,294,543            | -                   | 40,864,212            |
| <b>Total accumulated depreciation</b>          | <b>\$ 58,793,508</b>  | <b>\$ 4,070,814</b>  | <b>\$ 268,768</b>   | <b>\$ 62,595,554</b>  |
| <b>Total capital assets depreciated, net</b>   | <b>\$ 95,515,051</b>  | <b>\$ 6,068,637</b>  | <b>\$ 32,332</b>    | <b>\$ 101,551,356</b> |
| Governmental Activities<br>Capital Assets, Net | <u>\$ 107,169,552</u> | <u>\$ 10,573,793</u> | <u>\$ 2,833,711</u> | <u>\$ 114,909,634</u> |

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

|   |                     |
|---|---------------------|
| General government  | \$ 755,160          |
| Public safety   | 241,067             |
| Highways and streets, including depreciation of infrastructure assets | 2,984,549           |
| Human services  | 84,274              |
| Culture and recreation  | 1,554               |
| Conservation of natural resources                                     | 693                 |
| Sanitation  | 3,517               |
| <b>Total Depreciation Expense</b>                                     | <u>\$ 4,070,814</u> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2021, is as follows:

1. Due To/From Other Funds

| <u>Receivable Fund</u>               | <u>Payable Fund</u>                            | <u>Amount</u>    | <u>Purpose</u>         |
|--------------------------------------|--|------------------|------------------------|
| General Fund                         | Health and Human Services Special Revenue Fund | \$ 51,586        | Utilities and services |
|                                      | Revolving Loan Special Revenue Fund            | 2,925            | Septic system interest |
|                                      | Ditch Special Revenue Fund                     | <u>25,058</u>    | Interest               |
| Total Due to General Fund            |  | \$ 79,569        |                        |
| Road and Bridge Special Revenue Fund | Ditch Special Revenue Fund                     | <u>696</u>       | Fuel                   |
| Total Due To/From Other Funds        |  | <u>\$ 80,265</u> |                        |

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

2. Interfund Receivables/Payables

| <u>Receivable Fund</u> | <u>Payable Fund</u>        | <u>Amount</u>       |
|------------------------|----------------------------|---------------------|
| General Fund           | Ditch Special Revenue Fund | <u>\$ 1,844,310</u> |

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

3. Interfund Transfers

| <u>Transfer In</u> | <u>Transfer Out</u>                 | <u>Amount</u>   | <u>Purpose</u>                       |
|--------------------|-------------------------------------|-----------------|--------------------------------------|
| General Fund       | Revolving Loan Special Revenue Fund | <u>\$ 2,925</u> | Special assessment interest earnings |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Long-Term Debt

Bonds

| Type of Indebtedness   | Final<br>Maturity | Installment<br>Amounts       | Interest<br>Rate<br>(%) | Original<br>Issue<br>Amount | Outstanding<br>Balance<br>December 31,<br>2021 |
|--|-------------------|------------------------------|-------------------------|-----------------------------|--|
| General obligation bonds   |                   |                              |                         |                             |  |
| 2013A G.O. Capital Improvement<br>Bonds (Social Services Building) | 2029              | \$30,000 -<br>\$1,105,000    | 3.00 -<br>5.00          | \$ 10,530,000               | \$ 7,805,000                                   |
| 2018A G.O. Ditch Bonds   | 2033              | \$125,000 -<br>\$155,000     | 3.00 -<br>3.10          | 2,155,000                   | 1,725,000                                      |
| 2018B G.O. Capital Improvement<br>Plan Bonds                       | 2025              | \$310,000 -<br>\$830,000     | 3.00                    | 2,390,000                   | 1,765,000                                      |
| 2018C G.O. Refunding Bonds<br>(Road Reconstruction)                | 2024              | \$480,000 -<br>\$590,000     | 3.00 -<br>5.00          | 3,175,000                   | 1,695,000                                      |
| 2018C G.O. Refunding Bonds<br>(Drainage)                           | 2023              | \$45,000 -<br>\$55,000       | 3.00 -<br>5.00          | 235,000                     | 90,000   |
| 2020A G.O. Capital Improvement<br>Plan Refunding Bonds             | 2029              | \$1,000,000 -<br>\$1,040,000 | 0.35 -<br>1.10          | 7,100,000                   | 7,100,000                                      |
| Total general obligation bonds                                     |                   |                              |                         | <u>\$ 25,585,000</u>        | \$ 20,180,000                                  |
| Plus: unamortized premium  |                   |                              |                         |                             | <u>499,566</u>                                 |
| Total General Obligation Bonds,<br>Net                             |                   |                              |                         |                             | <u>\$ 20,679,566</u>                           |

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

Loans Payable

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



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

1. Long-Term Debt

Loans Payable (Continued)

| Type of Indebtedness  | Final Maturity | Installment Amount    | Interest Rate (%) | Original Issue Amount | Outstanding Balance December 31, 2021 |
|---|----------------|-----------------------|-------------------|-----------------------|---------------------------------------|
| 2011 Middle River Watershed                                 | 2024           | \$10,838              | 2.00              | \$ 195,574            | \$ 62,810                             |
| 2014 Rush River Watershed                                   | 2027           | \$4,032               | 2.00              | 72,764                | 45,383                                |
| 2015 Middle Minnesota Watershed                             | 2028           | \$8,240               | 2.00              | 148,692               | 99,979                                |
| Agricultural Best Management Practices (AgBMP) Loan Program | 2032           | \$2,664 -<br>\$15,583 | -                 | 290,886               | 259,979                               |
| Total Loans Payable   |                |                       |                   | <u>\$ 707,916</u>     | <u>\$ 468,151</u>                     |

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

2. Debt Service Requirements

Debt service requirements at December 31, 2021, were as follows:

| Year Ending<br>December 31 | General Obligation Bonds |                   | Loans             |                  |
|----------------------------|--------------------------|-------------------|-------------------|------------------|
|                            | Principal                | Interest          | Principal         | Interest         |
| 2022                       | \$ 8,850,000             | \$ 352,796        | \$ 66,803         | \$ 3,953         |
| 2023                       | 2,070,000                | 168,140           | 70,460            | 3,104            |
| 2024                       | 2,055,000                | 126,515           | 71,794            | 2,237            |
| 2025                       | 1,980,000                | 88,603            | 51,355            | 1,461            |
| 2026                       | 1,155,000                | 65,755            | 52,670            | 997              |
| 2027 - 2031                | 3,795,000                | 143,035           | 152,335           | 606              |
| 2032 - 2033                | 275,000                  | 8,378             | 2,734             | -                |
| Total                      | <u>\$ 20,180,000</u>     | <u>\$ 953,222</u> | <u>\$ 468,151</u> | <u>\$ 12,358</u> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

|                                | Beginning<br>Balance | Additions           | Reductions          | Ending<br>Balance    | Due Within<br>One Year |
|--------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Bonds payable                  |                      |                     |                     |                      |                        |
| General obligation bonds       | \$ 22,015,000        | \$ -                | \$ 1,835,000        | \$ 20,180,000        | \$ 8,850,000           |
| Plus: unamortized premiums     | 592,494              | -                   | 92,928              | 499,566              | -                      |
| Total bonds payable            | \$ 22,607,494        | \$ -                | \$ 1,927,928        | \$ 20,679,566        | \$ 8,850,000           |
| Loans payable                  | 500,804              | 47,150              | 79,803              | 468,151              | 66,803                 |
| Compensated absences           | 1,992,522            | 1,198,387           | 1,095,292           | 2,095,617            | 1,380,326              |
| Total Long-Term<br>Liabilities | <u>\$ 25,100,820</u> | <u>\$ 1,245,537</u> | <u>\$ 3,103,023</u> | <u>\$ 23,243,334</u> | <u>\$ 10,297,129</u>   |

