

State of Minnesota



**Office of the State Auditor**

Julie Blaha  
State Auditor

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**Kandiyohi County  
Willmar, Minnesota**

Year Ended December 31, 2020

## **Description of the Office of the State Auditor**

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

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

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

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

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

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

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

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

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

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# **Kandiyohi County Willmar, Minnesota**

Year Ended December 31, 2020



**Office of the State Auditor**

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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WILLMAR, MINNESOTA**

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**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

ORGANIZATION  
2020

Office	Name	Term of Office	
		From	To
<b>Commissioners</b>			
1st District	Corky Berg**	January 2019	January 2023
2nd District	Steve Ahmann	January 2017	January 2021
3rd District	Roland Nissen	January 2019	January 2023
4th District	Roger Imdieke	January 2017	January 2021
5th District	Harlan Madsen*	January 2017	January 2021
<b>Officers</b>			
<b>Elected</b>			
Attorney	Shane Baker	January 2019	January 2023
Sheriff	Eric Holien	January 2019	January 2023
<b>Appointed</b>			
Administrator	Larry Kleindl		Indefinite
Assessor	Valora Svor	November 2017	November 2021
Auditor/Treasurer	Mark Thompson		Indefinite
Recorder	Julie Kalkbrenner		Indefinite
Registrar of Titles	Julie Kalkbrenner		Indefinite
Examiner of Titles	Brad Schmidt		Indefinite
Public Works Director	Melvin Odens	September 2019	September 2023
Veterans Service Officer	Trisha Appledorn	January 2019	January 2023
Human Services Director	Jennifer Lippert		Indefinite
Medical Examiner	Richard Kacher	January 2019	January 2023
Surveyor	Duane Bonnema		Indefinite
Community Corrections Director	Tami Jo Lieberg		Indefinite

\*Chair

\*\*Vice Chair







## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Kandiyohi County  
Willmar, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Kandiyohi County, Minnesota, as of and for the year ended December 31, 2020, including the Kandiyohi County Housing and Redevelopment Authority (HRA) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kandiyohi County HRA, which represent the amounts shown as the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Kandiyohi County HRA component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Kandiyohi County, Minnesota, as of December 31, 2020, including the Kandiyohi County HRA as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1.D.15 to the financial statements, in 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of Kandiyohi 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 Kandiyohi 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 Kandiyohi County's internal control over financial reporting and compliance. It does not include the Kandiyohi County HRA, which was audited by other auditors.

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

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

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

August 30, 2021

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

Kandiyohi County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2020. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's financial statements (beginning with Exhibit 1).

**FINANCIAL HIGHLIGHTS**

- During 2020, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which resulted in a restatement of the governmental activities and governmental funds of \$376,776. Fiduciary funds now report ending net position and had a statement of \$2,318,975 for custodial funds and \$33,013 for a trust fund not previously reported.
- Governmental activities' total net position is \$191,718,837, of which \$143,813,491 is the net investment in capital assets, \$14,690,020 is restricted to specific purposes, and unrestricted is \$33,215,326.
- Business-type activities' total net position is \$28,654,596, of which \$15,882,087 is the net investment in capital assets, and unrestricted is \$12,772,509.
- Kandiyohi County's net position increased by \$14,798,945 for the year ended December 31, 2020. Of the increase, \$14,309,846 was in the governmental activities' net position, and \$489,099 was in the business-type activities' net position.
- The net cost of Kandiyohi County's governmental activities for the year ended December 31, 2020, was \$30,108,053. General revenues of \$44,417,899 funded the net cost.
- The net earnings of Kandiyohi County's business-type activities for the year ended December 31, 2020, were \$451,052. General revenues totaling \$38,047 assisted in the increase of net position.
- Governmental funds' net change in fund balances was an increase of \$4,826,744 in 2020.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the basic financial statements. Kandiyohi County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and, therefore, is included as required supplementary information.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

### **Government-Wide Financial Statements—The Statement of Net Position and the Statement of Activities**

Our analysis of the County as a whole begins with Exhibits 1 and 2. The Statement of Net Position and the Statement of Activities, respectively, report information about the County as a whole and about its activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors need to be considered, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into three kinds of activities:

- Governmental activities—The County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.

- Business-type activities—The County has Glacial Lakes Sanitary Sewer and Water reported under business-type activities because it is intended to cover all or a significant portion of its costs through user fees and charges.
- Component units—The County includes one separate legal entity in its report. The Kandiyohi County Housing and Redevelopment Authority is presented in a separate column. Although legally separate, this component unit is important because the County is financially accountable for it.

## **Fund Financial Statements**

Our analysis of the County’s major funds begins with Exhibit 3. The fund financial statements provide detailed information about the significant funds—not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County’s three kinds of funds—governmental, proprietary, and fiduciary—use different accounting methods.

- Governmental funds—The County’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement. The basic governmental fund financial statements are Exhibit 3 through 6 of this report.
- Proprietary funds—The County’s Glacial Lakes Sanitary Sewer and Water is included in the proprietary fund reporting, Exhibits 7 through 9 of this report. Proprietary funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing services be financed or recovered primarily through user fees and charges.
- Fiduciary funds—The County is an agent for individuals, private organizations, other governments, or other funds. All of the County’s fiduciary activities are reported in the Statement of Fiduciary Net Position on Exhibit 10. We exclude these activities from the County’s other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.



## Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found directly after the fund financial statements of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on net position (Table 1) with 2019 comparative data presented as restated and changes in net position (Table 2) of the County's governmental and business-type activities.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current and other assets	\$ 92,238,897	\$ 85,648,062	\$ 14,427,333	\$ 25,296,514	\$ 106,666,230	\$ 110,944,576
Capital assets	147,261,561	140,674,799	39,208,413	33,810,021	186,469,974	174,484,820
<b>Total Assets</b>	<b>\$ 239,500,458</b>	<b>\$ 226,322,861</b>	<b>\$ 53,635,746</b>	<b>\$ 59,106,535</b>	<b>\$ 293,136,204</b>	<b>\$ 285,429,396</b>
<b>Deferred Outflows of Resources</b>						
Deferred other postemployment benefits outflows	\$ 125,899	\$ 87,512	\$ 1,452	\$ 848	\$ 127,351	\$ 88,360
Deferred pension outflows	3,643,483	4,543,581	36,841	37,759	3,680,324	4,581,340
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,769,382</b>	<b>\$ 4,631,093</b>	<b>\$ 38,293</b>	<b>\$ 38,607</b>	<b>\$ 3,807,675</b>	<b>\$ 4,669,700</b>
<b>Liabilities</b>						
Long-term liabilities	\$ 42,832,712	\$ 39,600,606	\$ 24,563,540	\$ 30,503,123	\$ 67,396,252	\$ 70,103,729
Other liabilities	4,473,941	4,058,672	434,992	404,315	4,908,933	4,462,987
<b>Total Liabilities</b>	<b>\$ 47,306,653</b>	<b>\$ 43,659,278</b>	<b>\$ 24,998,532</b>	<b>\$ 30,907,438</b>	<b>\$ 72,305,185</b>	<b>\$ 74,566,716</b>
<b>Deferred Inflows of Resources</b>						
Advance from other governments	\$ -	\$ 284,826	\$ -	\$ -	\$ -	\$ 284,826
Deferred other postemployment benefits inflows	24,994	29,151	235	283	25,229	29,434
Deferred pension inflows	4,219,356	9,194,932	20,676	71,924	4,240,032	9,266,856
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,244,350</b>	<b>\$ 9,508,909</b>	<b>\$ 20,911</b>	<b>\$ 72,207</b>	<b>\$ 4,265,261</b>	<b>\$ 9,581,116</b>
<b>Net Position</b>						
Net investment in capital assets	\$ 143,813,491	\$ 135,504,589	\$ 15,882,087	\$ 15,896,320	\$ 159,695,578	\$ 151,400,909
Restricted	14,690,020	17,000,263	-	8,053,755	14,690,020	25,054,018
Unrestricted	33,215,326	25,280,915	12,772,509	4,215,422	45,987,835	29,496,337
<b>Total Net Position</b>	<b>\$ 191,718,837</b>	<b>\$ 177,785,767</b>	<b>\$ 28,654,596</b>	<b>\$ 28,165,497</b>	<b>\$ 220,373,433</b>	<b>\$ 205,951,264</b>

Kandiyohi County's total net position as of December 31, 2020, is \$220,373,433. The governmental activities and the business-type activities of the County report unrestricted net position of \$33,215,326 and \$12,772,509, respectively.

## Changes in Net Position

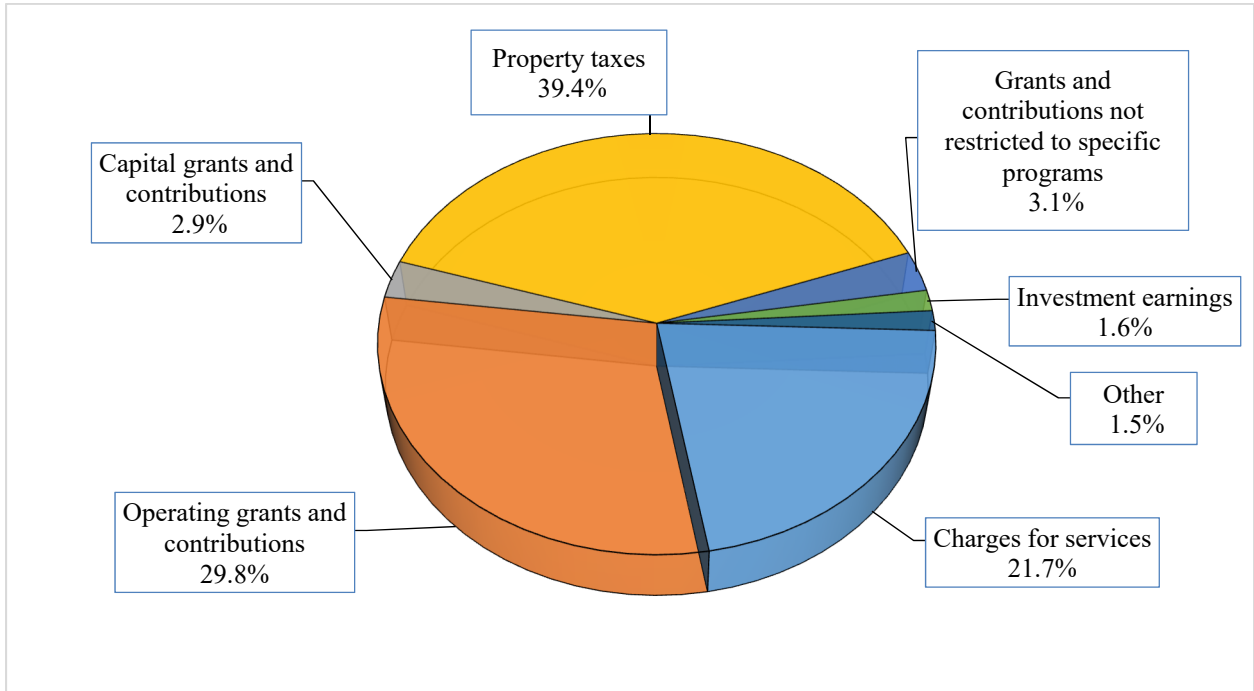
The County-wide total revenues were \$97,425,926 for the year ended December 31, 2020. Taxes and intergovernmental revenues accounted for 75.2 percent of total revenues for the year. (See Figures A-1 and A-2.)