Debt Refunding

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

4. Deferred Inflows of Resources

Deferred inflows of resources as of December 31, 2021, for the County's governmental funds are as follows:

|   | Deferred<br>Inflows<br>of Resources |
|---|-------------------------------------|
| Unavailable revenue   |                                     |
| Taxes and special assessments, delinquent and noncurrent<br>Highway allotments that do not provide current financial<br>resources | \$ 3,518,329                        |
| Grants  | 5,456,807                           |
| Charges for services  | 474,281                             |
| Interest  | 224,980                             |
| Miscellaneous   | 18,439                              |
|   | 469,921                             |
| Total Governmental Funds  | \$ 10,162,757                       |

5. Construction Commitments

The County has the following active construction projects as of December 31, 2021:

|  | Spent-to-Date | Remaining<br>Commitment |
|--|---------------|-------------------------|
| Governmental Activities                  |               |                         |
| Highway projects                         | \$ 14,942,203 | \$ 477,735              |
| Ditch projects                           | 1,730,695     | 215,820                 |
| Human Services building remodel projects | 132,795       | 28,671                  |

D. Other Postemployment Benefits (OPEB)

1. Plan Description

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

1. Plan Description (Continued)

Nicollet County provides postemployment health care benefits for elected officials. Elected County officials and their dependents are eligible for the benefit for a number of years equal to 25 percent of the retiree's years in elective office, with a maximum of five years. The County pays 100 percent of health premiums for them and their families. The County's regular health benefit provider underwrites the retirees' policies. Retirees may not convert the benefit into an in-lieu-of-payment to secure coverage under independent plans. As of December 31, 2021, three retirees were receiving the premium-coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2021, the County recognized \$23,222 of expenditures for this benefit. A separate, audited GAAP-basis postemployment plan report is not issued.

In 2019, the County offered a voluntary early retirement incentive program to employees who were eligible for pension benefits and had more than 15 years of service as of December 31, 2018. Under this program, early retirees could elect to receive full County-paid medical and dental premiums for a period of three years. Two employees elected to participate and are receiving the premium-coverage benefit. The County finances the plan on a pay-as-you-go basis. For the year ended December 31, 2021, the County recognized \$57,428 of expenditures for this benefit. A separate audited GAAP-basis postemployment plan report is not issued.

The County also provides health insurance benefits for eligible retired employees and their spouses under a single-employer self-insured plan. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. This postemployment benefit is funded on a pay-as-you-go basis, usually paying retiree benefits out of the General Fund. As of January 1, 2020, there were nine retirees receiving health benefits from the County's health plan. The implicit rate subsidy amount was determined by an actuarial study to be \$66,721 for 2021. A separate, audited GAAP-basis postemployment plan report is not issued.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

1. Plan Description (Continued)

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, 2020, actuarial valuation, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 9          |
| Active plan participants   | <u>251</u> |
| Total  | <u>260</u> |

2. Total OPEB Liability

The County's total OPEB liability of \$1,441,958 was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2020. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                        |   |
|------------------------|---|
| Inflation              | 2.50 percent  |
| Salary increases       | Graded by service years and contract group ranging from 11.25 percent for one year of service (12.25 percent for public safety) to 3.25 percent for 26 or more years of service |
| Health care cost trend | 6.25 percent, decreasing to 5.00 percent over five years and then 4.00 percent over the next 48 years   |

The current year discount rate is 2.00 percent, which is a change from the prior year rate of 2.90 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

2. Total OPEB Liability (Continued)

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

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

3. Changes in the Total OPEB Liability

|                              | Total OPEB<br>Liability |
|------------------------------|-------------------------|
| Balance at December 31, 2020 | \$ 1,343,646            |
| Changes for the year         |                         |
| Service cost                 | \$ 135,570              |
| Interest                     | 40,830                  |
| Changes in assumptions       | 65,493                  |
| Benefit payments             | (143,581)               |
| Net change                   | \$ 98,312               |
| Balance at December 31, 2021 | \$ 1,441,958            |

4. OPEB Liability Sensitivity

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

|             | Discount Rate |  | Total OPEB<br>Liability |
|-------------|---------------|--|-------------------------|
| 1% Decrease | 1.00%         |  | \$ 1,538,509            |
| Current     | 2.00          |  | 1,441,958               |
| 1% Increase | 3.00          |  | 1,350,250               |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

4. OPEB Liability Sensitivity (Continued)

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

|             | Health Care Cost<br>Trend Rate |    | Total OPEB<br>Liability |
|-------------|--------------------------------|----|-------------------------|
| 1% Decrease | 5.25% Decreasing to 4.00%      | \$ | 1,283,939               |
| Current     | 6.25% Decreasing to 5.00%      |    | 1,441,958               |
| 1% Increase | 7.25% Decreasing to 6.00%      |    | 1,631,358               |

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

For the year ended December 31, 2021, the County recognized OPEB expense of \$96,676. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience    | \$ -                                 | \$ 146,637                          |
| Changes in actuarial assumptions                      | 56,136                               | 290,391                             |
| Contributions made subsequent to the measurement date | 147,371                              | -                                   |
| Total   | \$ 203,507                           | \$ 437,028                          |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

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

The \$147,371 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, 2022. The amount reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended<br>December 31 | OPEB<br>Expense<br>Amount |
|---------------------------|---------------------------|
| 2022                      | \$ (79,724)               |
| 2023                      | (79,724)                  |
| 2024                      | (79,724)                  |
| 2025                      | (79,719)                  |
| 2026                      | (71,352)                  |
| Thereafter                | 9,351                     |

6. Change in Actuarial Assumptions

The following change in actuarial assumptions occurred in 2021:

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

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Nicollet County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan),



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

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.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

b. Benefits Provided

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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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. Rates did not change from 2020.

In 2021, the County and members were required to contribute the following percentages of annual covered salary:

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

The County’s contributions for the year ended December 31, 2021, to the pension plans were:

|                        |    |           |
|------------------------|----|-----------|
| General Employees Plan | \$ | 1,047,324 |
| Police and Fire Plan   |    | 238,814   |
| Correctional Plan      |    | 76,749    |

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

d. Pension Costs

General Employees Plan

At December 31, 2021, the County reported a liability of \$8,135,203 for its proportionate share of the General Employees Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.1905 percent. It was 0.1836 percent measured as of June 30, 2020. The County recognized pension expense of \$193,807 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$20,049 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                                    | \$ 8,135,203        |
| State of Minnesota's proportionate share of the net pension liability associated with the County | <u>248,484</u>      |
| Total  | <u>\$ 8,383,687</u> |

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:

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience   | \$ 46,884                            | \$ 247,917                          |
| Changes in actuarial assumptions                              | 4,967,187                            | 171,966                             |
| Difference between projected and actual investment earnings   | -                                    | 7,061,537                           |
| Changes in proportion   | 473,457                              | -                                   |
| Contributions paid to PERA subsequent to the measurement date | 525,968                              | -                                   |
| Total   | \$ 6,013,496                         | \$ 7,481,420                        |

The \$525,968 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>December 31 | Pension<br>Expense<br>Amount |
|---------------------------|------------------------------|
| 2022                      | \$ (142,976)                 |
| 2023                      | 40,682                       |
| 2024                      | 30,059                       |
| 2025                      | (1,921,657)                  |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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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, 2021, the County reported a liability of \$856,802 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.1110 percent. It was 0.1095 percent measured as of June 30, 2020. The County recognized pension expense of (\$16,335) for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1, 2020, 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 \$7,016 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                                    | \$ 856,802        |
| State of Minnesota's proportionate share of the net pension liability associated with the County | <u>38,523</u>     |
| Total  | <u>\$ 895,325</u> |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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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 \$9,990 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience   | \$ 164,061                           | \$ -                                |
| Changes in actuarial assumptions                              | 1,259,275                            | 444,011                             |
| Difference between projected and actual investment earnings   | -                                    | 1,639,572                           |
| Changes in proportion   | 97,777                               | 32,688                              |
| Contributions paid to PERA subsequent to the measurement date | 121,011                              | -                                   |
| Total   | \$ 1,642,124                         | \$ 2,116,271                        |

The \$121,011 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

| Year Ended<br>December 31 | Pension<br>Expense<br>Amount |
|---------------------------|------------------------------|
| 2022                      | \$ (501,066)                 |
| 2023                      | (91,280)                     |
| 2024                      | (107,581)                    |
| 2025                      | (174,206)                    |
| 2026                      | 278,975                      |

Correctional Plan

At December 31, 2021, the County reported an asset of \$63,839 for its proportionate share of the Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension asset was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the County's proportion was 0.3886 percent. It was 0.3915 percent measured as of June 30, 2020. The County recognized pension expense of (\$199,628) for its proportionate share of the Correctional Plan's pension expense.

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience   | \$ -                                 | \$ 36,593                           |
| Changes in actuarial assumptions                              | 399,617                              | 6,026                               |
| Difference between projected and actual investment earnings   | -                                    | 513,080                             |
| Changes in proportion   | 34                                   | 1,663                               |
| Contributions paid to PERA subsequent to the measurement date | 38,506                               | -                                   |
| Total   | \$ 438,157                           | \$ 557,362                          |

The \$38,506 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>December 31 | Pension<br>Expense<br>Amount |
|---------------------------|------------------------------|
| 2022                      | \$ (23,469)                  |
| 2023                      | (4,073)                      |
| 2024                      | 9,146                        |
| 2025                      | (139,315)                    |

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2021, was (\$22,156).

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans (Continued)

e. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

|                              | <u>General<br/>Employees Fund</u> | <u>Police and Fire<br/>Fund</u> | <u>Correctional Fund</u> |
|------------------------------|-----------------------------------|---------------------------------|--------------------------|
| Inflation                    | 2.25% per year                    | 2.25% per year                  | 2.25% per year           |
| Active Member Payroll Growth | 3.00% per year                    | 3.00% per year                  | 3.00% per year           |
| Investment Rate of Return    | 6.50%                             | 6.50%                           | 6.50%                    |

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 Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2021, 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 July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans a review of inflation and investment assumptions dated June 24, 2021, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 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.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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<br/>Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Domestic equities      | 33.50%                   | 5.10%   |
| International equities | 16.50                    | 5.30  |
| Fixed income           | 25.00                    | 0.75  |
| Private markets        | 25.00                    | 5.90  |

f. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which is a decrease of one percent from 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2021:

General Employees Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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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-2019 to Scale MP-2020.

Police and Fire Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Police and Fire Plan (Continued)

- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Correctional Plan

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MN-2020.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions and Plan Provisions

Correctional Plan (Continued)

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

**NICOLLET COUNTY  
ST. PETER, 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<br>Rate           | Net Pension<br>Liability | Discount<br>Rate     | Net Pension<br>Liability (Asset) | Discount<br>Rate  | Net Pension<br>Liability (Asset) |
| 1% Decrease | 5.50%                      | \$ 16,591,662            | 5.50%                | \$ 2,720,203                     | 5.50%             | \$ 664,393                       |
| Current     | 6.50                       | 8,135,203                | 6.50                 | 856,802                          | 6.50              | (63,839)                         |
| 1% Increase | 7.50                       | 1,196,163                | 7.50                 | (670,724)                        | 7.50              | (641,769)                        |

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

2. Defined Contribution Plan

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



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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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 Nicollet County during the year ended December 31, 2021, were:

|                               | <u>Employee</u> | <u>Employer</u> |
|-------------------------------|-----------------|-----------------|
| Contribution amount           | \$ 9,451        | \$ 9,451        |
| Percentage of covered payroll | 5.00%           | 5.00%           |

F. Risk Management

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Detailed Notes on All Funds

F. 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 2021 and 2022. 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.

The County established a limited risk management program for health and dental coverages in 1992. Premiums are paid into the Self-Insurance Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$175,000 stop-loss per family per year (\$5,428,724 aggregate) for the health plan. There is a maximum claim limit of \$1,000 per person per year for the dental plan.

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

|                                   | Year Ended December 31 |             |
|-----------------------------------|------------------------|-------------|
|                                   | 2021                   | 2020        |
| Unpaid claims, January 1          | \$ 100,674             | \$ 290,791  |
| Incurred claims (including IBNRs) | 4,362,784              | 3,499,113   |
| Claims payments                   | (4,297,944)            | (3,689,230) |
| Unpaid Claims, December 31        | \$ 165,514             | \$ 100,674  |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

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

B. Joint Ventures

Brown-Nicollet Community Health Services Board

The Brown-Nicollet Community Health Services Board was established pursuant to Minn. Stat. ch. 145A and a joint powers agreement, effective July 1, 1975. The Health Services Board consists of ten members, five each from Brown and Nicollet Counties. The primary function of the joint venture is to provide health services and to promote efficiency and economy in the delivery of health services. The joint venture is financed primarily from state and federal grants. For the year ended December 31, 2020, the most current information available, the Health Services Board had a net position of \$336,010.

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

Minnesota River Valley Drug Task Force

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Minnesota River Valley Drug Task Force (Continued)

of each of the members, or his or her designee, and one prosecuting attorney. Blue Earth County is the fiscal agent for the Task Force. Funding is provided by grants and matching contributions from participating members. Nicollet County contributed \$14,233 to the Task Force in 2021. Current financial statements are not available.

Nicollet County Family Services Collaborative

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

Control of the Collaborative is vested in a five-member governing board consisting of one County Commissioner, one school board member from St. Peter and Nicollet Public Schools, one board member from the Minnesota Valley Action Council, and one parent representative. Nicollet County acts as the fiscal agent for the Collaborative and accounts for it as a custodial fund. Funding is provided by state and federal grants and contributions from participating members. Nicollet County contributed \$10,000 to the Collaborative in 2021. Current financial statements are not available.

South Central Minnesota Regional Emergency Communications Board

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

**NICOLLET COUNTY  
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4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

South Central Minnesota Regional Emergency Communications Board (Continued)

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

Blue Earth County acts as the fiscal agent for the Board. During 2021, Nicollet County did not contribute to the Board. Financial information can be obtained at the Blue Earth County Justice Center, 401 Carver Road, Mankato, Minnesota 56002.

South Central Transit

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

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

For 2021, Nicollet County did not contribute to South Central Transit. Financial information can be obtained from Vine Faith in Action, 421 East Hickory Street, Mankato, Minnesota 56001.