**Table 2**  
**Changes in Net Position**

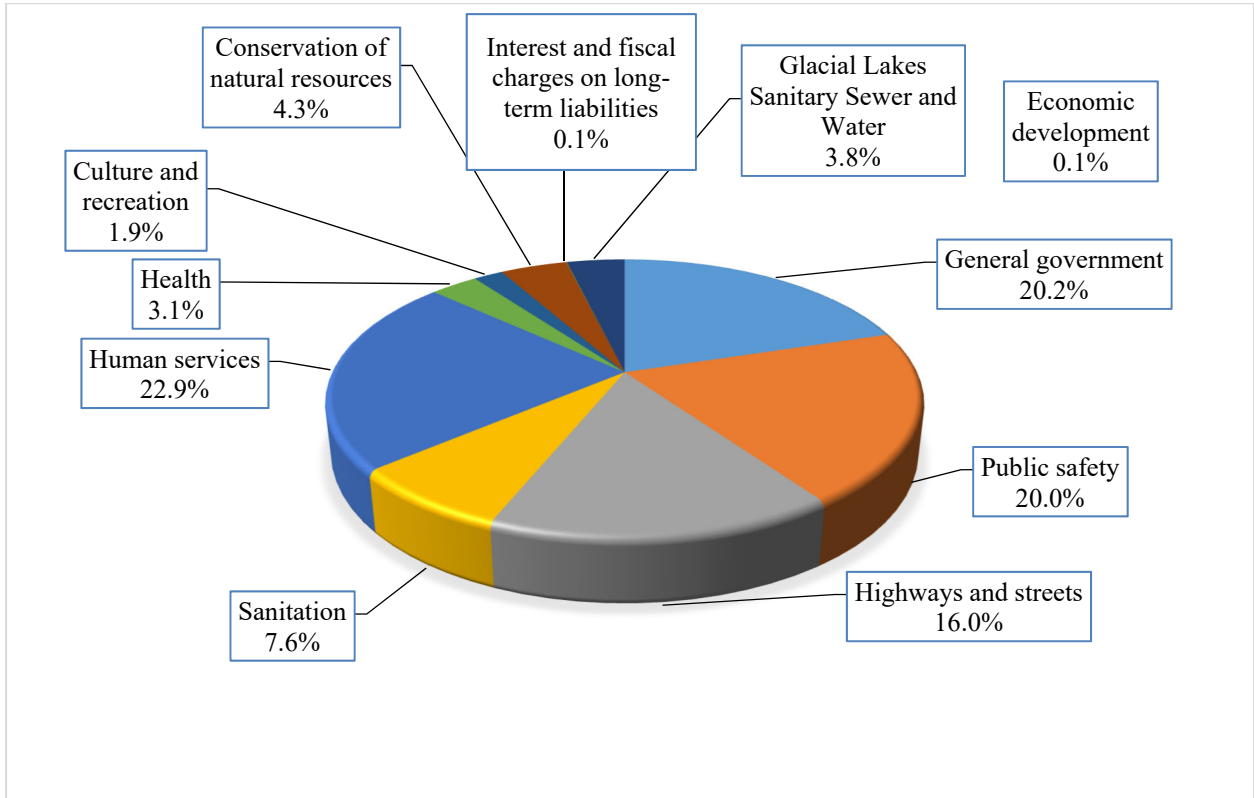
	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
<b>Program revenues</b>			
Fees, charges, fines, and other	\$ 17,593,184	\$ 3,564,470	\$ 21,157,654
Operating grants and contributions	28,993,346	-	28,993,346
Capital grants and contributions	2,818,980	-	2,818,980
<b>General revenues</b>			
Taxes	38,377,857	-	38,377,857
Grants and contributions not restricted to specific programs	3,026,401	1,207	3,027,608
Investment earnings	1,527,146	36,840	1,563,986
Other	1,486,495	-	1,486,495
<b>Total Revenues</b>	<b>\$ 93,823,409</b>	<b>\$ 3,602,517</b>	<b>\$ 97,425,926</b>
<b>Expenses</b>			
General government	\$ 16,692,379	\$ -	\$ 16,692,379
Public safety	16,537,385	-	16,537,385
Highways and streets	13,201,817	-	13,201,817
Sanitation	6,318,302	-	6,318,302
Human services	18,958,784	-	18,958,784
Health	2,571,514	-	2,571,514
Culture and recreation	1,588,745	-	1,588,745
Conservation of natural resources	3,565,398	-	3,565,398
Economic development	40,464	-	40,464
Interest	38,775	-	38,775
Glacial Lakes Sanitary Sewer and Water	-	3,113,418	3,113,418
<b>Total Expenses</b>	<b>\$ 79,513,563</b>	<b>\$ 3,113,418</b>	<b>\$ 82,626,981</b>
<b>Change in Net Position</b>	<b>\$ 14,309,846</b>	<b>\$ 489,099</b>	<b>\$ 14,798,945</b>
<b>Beginning Net Position, as restated*</b>	<b>177,408,991</b>	<b>28,165,497</b>	<b>205,574,488</b>
<b>Ending Net Position</b>	<b>\$ 191,718,837</b>	<b>\$ 28,654,596</b>	<b>\$ 220,373,433</b>

\*The governmental activities restatement is the result of implementing GASB No. 84, *Fiduciary Activities*. See Note 1.D.15 in the notes to the financial statements for further detail.

**Figure A-1**  
Sources of County Revenues for Fiscal Year 2020



**Figure A-2**  
Sources of County Expenses for Fiscal Year 2020



(Unaudited)

Total revenues surpassed expenses, increasing net position \$14,798,945 over last year. This was in large part due to the additional federal funding received in response to the Coronavirus (COVID-19) pandemic.

The County-wide cost of all governmental activities and business-type activities this year was \$79,513,563 and \$3,113,418, respectively.

- Some of the cost was paid by the users of the County’s programs (\$21,157,654).
- The federal and state governments subsidized certain programs with grants and contributions (\$28,993,346).
- Some of the County’s costs were paid through levied property taxes (\$34,135,732).

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

**Table 3  
Governmental Activities and Business-Type Activities**

	Total Cost of Services		Percent (%) Change	Net Cost of Services		Percent (%) Change
	2020	2019		2020	2019	
General government	\$ 16,692,379	\$ 11,925,007	40.0	\$ 8,209,454	\$ 8,906,876	(7.8)
Public safety	16,537,385	16,956,086	(2.5)	12,017,156	12,676,001	(5.2)
Highways and streets	13,201,817	15,827,453	(16.6)	404,390	3,551,511	(88.6)
Sanitation	6,318,302	3,892,332	62.3	1,491,242	(460,608)	123.8
Human services	18,958,784	19,402,143	(2.3)	7,623,548	7,053,347	8.1
Health	2,571,514	2,599,482	(1.1)	1,212,792	662,137	83.2
Culture and recreation	1,588,745	1,497,288	6.1	786,250	762,742	3.1
Conservation of natural resources	3,565,398	2,183,693	63.3	(863,581)	(166,299)	(419.3)
Economic development	40,464	35,181	15.0	(811,973)	35,181	(2,408.0)
Interest	38,775	90,194	(57.0)	38,775	90,194	(57.0)
Glacial Lakes Sanitary Sewer and Water	3,113,418	3,364,049	(7.5)	(451,052)	(201,045)	(324.4)
<b>Total</b>	<b>\$ 82,626,981</b>	<b>\$ 77,772,908</b>	<b>6.2</b>	<b>\$ 29,657,001</b>	<b>\$ 32,910,037</b>	<b>(9.9)</b>

**FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL**

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$77,958,742.