South Central Workforce Service Area Joint Powers Board

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

B. Joint Ventures

South Central Workforce Service Area Joint Powers Board (Continued)

Nicollet County did not make any payments to this organization in 2021. Separate financial information can be obtained from the South Central Workforce Council, 706 North Victory Drive, Mankato, Minnesota 56001.

Tri-County Solid Waste

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

One-half of the financing is provided by appropriations from the three counties based on the ratio of their population to the total population of the member counties, and one-half is provided by an equal appropriation from the three counties. Nicollet County contributed \$120,732 in 2021. Nicollet County is the fiscal agent. Current financial statements are not available.

C. Jointly-Governed Organizations

Sentencing to Service

Nicollet County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Sentencing to Service (Continued)

foundations and initiative funds, as well as the Minnesota Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Nicollet County has no operational or financial control over the STS program, Nicollet County budgets for a percentage of this program.

Joint Airport Zoning Board

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

Mankato/North Mankato Area Planning Organization

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

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Nicollet County expended \$92,979 to the MCCC.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network joint powers agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Nicollet County made \$4,470 in payments to the joint powers entity.

South Central Community Based Initiative

The South Central Community Based Initiative was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement, effective June 10, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost-effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board of the South Central Community Based Initiative is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. Nicollet County did not contribute to the Board in 2021.

South Central Minnesota Emergency Medical Services Joint Powers Board

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



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

South Central Regional IMMTRACK (Immunization Registry) Joint Powers Board

The South Central Regional IMMTRACK (Immunization Registry) Joint Powers Board promotes implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. During the year, Nicollet County made payments of \$5,237 to the Board.

Region One – Southeast Minnesota Homeland Security Emergency Management Organization

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

D. Subsequent Event

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For Nicollet County, the amount to be received as a result of this litigation is \$349,089, to be received over 18 years, which has been recorded as an accounts receivable in the current year. The Minnesota Opioid State-Subdivision Memorandum of Agreement was signed January 24, 2022.

5. Other Information

A. Special Benefit Tax Levy

In 1993, the South Central Minnesota Multi-County Housing Authority issued \$20,315,000 of revenue bonds to construct housing units in Nicollet County and four surrounding counties. The Authority has since defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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5. Other Information

A. Special Benefit Tax Levy (Continued)

special benefit tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of housing units constructed. Nicollet County's proportionate share of the operating deficit for 2021 is \$123,202. The proportionate shares of the counties may change for years 2022 through 2024 if there are changes in the taxable market value over the 2001 taxable market value.

B. Agricultural Best Management Loan Program

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-1*

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2021**

|  | <u>2021</u>                       | <u>2020</u>                       | <u>2019</u>                       | <u>2018</u>                       |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>Total OPEB Liability</b>  |                                   |                                   |                                   |                                   |
| Service cost   | \$ 135,570                        | \$ 115,317                        | \$ 121,701                        | \$ 123,006                        |
| Interest   | 40,830                            | 72,604                            | 57,628                            | 55,706                            |
| Differences between expected and actual experience                       | -                                 | (205,293)                         | -                                 | -                                 |
| Changes of assumption or other inputs                                    | 65,493                            | (359,718)                         | (58,543)                          | -                                 |
| Plan changes   | -                                 | -                                 | 173,238                           | -                                 |
| Benefit payments   | (143,581)                         | (147,803)                         | (99,355)                          | (138,690)                         |
| <b>Net change in total OPEB liability</b>                                | <b>\$ 98,312</b>                  | <b>\$ (524,893)</b>               | <b>\$ 194,669</b>                 | <b>\$ 40,022</b>                  |
| <b>Total OPEB Liability – Beginning</b>                                  | <b><u>1,343,646</u></b>           | <b><u>1,868,539</u></b>           | <b><u>1,673,870</u></b>           | <b><u>1,633,848</u></b>           |
| <b>Total OPEB Liability – Ending</b>                                     | <b><u><u>\$ 1,441,958</u></u></b> | <b><u><u>\$ 1,343,646</u></u></b> | <b><u><u>\$ 1,868,539</u></u></b> | <b><u><u>\$ 1,673,870</u></u></b> |
| <br>   |                                   |                                   |                                   |                                   |
| Covered-employee payroll   | \$ 16,005,663                     | \$ 15,501,853                     | \$ 15,117,641                     | \$ 14,677,321                     |
| <br>   |                                   |                                   |                                   |                                   |
| Total OPEB liability (asset) as a percentage of covered-employee payroll | 9.01%                             | 8.67%                             | 12.36%                            | 11.40%                            |

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-2*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2021**

| <b>Measurement<br/>Date</b> | <b>Employer's<br/>Proportion<br/>of the Net<br/>Pension<br/>Liability/<br/>Asset</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset)<br/>(a)</b> | <b>State's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>Associated<br/>with Nicollet<br/>County<br/>(b)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability and<br/>the State's<br/>Related<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset)<br/>(a + b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset) as a<br/>Percentage<br/>of Covered<br/>Payroll<br/>(a/c)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>as a<br/>Percentage<br/>of the Total<br/>Pension<br/>Liability</b> |
|-----------------------------|--|--|---|---|------------------------------------|---|---|
| 2021                        | 0.1905 %   | \$ 8,135,203   | \$ 248,484  | \$ 8,383,687  | \$ 13,714,673                      | 59.32 %   | 87.00 %   |
| 2020                        | 0.1836   | 11,007,659   | 339,442   | 11,347,101  | 13,087,693                         | 84.11   | 79.06   |
| 2019                        | 0.1787   | 9,879,923  | 307,096   | 10,187,019  | 12,645,748                         | 78.13   | 80.23   |
| 2018                        | 0.1767   | 9,802,592  | 321,606   | 10,124,198  | 11,872,565                         | 82.57   | 79.53   |
| 2017                        | 0.1828   | 11,669,831   | 146,771   | 11,816,602  | 11,780,825                         | 99.06   | 75.90   |
| 2016                        | 0.1758   | 14,271,629   | 191,768   | 14,463,397  | 10,905,593                         | 130.87  | 68.91   |
| 2015                        | 0.1695   | 8,782,899  | N/A   | 8,782,899   | 9,971,196                          | 88.08   | 78.19   |

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

N/A – Not Applicable

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-3*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2021**

| <b>Year<br/>Ending</b> | <b>Statutorily<br/>Required<br/>Contributions<br/>(a)</b> | <b>Actual<br/>Contributions<br/>in Relation to<br/>Statutorily<br/>Required<br/>Contributions<br/>(b)</b> | <b>Contribution<br/>(Deficiency)<br/>Excess<br/>(b - a)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>Actual<br/>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll<br/>(b/c)</b> |
|------------------------|---|---|---|------------------------------------|--|
| 2021                   | \$ 1,047,324  | \$ 1,047,324  | \$ -  | \$ 13,964,301                      | 7.50 %   |
| 2020                   | 1,009,529   | 1,009,529   | -   | 13,460,381                         | 7.50   |
| 2019                   | 961,391   | 961,391   | -   | 12,818,992                         | 7.50   |
| 2018                   | 927,814   | 927,814   | -   | 12,370,831                         | 7.50   |
| 2017                   | 857,833   | 857,833   | -   | 11,441,779                         | 7.50   |
| 2016                   | 839,582   | 839,582   | -   | 11,194,407                         | 7.50   |
| 2015                   | 802,319   | 802,319   | -   | 10,697,561                         | 7.50   |

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-4*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2021**

| <b>Measurement<br/>Date</b> | <b>Employer's<br/>Proportion<br/>of the Net<br/>Pension<br/>Liability/<br/>Asset</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset)<br/>(a)</b> | <b>State's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>Associated<br/>with Nicollet<br/>County<br/>(b)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability and<br/>the State's<br/>Related<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset)<br/>(a + b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset) as a<br/>Percentage<br/>of Covered<br/>Payroll<br/>(a/c)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>as a<br/>Percentage<br/>of the Total<br/>Pension<br/>Liability</b> |
|-----------------------------|--|--|---|---|------------------------------------|---|---|
| 2021                        | 0.1110 %   | \$ 856,802   | \$ 38,523   | \$ 895,325  | \$ 1,311,468                       | 65.33 %   | 93.66 %   |
| 2020                        | 0.1095   | 1,443,327  | 34,008  | 1,477,335   | 1,236,125                          | 116.76  | 87.19   |
| 2019                        | 0.1141   | 1,214,710  | N/A   | 1,214,710   | 1,203,996                          | 100.89  | 89.26   |
| 2018                        | 0.1112   | 1,185,277  | N/A   | 1,185,277   | 1,172,282                          | 101.11  | 88.84   |
| 2017                        | 0.1040   | 1,404,124  | N/A   | 1,404,124   | 1,064,520                          | 131.90  | 85.43   |
| 2016                        | 0.0990   | 3,973,042  | N/A   | 3,973,042   | 956,843                            | 415.22  | 63.88   |
| 2015                        | 0.0980   | 1,113,509  | N/A   | 1,113,509   | 898,436                            | 123.94  | 86.61   |

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

N/A – Not Applicable

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-5*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2021**

| <b>Year<br/>Ending</b> | <b>Statutorily<br/>Required<br/>Contributions<br/>(a)</b> | <b>Actual<br/>Contributions<br/>in Relation to<br/>Statutorily<br/>Required<br/>Contributions<br/>(b)</b> | <b>Contribution<br/>(Deficiency)<br/>Excess<br/>(b - a)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>Actual<br/>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll<br/>(b/c)</b> |
|------------------------|---|---|---|------------------------------------|--|
| 2021                   | \$ 238,814  | \$ 238,814  | \$ -  | \$ 1,349,232                       | 17.70 %  |
| 2020                   | 222,134   | 222,134   | -   | 1,254,996                          | 17.70  |
| 2019                   | 207,612   | 207,612   | -   | 1,224,850                          | 16.95  |
| 2018                   | 191,067   | 191,067   | -   | 1,179,429                          | 16.20  |
| 2017                   | 180,891   | 180,891   | -   | 1,116,609                          | 16.20  |
| 2016                   | 157,379   | 157,379   | -   | 971,478                            | 16.20  |
| 2015                   | 155,415   | 155,415   | -   | 959,354                            | 16.20  |

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



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-6*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN  
DECEMBER 31, 2021**

| <b>Measurement<br/>Date</b> | <b>Employer's<br/>Proportion<br/>of the Net<br/>Pension<br/>Liability/<br/>Asset</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability<br/>(Asset)<br/>(a)</b> | <b>Covered<br/>Payroll<br/>(b)</b> | <b>Employer's<br/>Proportionate<br/>Share of the<br/>Net Pension<br/>Liability (Asset)<br/>as a Percentage of<br/>Covered Payroll<br/>(a/b)</b> | <b>Plan Fiduciary<br/>Net Position<br/>as a Percentage<br/>of the Total<br/>Pension Liability</b> |
|-----------------------------|--|--|------------------------------------|---|---|
| 2021                        | 0.3886 %   | \$ (63,839)  | \$ 859,161                         | (7.43) %  | 101.61 %  |
| 2020                        | 0.3915   | 106,230  | 851,994                            | 12.47   | 96.67   |
| 2019                        | 0.3910   | 54,134   | 834,041                            | 6.49  | 98.17   |
| 2018                        | 0.4171   | 68,600   | 851,894                            | 8.05  | 97.64   |
| 2017                        | 0.4300   | 1,225,504  | 867,982                            | 141.19  | 67.89   |
| 2016                        | 0.4200   | 1,534,319  | 792,043                            | 193.72  | 58.16   |
| 2015                        | 0.4100   | 63,386   | 732,578                            | 8.65  | 96.95   |

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT A-7*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE RETIREMENT PLAN  
DECEMBER 31, 2021**

| <b>Year<br/>Ending</b> | <b>Statutorily<br/>Required<br/>Contributions<br/>(a)</b> | <b>Actual<br/>Contributions<br/>in Relation to<br/>Statutorily<br/>Required<br/>Contributions<br/>(b)</b> | <b>Contribution<br/>(Deficiency)<br/>Excess<br/>(b - a)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>Actual<br/>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll<br/>(b/c)</b> |
|------------------------|---|---|---|------------------------------------|--|
| 2021                   | \$ 76,749   | \$ 76,749   | \$ -  | \$ 877,136                         | 8.75 %   |
| 2020                   | 74,482  | 74,482  | -   | 851,213                            | 8.75   |
| 2019                   | 73,844  | 73,844  | -   | 843,935                            | 8.75   |
| 2018                   | 74,130  | 74,130  | -   | 847,195                            | 8.75   |
| 2017                   | 72,279  | 72,279  | -   | 826,051                            | 8.75   |
| 2016                   | 70,912  | 70,912  | -   | 810,424                            | 8.75   |
| 2015                   | 69,841  | 69,841  | -   | 798,177                            | 8.75   |

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

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1. Other Postemployment Benefits Funded Status

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

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

The following changes in actuarial assumptions occurred:

2021

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

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80 percent to 2.90 percent.
- For employees not eligible for any direct subsidized payment, the assumed percentage of future retirees electing coverage changed from 75 percent to 50 percent.

2019

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

2018

- The discount rate used changed from 3.50 percent to 3.30 percent.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality tables with MP-2015 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for all employees were updated.
- Claim costs were developed by age adjusting the premium information from Nicollet County. As of January 1, 2016, actual claims and enrollment experience was used.

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

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

General Employees Retirement Plan

2021

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

2020

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

General Employees Retirement Plan

2020 (Continued)

- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

General Employees Retirement Plan

2020 (Continued)

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

2019

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

2018

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. 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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).