Revenues for the County’s governmental funds were \$91,928,782, while total expenditures were \$87,727,390. During 2020, the County also issued loans which are included in other financing sources and uses.

## GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

Table 4 presents a summary of General Fund revenues.

**Table 4  
General Fund Revenues**

	Year Ended December 31		Change	
	2020	2019	Increase (Decrease)	Percent (%)
Taxes	\$ 18,648,544	\$ 18,251,551	\$ 396,993	2.2
Intergovernmental	12,400,408	6,078,712	6,321,696	104.0
Charges for services	5,147,357	4,855,896	291,461	6.0
Investment earnings	732,324	1,623,577	(891,253)	(54.9)
Miscellaneous and other	2,238,901	2,061,130	177,771	8.6
<b>Total General Fund Revenues</b>	<b>\$ 39,167,534</b>	<b>\$ 32,870,866</b>	<b>\$ 6,296,668</b>	<b>19.2</b>

Table 5 presents a summary of General Fund expenditures.

**Table 5  
General Fund Expenditures**

	Year Ended December 31		Change	
	2020	2019	Increase (Decrease)	Percent (%)
General government	\$ 14,578,915	\$ 9,949,370	\$ 4,629,545	46.5
Public safety	16,896,033	15,730,276	1,165,757	7.4
Health	2,577,474	2,565,591	11,883	0.5
Culture and recreation	843,392	793,792	49,600	6.2
Conservation of natural resources	1,770,628	1,403,932	366,696	26.1
Economic development	40,464	35,181	5,283	15.0
Debt service	321,437	348,241	(26,804)	(7.7)
<b>Total General Fund Expenditures</b>	<b>\$ 37,028,343</b>	<b>\$ 30,826,383</b>	<b>\$ 6,201,960</b>	<b>20.1</b>

The largest reason for the increase in revenues and expenditures is due to the County receiving funding from the federal Coronavirus Relief Fund (CARES) program.

### General Fund Budgetary Highlights

- Actual revenues were \$9,887,221 more than budgeted. This was due in large part to the County being a recipient of the federal CARES program that was not budgeted for.

- Actual expenditures were \$7,447,943 more than budgeted. This, again, was in large part due to the County expending additional expenditures as a result of the CARES program that were not budgeted for.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

By the end of 2020, the County had invested \$273,176,622 in a broad range of capital assets, including land, landfill, buildings, computers, equipment, and infrastructure. (See Table 6.) (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements.) Total depreciation expense for the year was \$5,567,970.

**Table 6**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 8,334,701	\$ 7,112,189	\$ 130,500	\$ 130,500	\$ 8,465,201	\$ 7,242,689
Construction in progress	19,556,069	14,878,977	6,289,994	2,670,747	25,846,063	17,549,724
Landfill	10,929,750	11,067,912	-	-	10,929,750	11,067,912
Buildings	45,756,860	45,688,241	782,139	782,139	46,538,999	46,470,380
Machinery, furniture, and equipment	19,800,767	20,458,038	555,340	372,605	20,356,107	20,830,643
Infrastructure	114,821,826	110,814,393	45,903,194	43,332,194	160,725,020	154,146,587
Software	315,482	315,482	-	-	315,482	315,482
Less: accumulated depreciation	(72,253,894)	(69,660,433)	(14,452,754)	(13,478,164)	(86,706,648)	(83,138,597)
Totals	\$ 147,261,561	\$ 140,674,799	\$ 39,208,413	\$ 33,810,021	\$ 186,469,974	\$ 174,484,820

### Debt

At year-end, the County had outstanding debt of \$29,940,020 versus \$37,383,307 last year, a decrease of 19.91 percent, as shown in Table 7. This decrease was due to pay off of some of the County's general obligation bonds in the current year.

**Table 7**  
**Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 3,395,000	\$ 5,040,000	\$ -	\$ -	\$ 3,395,000	\$ 5,040,000
Special assessment bonds	-	-	18,905,000	24,610,000	18,905,000	24,610,000
Premium (discount)	53,070	130,210	628,031	704,062	681,101	834,272
Loans payable	2,494,089	2,175,911	4,464,830	4,723,124	6,958,919	6,899,035
Totals	\$ 5,942,159	\$ 7,346,121	\$ 23,997,861	\$ 30,037,186	\$ 29,940,020	\$ 37,383,307

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

The County is dependent on the State of Minnesota for a significant portion of its revenue.

Due to the COVID-19 pandemic, the County is still working to provide economic support and relief to citizens and businesses of the County. On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60 days after enactment. Kandiyohi County's projected allocation of the State and Local Coronavirus Recovery Funds is \$8,390,900. Kandiyohi County received \$4,195,450 on May 19, 2021.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the County Administrator, Larry Kleindl, Health and Human Services Building, 2200 – 23rd Street Northeast, Willmar, Minnesota 56201.

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 1**

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

	<b>Primary Government</b>			<b>Component Unit Kandiyohi County Housing and Redevelopment Authority</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Assets</b>				
<b>Current assets</b>				
Cash and investments	\$ 79,239,740	\$ 8,032,299	\$ 87,272,039	\$ 4,077,372
Taxes receivable	404,608	-	404,608	-
Special assessments receivable	50,033	15,131	65,164	-
Accounts receivable	627,934	579,675	1,207,609	194,372
Internal balances	1,203	(1,203)	-	-
Accrued interest receivable	174,114	-	174,114	-
Due from other governments	6,049,111	467,962	6,517,073	760,051
Current portion of notes receivable	-	-	-	17,558
Current portion of long-term receivable	18,667	-	18,667	-
Rent receivable	-	-	-	24,683
Inventories	502,291	-	502,291	-
Prepaid items	-	-	-	68,000
<b>Noncurrent assets</b>				
Special assessments receivable	5,157,198	5,333,469	10,490,667	-
Notes receivable	-	-	-	720,784
Long-term receivable	13,998	-	13,998	-
<b>Restricted assets</b>				
Cash and pooled investments	-	-	-	772,669
<b>Capital assets</b>				
Non-depreciable	27,890,770	6,420,494	34,311,264	1,254,140
Depreciable – net of accumulated depreciation	119,370,791	32,787,919	152,158,710	4,612,268
<b>Total Assets</b>	<b>\$ 239,500,458</b>	<b>\$ 53,635,746</b>	<b>\$ 293,136,204</b>	<b>\$ 12,501,897</b>
<b>Deferred Outflows of Resources</b>				
Deferred other postemployment benefits outflows	\$ 125,899	\$ 1,452	\$ 127,351	\$ -
Deferred pension outflows	3,643,483	36,841	3,680,324	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 3,769,382</b>	<b>\$ 38,293</b>	<b>\$ 3,807,675</b>	<b>\$ -</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 1  
(Continued)**