**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Police and Fire Plan

2021 (Continued)

- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25 - 44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Police and Fire Plan

2018 (Continued)

- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Police and Fire Plan

2016 (Continued)

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Local Government Correctional Service Retirement Plan

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan

2021 (Continued)

- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan

2018 (Continued)

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan (Continued)

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**SUPPLEMENTARY INFORMATION**



**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**DEBT SERVICE FUND**

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

*EXHIBIT B-1*

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                   | <u>Budgeted Amounts</u>            |                                    | <u>Actual<br/>Amounts</u>          | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------------------------|
|                                   | <u>Original</u>                    | <u>Final</u>                       |                                    |                                       |
| <b>Revenues</b>                   |                                    |                                    |                                    |                                       |
| Taxes                             | \$ 2,222,971                       | \$ 2,222,971                       | \$ 2,295,754                       | \$ 72,783                             |
| Intergovernmental                 | -                                  | -                                  | 25,080                             | 25,080                                |
| Investment earnings               | -                                  | -                                  | 7,495                              | 7,495                                 |
| <b>Total Revenues</b>             | <b><u>\$ 2,222,971</u></b>         | <b><u>\$ 2,222,971</u></b>         | <b><u>\$ 2,328,329</u></b>         | <b><u>\$ 105,358</u></b>              |
| <b>Expenditures</b>               |                                    |                                    |                                    |                                       |
| <b>Debt service</b>               |                                    |                                    |                                    |                                       |
| Principal                         | \$ 1,705,000                       | \$ 1,705,000                       | \$ 1,640,000                       | \$ 65,000                             |
| Interest                          | 411,163                            | 411,163                            | 491,031                            | (79,868)                              |
| Administrative charges            | 1,000                              | 1,000                              | 1,000                              | -                                     |
| <b>Total Expenditures</b>         | <b><u>\$ 2,117,163</u></b>         | <b><u>\$ 2,117,163</u></b>         | <b><u>\$ 2,132,031</u></b>         | <b><u>\$ (14,868)</u></b>             |
| <b>Net Change in Fund Balance</b> | <b>\$ 105,808</b>                  | <b>\$ 105,808</b>                  | <b>\$ 196,298</b>                  | <b>\$ 90,490</b>                      |
| <b>Fund Balance – January 1</b>   | <b><u>10,294,107</u></b>           | <b><u>10,294,107</u></b>           | <b><u>10,294,107</u></b>           | <b><u>-</u></b>                       |
| <b>Fund Balance – December 31</b> | <b><u><u>\$ 10,399,915</u></u></b> | <b><u><u>\$ 10,399,915</u></u></b> | <b><u><u>\$ 10,490,405</u></u></b> | <b><u><u>\$ 90,490</u></u></b>        |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

FIDUCIARY FUNDS

CUSTODIAL FUNDS

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

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

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

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

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

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
DECEMBER 31, 2021**

|  | <b>Settlement</b>   | <b>State<br/>Revenue</b> |
|--|---------------------|--------------------------|
| <b><u>Assets</u></b>   |                     |                          |
| Cash and pooled investments                                      | \$ 445,045          | \$ 339,589               |
| Due from other governments                                       | -                   | 412                      |
| Taxes receivable for other governments                           | 588,651             | -                        |
| Accounts receivable  | 87,129              | 54,397                   |
| <b>Total Assets</b>  | <b>\$ 1,120,825</b> | <b>\$ 394,398</b>        |
| <b><u>Liabilities</u></b>  |                     |                          |
| Due to others  | \$ -                | \$ -                     |
| Due to other governments   | 96,618              | 36,209                   |
| <b>Total Liabilities</b>   | <b>\$ 96,618</b>    | <b>\$ 36,209</b>         |
| <b><u>Deferred Inflows of Resources</u></b>                      |                     |                          |
| Prepaid taxes  | \$ 312,197          | \$ -                     |
| <b><u>Net Position</u></b>                                       |                     |                          |
| Restricted for individuals, organizations, and other governments | \$ 712,010          | \$ 358,189               |

**EXHIBIT C-1**

| <u>Women's<br/>Foundation of<br/>Minnesota</u> | <u>Community<br/>Health Service</u> | <u>Tri-County<br/>Solid Waste</u> | <u>Family Services<br/>Collaborative</u> | <u>Total<br/>Custodial<br/>Funds</u> |
|--|-------------------------------------|-----------------------------------|--|--------------------------------------|
| \$ 12,137                                      | \$ 507,596                          | \$ 206,906                        | \$ 285,632                               | \$ 1,796,905                         |
| -  | 338,637                             | 662                               | -  | 339,711                              |
| -  | -                                   | -                                 | -  | 588,651                              |
| -  | 690                                 | -                                 | -  | 142,216                              |
| <u>\$ 12,137</u>                               | <u>\$ 846,923</u>                   | <u>\$ 207,568</u>                 | <u>\$ 285,632</u>                        | <u>\$ 2,867,483</u>                  |
| \$ -   | \$ 43,516                           | \$ 20,399                         | \$ -                                     | \$ 63,915                            |
| -  | 310,327                             | -                                 | -  | 443,154                              |
| <u>\$ -</u>                                    | <u>\$ 353,843</u>                   | <u>\$ 20,399</u>                  | <u>\$ -</u>                              | <u>\$ 507,069</u>                    |
| <u>\$ -</u>                                    | <u>\$ -</u>                         | <u>\$ -</u>                       | <u>\$ -</u>                              | <u>\$ 312,197</u>                    |
| <u><u>\$ 12,137</u></u>                        | <u><u>\$ 493,080</u></u>            | <u><u>\$ 187,169</u></u>          | <u><u>\$ 285,632</u></u>                 | <u><u>\$ 2,048,217</u></u>           |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|  | <u>Settlement</u>    | <u>State<br/>Revenue</u> | <u>Women's<br/>Foundation of<br/>Minnesota</u> |
|--|----------------------|--------------------------|--|
| <b><u>Additions</u></b>                        |                      |                          |  |
| Contributions from individuals                 | \$ -                 | \$ 264,049               | \$ -   |
| Interest earnings                              | -                    | -                        | -  |
| Property tax collections for other governments | 30,004,028           | -                        | -  |
| Licenses and fees collected for the state      | 2,354,050            | 4,947,150                | -  |
| Payments from the state                        | -                    | -                        | -  |
| Refunds collected for other entities           | 103,236              | -                        | -  |
| Payments from other entities                   | -                    | -                        | -  |
| <b>Total Additions</b>                         | <b>\$ 32,461,314</b> | <b>\$ 5,211,199</b>      | <b>\$ -</b>                                    |
| <b><u>Deductions</u></b>                       |                      |                          |  |
| Beneficiary payments to individuals            | \$ -                 | \$ -                     | \$ -   |
| Payments of property tax to other governments  | 29,558,895           | -                        | -  |
| Payments to the state                          | 2,350,476            | 4,853,010                | -  |
| Administrative expenses                        | -                    | -                        | -  |
| Payments to other entities                     | 103,534              | -                        | 800  |
| <b>Total Deductions</b>                        | <b>\$ 32,012,905</b> | <b>\$ 4,853,010</b>      | <b>\$ 800</b>                                  |
| <b>Change in Net Position</b>                  | <b>\$ 448,409</b>    | <b>\$ 358,189</b>        | <b>\$ (800)</b>                                |
| <b>Net Position – January 1</b>                | <b>263,601</b>       | <b>-</b>                 | <b>12,937</b>                                  |
| <b>Net Position – December 31</b>              | <b>\$ 712,010</b>    | <b>\$ 358,189</b>        | <b>\$ 12,137</b>                               |