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

	<b>Primary Government</b>			<b>Component Unit Kandiyohi County Housing and Redevelopment Authority</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b><u>Liabilities</u></b>				
<b>Current liabilities</b>				
Accounts payable	\$ 1,273,707	\$ 193,200	\$ 1,466,907	\$ 388,062
Salaries payable	1,493,751	29,754	1,523,505	160,962
Accrued payroll and payroll taxes	-	-	-	18,725
Contracts payable	1,046,744	-	1,046,744	-
Due to other governments	532,500	8,342	540,842	-
Accrued interest payable	34,666	203,696	238,362	3,039
Unearned revenue	92,573	-	92,573	37,825
<b>Current liabilities payable from restricted assets</b>				
Security deposits	-	-	-	83,614
<b>Long-term liabilities</b>				
Due within one year	2,144,969	2,054,000	4,198,969	63,241
Due in more than one year	18,606,906	22,045,691	40,652,597	3,521,915
Net pension liability	20,850,217	449,659	21,299,876	-
Other postemployment benefits liability	1,230,620	14,190	1,244,810	-
<b>Total Liabilities</b>	<b>\$ 47,306,653</b>	<b>\$ 24,998,532</b>	<b>\$ 72,305,185</b>	<b>\$ 4,277,383</b>
<b><u>Deferred Inflows of Resources</u></b>				
Prepaid property taxes	\$ -	\$ -	\$ -	\$ 307,500
Deferred other postemployment benefits inflows	24,994	235	25,229	-
Deferred pension inflows	4,219,356	20,676	4,240,032	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,244,350</b>	<b>\$ 20,911</b>	<b>\$ 4,265,261</b>	<b>\$ 307,500</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	\$ 143,813,491	\$ 15,882,087	\$ 159,695,578	\$ 2,283,252
Restricted for				
Public safety	1,865,105	-	1,865,105	-
Highways and streets	2,836,037	-	2,836,037	-
Sanitation	8,845,958	-	8,845,958	-
Conservation of natural resources	1,142,920	-	1,142,920	-
Other purpose	-	-	-	683,688
Unrestricted	33,215,326	12,772,509	45,987,835	4,950,074
<b>Total Net Position</b>	<b>\$ 191,718,837</b>	<b>\$ 28,654,596</b>	<b>\$ 220,373,433</b>	<b>\$ 7,917,014</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	Expenses	Fees, Charges, Fines, and Other	Program Revenues Operating Grants and Contributions
<b>Functions/Programs</b>			
<b>Primary government</b>			
<b>Governmental activities</b>			
General government	\$ 16,692,379	\$ 2,789,961	\$ 5,692,964
Public safety	16,537,385	3,088,045	1,432,184
Highways and streets	13,201,817	1,428,389	8,550,058
Sanitation	6,318,302	4,642,704	184,356
Human services	18,958,784	1,479,580	9,855,656
Health	2,571,514	319,807	1,038,915
Culture and recreation	1,588,745	733,669	68,826
Conservation of natural resources	3,565,398	3,111,029	1,317,950
Economic development	40,464	-	852,437
Interest	38,775	-	-
<b>Total governmental activities</b>	<b>\$ 79,513,563</b>	<b>\$ 17,593,184</b>	<b>\$ 28,993,346</b>
<b>Business-type activities</b>			
Glacial Lakes Sanitary Sewer and Water	3,113,418	3,564,470	-
<b>Total Primary Government</b>	<b>\$ 82,626,981</b>	<b>\$ 21,157,654</b>	<b>\$ 28,993,346</b>
<b>Component unit</b>			
Kandiyohi County Housing and Redevelopment Authority	\$ 5,017,507	\$ 1,771,863	\$ 3,484,610

**General Revenues**

Property taxes, levied for general purposes  
Gravel taxes  
Mortgage registry and deed tax  
Transit sales and use tax  
Wheelage tax  
Payments in lieu of tax  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings  
Miscellaneous  
Gain on sale of capital assets

**Transfers**

**Total general revenues and transfers**

**Change in net position**

Net Position – Beginning, as previously reported  
Restatement (Note 1.D.15)

**Net Position – Beginning, as restated**

**Net Position – Ending**

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position				Component Unit
Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Kandiyohi County Housing and Redevelopment Authority
\$ -	\$ (8,209,454)	\$ -	\$ (8,209,454)	
-	(12,017,156)	-	(12,017,156)	
2,818,980	(404,390)	-	(404,390)	
-	(1,491,242)	-	(1,491,242)	
-	(7,623,548)	-	(7,623,548)	
-	(1,212,792)	-	(1,212,792)	
-	(786,250)	-	(786,250)	
-	863,581	-	863,581	
-	811,973	-	811,973	
-	(38,775)	-	(38,775)	
<b>\$ 2,818,980</b>	<b>\$ (30,108,053)</b>	<b>\$ -</b>	<b>\$ (30,108,053)</b>	
-	-	451,052	451,052	
<b>\$ 2,818,980</b>	<b>\$ (30,108,053)</b>	<b>\$ 451,052</b>	<b>\$ (29,657,001)</b>	
<b>\$ 178,506</b>				<b>\$ 417,472</b>
	\$ 34,135,732	\$ -	\$ 34,135,732	\$ -
	71,793	-	71,793	-
	57,523	-	57,523	-
	3,681,908	-	3,681,908	-
	430,901	-	430,901	-
	231,039	-	231,039	-
	3,026,401	1,207	3,027,608	-
	1,527,146	36,840	1,563,986	58,309
	1,240,962	-	1,240,962	-
	14,494	-	14,494	-
	-	-	-	93,589
	<b>\$ 44,417,899</b>	<b>\$ 38,047</b>	<b>\$ 44,455,946</b>	<b>\$ 151,898</b>
	<b>\$ 14,309,846</b>	<b>\$ 489,099</b>	<b>\$ 14,798,945</b>	<b>\$ 569,370</b>
	\$ 177,785,767	\$ 28,165,497	\$ 205,951,264	\$ 7,347,644
	(376,776)	-	(376,776)	-
	<b>\$ 177,408,991</b>	<b>\$ 28,165,497</b>	<b>\$ 205,574,488</b>	<b>\$ 7,347,644</b>
	<b>\$ 191,718,837</b>	<b>\$ 28,654,596</b>	<b>\$ 220,373,433</b>	<b>\$ 7,917,014</b>

## **FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<b>General</b>	<b>Road and Bridge</b>	<b>Human Services</b>
<b><u>Assets</u></b>			
Cash and investments	\$ 24,349,468	\$ 11,925,421	\$ 9,191,311
Taxes receivable			
Delinquent	217,253	52,735	92,468
Special assessments			
Delinquent	15,044	-	-
Noncurrent	1,956,650	-	-
Accounts receivable	181,018	4,063	263,822
Accrued interest receivable	74,937	5,276	-
Due from other funds	93,094	52,463	7,258
Due from other governments	734,462	3,023,870	1,617,192
Inventories	-	502,291	-
Advance to other funds	1,305,000	-	-
Long-term receivable	-	-	-
	<b>\$ 28,926,926</b>	<b>\$ 15,566,119</b>	<b>\$ 11,172,051</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 344,429	\$ 111,072	\$ 422,338
Salaries payable	903,225	116,589	414,595
Contracts payable	424,034	622,710	-
Due to other funds	53,132	60,208	13,797
Due to other governments	188,458	19,024	154,904
Unearned revenue	92,573	-	-
Advance from other funds	-	-	-
	<b>\$ 2,005,851</b>	<b>\$ 929,603</b>	<b>\$ 1,005,634</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	<b>\$ 2,179,350</b>	<b>\$ 2,722,404</b>	<b>\$ 892,056</b>



**EXHIBIT 3**

<u>Sanitary Landfill/ Recycling Center</u>	<u>Ditch</u>	<u>County Building</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 18,692,773	\$ 43,309	\$ 5,702,949	\$ 1,910,568	\$ 7,423,941	\$ 79,239,740
-	-	5,808	16,519	19,825	404,608
27,696	7,293	-	-	-	50,033
1,232,763	1,967,785	-	-	-	5,157,198
178,543	488	-	-	-	627,934
62,913	-	1,874	-	29,114	174,114
64	42,878	-	-	17,332	213,089
1,603	670,891	-	-	1,093	6,049,111
-	-	-	-	-	502,291
-	-	-	-	-	1,305,000
-	-	32,665	-	-	32,665
<b><u>\$ 20,196,355</u></b>	<b><u>\$ 2,732,644</u></b>	<b><u>\$ 5,743,296</u></b>	<b><u>\$ 1,927,087</u></b>	<b><u>\$ 7,491,305</u></b>	<b><u>\$ 93,755,783</u></b>
\$ 224,887	\$ 47,440	\$ 107,366	\$ -	\$ 16,175	\$ 1,273,707
35,444	-	-	-	23,898	1,493,751
-	-	-	-	-	1,046,744
2,334	81,797	-	-	618	211,886
21,354	130,309	-	-	18,451	532,500
-	-	-	-	-	92,573
-	1,180,000	-	-	125,000	1,305,000
-	-	-	-	-	-
<b><u>\$ 284,019</u></b>	<b><u>\$ 1,439,546</u></b>	<b><u>\$ 107,366</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 184,142</u></b>	<b><u>\$ 5,956,161</u></b>
<b><u>\$ 1,296,549</u></b>	<b><u>\$ 2,687,117</u></b>	<b><u>\$ 37,373</u></b>	<b><u>\$ 13,436</u></b>	<b><u>\$ 45,260</u></b>	<b><u>\$ 9,873,545</u></b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<b>General</b>	<b>Road and Bridge</b>	<b>Human Services</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b> (Continued)			
<b>Fund Balances</b>			
Nonspendable			
Inventories	\$ -	\$ 502,291	\$ -
Missing heirs	196,063	-	-
Advances to other funds	1,305,000	-	-
Restricted for			
Debt service	-	-	-
Recorder's technology and equipment	419,025	-	-
Law enforcement	36,873	-	-
Administering the carrying of weapons	418,987	-	-
Public safety	105,662	-	-
Sanitation	-	-	-
Donations – public safety	17,547	-	-
Enhanced 911	867,011	-	-
Gravel pit restoration	360,876	-	-
Highways and streets	-	349,173	-
SSTS loans	281,628	-	-
Closure/postclosure	-	-	-
Ditch maintenance and repairs	-	-	-
Committed to			
Repairs and maintenance of County buildings	-	-	-
Purchases of capital equipment	-	-	-
Library operations and building maintenance	-	-	-
DARE program	-	-	-
Health and Human Services Building operations and maintenance	-	-	-
Regional Treatment Center	-	-	-
Assigned to			
Highways and streets	-	11,062,648	-
Human services	-	-	9,274,361
Unassigned	20,733,053	-	-
<b>Total Fund Balances</b>	<b>\$ 24,741,725</b>	<b>\$ 11,914,112</b>	<b>\$ 9,274,361</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 28,926,926</b>	<b>\$ 15,566,119</b>	<b>\$ 11,172,051</b>

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

<u>Sanitary Landfill/ Recycling Center</u>	<u>Ditch</u>	<u>County Building</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,291
-	-	-	-	-	196,063
-	-	-	-	-	1,305,000
-	-	-	1,913,651	-	1,913,651
-	-	-	-	-	419,025
-	-	-	-	-	36,873
-	-	-	-	-	418,987
-	-	-	-	-	105,662
8,845,958	-	-	-	-	8,845,958
-	-	-	-	-	17,547
-	-	-	-	-	867,011
-	-	-	-	-	360,876
-	-	-	-	-	349,173
-	-	-	-	-	281,628
9,769,829	-	-	-	-	9,769,829
-	500,416	-	-	-	500,416
-	-	5,598,557	-	-	5,598,557
-	-	-	-	5,382,830	5,382,830
-	-	-	-	364,359	364,359
-	-	-	-	89,680	89,680
-	-	-	-	1,393,662	1,393,662
-	-	-	-	31,372	31,372
-	-	-	-	-	11,062,648
-	-	-	-	-	9,274,361
-	(1,894,435)	-	-	-	18,838,618
<u>\$ 18,615,787</u>	<u>\$ (1,394,019)</u>	<u>\$ 5,598,557</u>	<u>\$ 1,913,651</u>	<u>\$ 7,261,903</u>	<u>\$ 77,926,077</u>
<u>\$ 20,196,355</u>	<u>\$ 2,732,644</u>	<u>\$ 5,743,296</u>	<u>\$ 1,927,087</u>	<u>\$ 7,491,305</u>	<u>\$ 93,755,783</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 4**