**EXHIBIT C-2**

| <b>Community Health Service</b> | <b>Tri-County Solid Waste</b> | <b>Family Services Collaborative</b> | <b>Jail/Sheriff Activities</b> | <b>Total Custodial Funds</b> |
|---------------------------------|-------------------------------|--------------------------------------|--------------------------------|------------------------------|
| \$ -                            | \$ -                          | \$ -                                 | \$ 33,419                      | \$ 297,468                   |
| 2,269                           | 2,570                         | 900                                  | -                              | 5,739                        |
| -                               | -                             | -                                    | -                              | 30,004,028                   |
| -                               | -                             | -                                    | -                              | 7,301,200                    |
| 1,618,403                       | -                             | 144,924                              | -                              | 1,763,327                    |
| -                               | -                             | -                                    | -                              | 103,236                      |
| 397,217                         | 257,806                       | 23,666                               | 237,142                        | 915,831                      |
| <b>\$ 2,017,889</b>             | <b>\$ 260,376</b>             | <b>\$ 169,490</b>                    | <b>\$ 270,561</b>              | <b>\$ 40,390,829</b>         |
| \$ 326,653                      | \$ 97,806                     | \$ -                                 | \$ 33,419                      | \$ 457,878                   |
| -                               | -                             | -                                    | -                              | 29,558,895                   |
| -                               | -                             | -                                    | -                              | 7,203,486                    |
| 4,500                           | 5,990                         | 285                                  | -                              | 10,775                       |
| 1,621,099                       | 194,045                       | 188,893                              | 237,142                        | 2,345,513                    |
| <b>\$ 1,952,252</b>             | <b>\$ 297,841</b>             | <b>\$ 189,178</b>                    | <b>\$ 270,561</b>              | <b>\$ 39,576,547</b>         |
| \$ 65,637                       | \$ (37,465)                   | \$ (19,688)                          | \$ -                           | \$ 814,282                   |
| 427,443                         | 224,634                       | 305,320                              | -                              | 1,233,935                    |
| <b>\$ 493,080</b>               | <b>\$ 187,169</b>             | <b>\$ 285,632</b>                    | <b>\$ -</b>                    | <b>\$ 2,048,217</b>          |



## **SCHEDULES**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT D-1**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Appropriations and Shared Revenue**

**State**

|   |              |
|---|--------------|
| Highway users tax                       | \$ 5,567,061 |
| County program aid                      | 1,784,254    |
| PERA aid                                | 49,741       |
| Disparity reduction aid                 | 11,665       |
| Police aid                              | 147,081      |
| Enhanced 911                            | 164,958      |
| Market value credit                     | 261,861      |
| SCORE                                   | 99,380       |
| Aquatic invasive species prevention aid | 69,701       |
| Riparian protection aid                 | 77,403       |
|   | 77,403       |

**Total appropriations and shared revenue** **\$ 8,233,105**

**Reimbursement for Services**

**State**

|  |              |
|--|--------------|
| Minnesota Department of Human Services | \$ 1,295,387 |
|  | 1,295,387    |

**Payments**

**Local**

|                           |          |
|---------------------------|----------|
| Other contributions       | \$ 5,828 |
| Payments in lieu of taxes | 50,181   |
|                           | 50,181   |

**Total payments** **\$ 56,009**

**Grants**

**State**

|                                |           |
|--------------------------------|-----------|
| Minnesota Department/Office of |           |
| Public Safety                  | \$ 39,870 |
| Health                         | 208,593   |
| Natural Resources              | 42,777    |
| Human Services                 | 2,117,453 |
| Corrections                    | 509,688   |
| Water and Soil Resources Board | 75,885    |
| Pollution Control Agency       | 42,678    |
|                                | 42,678    |

**Total state** **\$ 3,036,944**

**Federal**

|                           |            |
|---------------------------|------------|
| Department of             |            |
| Agriculture               | \$ 460,100 |
| Justice                   | 43,903     |
| Transportation            | 3,049,467  |
| Treasury                  | 802,584    |
| Education                 | 2,424      |
| Health and Human Services | 3,376,209  |
| Homeland Security         | 134,199    |
|                           | 134,199    |

**Total federal** **\$ 7,868,886**

**Total state and federal grants** **\$ 10,905,830**

**Total Intergovernmental Revenue** **\$ 20,490,331**

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT D-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Program or Cluster Title</b>  | <b>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grant Numbers</b> | <b>Expenditures</b>        |
|--|--|---------------------------------------|----------------------------|
| <b>U.S. Department of Agriculture</b>  |  |                                       |                            |
| Passed Through Brown-Nicollet Community Health Services<br>Special Supplemental Nutrition Program for Women, Infants,<br>and Children                              | 10.557                                   | 212MN004W1003                         | \$ 123,377                 |
| Passed Through Minnesota Department of Human Services<br>SNAP Cluster<br>State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program | 10.561                                   | 212MN101S2514                         | <u>336,723</u>             |
| <b>Total U.S. Department of Agriculture</b>  |  |                                       | <b><u>\$ 460,100</u></b>   |
| <b>U.S. Department of Justice</b>  |  |                                       |                            |
| Passed Through Minnesota Department of Public Safety<br>Crime Victim Assistance  | 16.575                                   | F-CVS-2020-NICCAO                     | <b><u>\$ 43,903</u></b>    |
| <b>U.S. Department of Transportation</b>   |  |                                       |                            |
| Passed Through Minnesota Department of Transportation<br>Highway Planning and Construction Cluster<br>Highway Planning and Construction                            | 20.205                                   | 00052                                 | \$ 2,841,234               |
| COVID-19 – Highway Planning and Construction<br>(Total Highway Planning and Construction 20.205 \$3,012,557)   | 20.205                                   | 00052                                 | <u>171,323</u>             |
| <b>Total U.S. Department of Transportation</b>   |  |                                       | <b><u>\$ 3,012,557</u></b> |
| <b>U.S. Department of the Treasury</b>   |  |                                       |                            |
| Direct<br>COVID-19 – Coronavirus State and Local Fiscal Recovery Funds   | 21.027                                   |                                       | <b><u>\$ 802,584</u></b>   |
| <b>U.S. Department of Education</b>  |  |                                       |                            |
| Passed Through Brown-Nicollet Community Health Services<br>Special Education – Grants for Infants and Families   | 84.181                                   | H181A200029                           | <b><u>\$ 2,424</u></b>     |
| <b>U.S. Department of Health and Human Services</b>  |  |                                       |                            |
| Passed Through Brown-Nicollet Community Health Services<br>Public Health Emergency Preparedness  | 93.069                                   | NU90TP922026                          | \$ 48,984                  |
| Immunization Cooperative Agreements  | 93.268                                   | NH23IP922628                          | 58,852                     |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)   | 93.323                                   | NU50CK000508                          | 42,101                     |
| Temporary Assistance for Needy Families<br>(Total Temporary Assistance for Needy Families 93.558 \$429,822)  | 93.558                                   | 1801MNTANF                            | 36,752                     |
| Medicaid Cluster<br>Medical Assistance Program<br>(Total Medical Assistance Program 93.778 \$1,407,419)  | 93.778                                   | 2105MN5ADM                            | 37,781                     |
| Maternal and Child Health Services Block Grant to the States   | 93.994                                   | B04MC28107                            | 29,811                     |