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

<b>Fund balance – total governmental funds (Exhibit 3)</b>		<b>\$</b>	<b>77,926,077</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.			147,261,561
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental funds.			125,899
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.			3,643,483
Revenue in the statement of activities that do not provide current financial resources are not reported in the governmental funds.			9,873,545
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	\$	(3,395,000)	
Unamortized premium on bonds		(53,070)	
Loans payable		(2,494,089)	
Estimated liability for landfill closure/postclosure		(9,769,829)	
Compensated absences		(5,039,887)	
Net pension liability		(20,850,217)	
Other postemployment benefits liability		<u>(1,230,620)</u>	(42,832,712)
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.			(24,994)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.			(4,219,356)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.			<u>(34,666)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>			<b><u><u>\$ 191,718,837</u></u></b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<b>Revenues</b>			
Taxes	\$ 18,648,544	\$ 8,479,473	\$ 7,892,080
Special assessments	342,088	-	-
Licenses and permits	555,864	-	-
Intergovernmental	12,400,408	12,061,010	9,820,130
Charges for services	5,147,357	1,414,893	6,185
Fines and forfeits	119,943	-	-
Gifts and contributions	2,726	-	8,898
Investment earnings	732,324	62,655	-
Miscellaneous	1,218,280	38,476	1,364,167
	<u>\$ 39,167,534</u>	<u>\$ 22,056,507</u>	<u>\$ 19,091,460</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 14,578,915	\$ -	\$ -
Public safety	16,896,033	-	-
Highways and streets	-	19,934,896	-
Sanitation	-	-	-
Human services	-	-	19,154,865
Health	2,577,474	-	-
Culture and recreation	843,392	-	-
Conservation of natural resources	1,770,628	-	-
Economic development	40,464	-	-
<b>Intergovernmental</b>			
Highways and streets	-	489,110	-
Culture and recreation	-	-	-
<b>Debt service</b>			
Principal	292,680	205,000	-
Interest	28,757	33,550	-
Administrative (fiscal) charges	-	1,353	-
	<u>\$ 37,028,343</u>	<u>\$ 20,663,909</u>	<u>\$ 19,154,865</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>\$ 2,139,191</u>	<u>\$ 1,392,598</u>	<u>\$ (63,405)</u>

**EXHIBIT 5**

<u>Sanitary Landfill/ Recycling Center</u>	<u>Ditch</u>	<u>County Building</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 460,486	\$ 1,283,206	\$ 1,595,710	\$ 38,359,499
32,735	1,098,401	-	-	-	1,473,224
1,880	-	-	-	-	557,744
184,356	-	38,272	1,105	357,207	34,862,488
3,922,071	-	-	-	-	10,490,506
-	-	-	-	13,733	133,676
-	-	-	-	-	11,624
550,132	-	57,795	-	177,362	1,580,268
689,892	-	203,474	-	912,799	4,427,088
<b>\$ 5,381,066</b>	<b>\$ 1,098,401</b>	<b>\$ 760,027</b>	<b>\$ 1,284,311</b>	<b>\$ 3,056,811</b>	<b>\$ 91,896,117</b>
\$ -	\$ -	\$ 643,038	\$ -	\$ 1,186,260	\$ 16,408,213
-	-	-	-	169,031	17,065,064
-	-	-	-	453,161	20,388,057
4,404,421	-	-	-	-	4,404,421
-	-	-	-	-	19,154,865
-	-	-	-	-	2,577,474
-	-	262,614	-	203,897	1,309,903
-	1,657,394	32	-	-	3,428,054
-	-	-	-	-	40,464
-	-	-	-	-	489,110
-	-	-	-	389,300	389,300
260,000	-	-	1,180,000	-	1,937,680
13,300	-	-	56,250	-	131,857
550	-	-	1,025	-	2,928
<b>\$ 4,678,271</b>	<b>\$ 1,657,394</b>	<b>\$ 905,684</b>	<b>\$ 1,237,275</b>	<b>\$ 2,401,649</b>	<b>\$ 87,727,390</b>
<b>\$ 702,795</b>	<b>\$ (558,993)</b>	<b>\$ (145,657)</b>	<b>\$ 47,036</b>	<b>\$ 655,162</b>	<b>\$ 4,168,727</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	\$ 98,045	\$ 10,000	\$ -
Transfers out	(10,000)	-	-
Loans issued	610,858	-	-
Proceeds from sale of capital assets	14,494	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 713,397</b>	<b>\$ 10,000</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 2,852,588</b>	<b>\$ 1,402,598</b>	<b>\$ (63,405)</b>
Fund Balance – January 1, as previously reported	\$ 22,221,952	\$ 10,416,153	\$ 9,381,727
Restatement (Note 1.D.15)	(332,815)	-	(43,961)
<b>Fund Balance – January 1, as restated</b>	<b>\$ 21,889,137</b>	<b>\$ 10,416,153</b>	<b>\$ 9,337,766</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>95,361</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 24,741,725</b>	<b>\$ 11,914,112</b>	<b>\$ 9,274,361</b>

**EXHIBIT 5**  
**(Continued)**

<u>Sanitary Landfill/ Recycling Center</u>	<u>Ditch</u>	<u>County Building</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,045
-	(98,045)	-	-	-	(108,045)
-	-	-	-	-	610,858
-	-	-	-	-	14,494
<u>\$ -</u>	<u>\$ (98,045)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,352</u>
<u>\$ 702,795</u>	<u>\$ (657,038)</u>	<u>\$ (145,657)</u>	<u>\$ 47,036</u>	<u>\$ 655,162</u>	<u>\$ 4,794,079</u>
\$ 17,912,992	\$ (736,981)	\$ 5,744,214	\$ 1,866,615	\$ 6,606,741	\$ 73,413,413
-	-	-	-	-	(376,776)
<u>\$ 17,912,992</u>	<u>\$ (736,981)</u>	<u>\$ 5,744,214</u>	<u>\$ 1,866,615</u>	<u>\$ 6,606,741</u>	<u>\$ 73,036,637</u>
-	-	-	-	-	95,361
<u><u>\$ 18,615,787</u></u>	<u><u>\$ (1,394,019)</u></u>	<u><u>\$ 5,598,557</u></u>	<u><u>\$ 1,913,651</u></u>	<u><u>\$ 7,261,903</u></u>	<u><u>\$ 77,926,077</u></u>



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT 6*

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

**Net change in fund balance – total governmental funds (Exhibit 5) \$ 4,794,079**

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 unavailable revenue.