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Program or Cluster Title</b>                                 | <b>Assistance<br/>Listing<br/>Number</b> | <b>Pass-Through<br/>Grant Numbers</b> | <b>Expenditures</b> |
|---|--|---------------------------------------|---------------------|
| <b>U.S. Department of Health and Human Services (Continued)</b>   |  |                                       |                     |
| Passed Through Minnesota Department of Human Services   |  |                                       |                     |
| Promoting Safe and Stable Families  | 93.556                                   | G-2001MNFPS                           | 6,521               |
| Temporary Assistance for Needy Families<br>(Total Temporary Assistance for Needy Families 93.558 \$429,822) | 93.558                                   | 2101MNTANF                            | 393,070             |
| Child Support Enforcement   | 93.563                                   | 2001MNCEST                            | 487,555             |
| Child Support Enforcement<br>(Total Child Support Enforcement 93.563 \$666,716)                             | 93.563                                   | 2101MNCSES                            | 179,161             |
| Refugee and Entrant Assistance – State Administered Programs<br>CCDF Cluster                                | 93.566                                   | 2101MNRCA                             | 668                 |
| Child Care and Development Block Grant  | 93.575                                   | G2101MNCCDF                           | 12,554              |
| Community-Based Child Abuse Prevention Grants   | 93.590                                   | G-1901MNBCAP                          | 7,601               |
| Stephanie Tubbs Jones Child Welfare Services Program  | 93.645                                   | G-2101MNCWSS                          | 6,543               |
| Foster Care – Title IV-E  | 93.658                                   | 2101MNFOST                            | 453,212             |
| Social Services Block Grant   | 93.667                                   | G-2101MNSOSR                          | 146,341             |
| Child Abuse and Neglect State Grants  | 93.669                                   | G-2101MNNCAN                          | 686                 |
| John H. Chafee Foster Care Program for Successful Transition to<br>Adulthood                                | 93.674                                   | G-2101MNCILP                          | 15,210              |
| Children's Health Insurance Program   | 93.767                                   | 2105MN5021                            | 435                 |
| Medicaid Cluster  |  |                                       |                     |
| Medical Assistance Program  | 93.778                                   | 2105MN5ADM                            | 1,353,234           |
| Medical Assistance Program<br>(Total Medical Assistance Program 93.778 \$1,407,419)                         | 93.778                                   | 2105MN5MAP                            | 16,404              |
| <b>Total U.S. Department of Health and Human Services</b>   |  |                                       | <b>\$ 3,333,476</b> |
| <b>U.S. Department of Homeland Security</b>   |  |                                       |                     |
| Passed Through Minnesota Department of Public Safety  |  |                                       |                     |
| Disaster Grants – Public Assistance (Presidentially Declared Disasters)                                     | 97.036                                   | PA-05-MN-4442                         | \$ 102,496          |
| Emergency Management Performance Grants   | 97.042                                   | F-EMPG-2019-NICOLLCO-3206             | 24,287              |
| Emergency Management Performance Grants<br>(Total Emergency Management Performance Grants 97.042 \$48,589)  | 97.042                                   | F-EMPG-2020-NICOLLCO-3456             | 24,302              |
| <b>Total U.S. Department of Homeland Security</b>   |  |                                       | <b>\$ 151,085</b>   |
| <b>Total Federal Awards</b>   |  |                                       | <b>\$ 7,806,129</b> |

The County did not pass any federal awards through to subrecipients during the year ended December 31, 2021.

**Totals by Cluster**

|  |            |
|--|------------|
| Total expenditures for SNAP Cluster                              | \$ 336,723 |
| Total expenditures for Highway Planning and Construction Cluster | 3,012,557  |
| Total expenditures for Medicaid Cluster                          | 1,407,419  |
| Total expenditures for CCDF Cluster                              | 12,554     |

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

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**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Nicollet County under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Nicollet County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Nicollet County.

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

2. De Minimis Cost Rate

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

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3. Reconciliation to Schedule of Intergovernmental Revenue

|  |                     |
|--|---------------------|
| Federal grant revenue per Schedule of Intergovernmental Revenue                            | \$ 7,868,886        |
| Grants received more than 60 days after year-end, unavailable in 2021                      |                     |
| Highway Planning and Construction (AL No. 20.205)  | 348,336             |
| Temporary Assistance for Needy Families (AL No. 93.558)                                    | 103,429             |
| Medical Assistance Program (AL No. 93.778)   | 6                   |
| Disaster Grants – Public Assistance (Presidentially Declared Disasters)<br>(AL No. 97.036) | 16,886              |
| Unavailable in 2020, recognized as revenue in 2021   |                     |
| Highway Planning and Construction (AL No. 20.205)  | (385,246)           |
| Temporary Assistance for Needy Families (AL No. 93.558)                                    | (146,168)           |
|  | <hr/>               |
| Expenditures Per Schedule of Expenditures of Federal Awards                                | <u>\$ 7,806,129</u> |

**MANAGEMENT AND COMPLIANCE SECTION**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of County Commissioners  
Nicollet County  
St. Peter, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nicollet County, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 16, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Nicollet County's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

## **Report on Compliance and Other Matters**

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

## **Minnesota Legal Compliance**

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

## **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

August 16, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

Board of County Commissioners  
Nicollet County  
St. Peter, Minnesota

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

***Opinion on Each Major Federal Program***

We have audited Nicollet County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Nicollet County's major federal programs for the year ended December 31, 2021. Nicollet County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Nicollet County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

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

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

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

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

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

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

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

## Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

August 16, 2022

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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? **None reported**

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

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal programs are:

| <b>Assistance<br/>Listing Number</b> | <b>Name of Federal Program or Cluster</b>                    |
|--------------------------------------|--|
| 20.205                               | Highway Planning and Construction Cluster                    |
| 21.027                               | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds |

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

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

**NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

None.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.

**REPRESENTATION OF NICOLLET COUNTY  
ST. PETER, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Finding Number: 2020-001**  
**Year of Finding Origination: 2019**  
**Finding Title: Audit Adjustments**

**Summary of Condition:** Material audit adjustments were identified that resulted in significant changes to the County’s financial statements.

**Summary of Corrective Action Previously Reported:** Finance Director (Heather McCormick) will share the audit finding with Finance staff. Additional financial statement education will be researched for accounting staff to develop knowledge and expertise. Additional review will be performed on the fiscal agent escrow transaction process of Crossover Advance Bond Refunding which was completed in 2020 (to be refunded in 2022), the first time for this type of transaction for Nicollet County.

Finance will work with Public Works Highway Accountant on ideas for improvements on financial reporting as the Road & Bridge Fund hit the materiality misstatement level. Additional review will occur specific to the areas of State Aid and Federal revenue.

In preparation of the 2021 audit, the year-end journal entries and year end procedures will be reviewed to identify necessary improvements to ensure the financial statements are accurate, complete, and fairly represented in accordance with generally accepted accounting principles.

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

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

Yes \_\_\_\_\_ No  X

**Finding Number: 2020-002**  
**Year of Finding Origination: 2020**  
**Finding Title: Subrecipient Monitoring**  
**Program: COVID-19 – Coronavirus Relief Fund (Assistance Listing #21.019)**

**Summary of Condition:** The County did not document risk assessment procedures or monitoring activities (i.e., on-site visits or phone conversations) performed over its subrecipients. Award information, including Assistance

Listing number, was not provided to the subrecipient, and there were no signed subrecipient agreements in place. Additionally, the County does not have documented policies and procedures for subrecipient monitoring.

**Summary of Corrective Action Previously Reported:** Finance Director (Heather McCormick) will share the audit finding with Administration and Finance staff. Additional review will be performed on subrecipient monitoring requirements and federal awards, due to the misinterpretation of the reimbursement of qualified expenses to local Schools and Brown Nicollet Community Health Services created a subrecipient relationship and monitoring requirements.

Nicollet County will contact subrecipients to collect their fiscal year audit for 2020 when completed. After collecting the respective audits, the County will review and identify any findings regarding the CARES Act Coronavirus Relief Fund. Should there be any outstanding findings, a review of corrective action will occur whether it is in documented form or by completing a site visit. Nicollet County will document activities surrounding the review of subrecipient audits.

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

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

Yes \_\_\_\_\_ No  X