Unavailable revenue – December 31	\$ 9,873,545	
Unavailable revenue – January 1	<u>(7,944,687)</u>	1,928,858

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. 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 of.

Expenditures for general capital assets and infrastructure	\$ 11,234,302	
Net book value of assets sold	(54,160)	
Current year depreciation	<u>(4,593,380)</u>	6,586,762

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 net position.

Debt issued		
Loans issued		(610,858)

Principal repayments		
General obligation bonds	\$ 1,645,000	
Loans payable	<u>292,680</u>	1,937,680

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 6  
(Continued)**

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

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

Change in accrued interest payable	\$	18,870	
Current year amortization of premium on bonds issued		77,140	
Change in compensated absences		(329,965)	
Change in other postemployment benefits liability		(92,248)	
Change in deferred other postemployment benefits outflows		38,387	
Change in deferred other postemployment benefits inflows		4,157	
Change in net pension liability		(2,334,470)	
Change in deferred pension outflows		(900,098)	
Change in deferred pension inflows		4,975,576	
Change in inventories		95,361	
Change in estimated liability for landfill closure/postclosure		<u>(1,879,385)</u>	<u>(326,675)</u>
<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>			<b><u><u>\$ 14,309,846</u></u></b>

**PROPRIETARY FUND**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT 7*

**STATEMENT OF NET POSITION  
GLACIAL LAKES SANITARY SEWER AND WATER ENTERPRISE FUND  
DECEMBER 31, 2020**

**Assets**

**Current assets**

Cash and pooled investments	\$ 8,032,299
Special assessments receivable	15,131
Accounts receivable	579,675
Due from other governments	467,962
	<hr/>

**Total current assets** **\$ 9,095,067**

**Noncurrent assets**

Special assessments receivable	<b>\$ 5,333,469</b>
	<hr/>

**Capital assets**

Non-depreciable	\$ 6,420,494
Depreciable – net	32,787,919
	<hr/>

**Total capital assets** **\$ 39,208,413**

**Total Assets** **\$ 53,636,949**

**Deferred Outflows of Resources**

Deferred other postemployment benefits outflows	\$ 1,452
Deferred pension outflows	36,841
	<hr/>

**Total Deferred Outflows of Resources** **\$ 38,293**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 7  
(Continued)**

**STATEMENT OF NET POSITION  
GLACIAL LAKES SANITARY SEWER AND WATER ENTERPRISE FUND  
DECEMBER 31, 2020**

**Liabilities**

**Current liabilities**

Accounts payable	\$ 193,200
Salaries payable	29,754
Due to other funds	1,203
Due to other governments	8,342
Accrued interest payable	203,696
	203,696

**Total current liabilities** **\$ 436,195**

**Long-term liabilities**

Due within one year	\$ 2,054,000
Due in more than one year	22,045,691
Net pension liability	449,659
Other postemployment benefits liability	14,190
	14,190

**Total noncurrent liabilities** **\$ 24,563,540**

**Total Liabilities** **\$ 24,999,735**

**Deferred Inflows of Resources**

Deferred other postemployment benefits inflows	\$ 235
Deferred pension inflows	20,676
	20,676

**Total Deferred Inflows of Resources** **\$ 20,911**

**Net Position**

Net investment in capital assets	\$ 15,882,087
Unrestricted	12,772,509
	12,772,509

**Total Net Position** **\$ 28,654,596**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 8**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
GLACIAL LAKES SANITARY SEWER AND WATER ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Operating Revenues</b>	
Charges for services	\$ 2,954,090
Miscellaneous	292,680
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 3,246,770</b>
<b>Operating Expenses</b>	
Personnel services	\$ 545,226
Employee benefits	204,272
Telephone	11,972
Licenses and dues	2,985
Utilities	214,581
Professional services	40,505
Insurance	24,091
Staff training	2,121
Repairs and maintenance	381,645
Waste management	1,592
Vehicle expense	36,016
Administration and fiscal services	23,103
Engineering services	13,680
Other services and charges	8,308
Supplies	78,882
Depreciation	974,590
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 2,563,569</b>
<b>Operating Income (Loss)</b>	<b>\$ 683,201</b>
<b>Nonoperating Revenues (Expenses)</b>	
Special assessments	\$ 215,624
Intergovernmental	1,207
Rental income	14,160
Resale	8,827
Investment earnings	36,840
Interest expense	(527,324)
Administrative (fiscal) charges	(19,467)
Amortization of premium	79,089
Amortization of discount	(3,058)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (194,102)</b>
<b>Change in net position</b>	<b>\$ 489,099</b>
<b>Net Position – January 1</b>	<b>\$ 28,165,497</b>
<b>Net Position – December 31</b>	<b>\$ 28,654,596</b>

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

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**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 9**

**STATEMENT OF CASH FLOWS  
GLACIAL LAKES SANITARY SEWER AND WATER ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 2,905,250
Payments to suppliers	(791,711)
Payments to employees	(696,289)
	<b>\$ 1,417,250</b>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Rental income	\$ 14,160
Resale	8,827
Intergovernmental receipts	1,207
	<b>\$ 24,194</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Special assessments	\$ 1,491,086
Principal payments on special assessment bonds	(5,705,000)
Principal payments on loans	(258,294)
Interest paid on long-term debt	(584,426)
Administrative (fiscal) charges	(19,467)
Payments for construction of capital assets	(6,337,818)
	<b>\$ (11,413,919)</b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	\$ 36,840
	<b>\$ (9,935,635)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (9,935,635)</b>
<b>Cash and Cash Equivalents, January 1</b>	<b>17,967,934</b>
	<b>\$ 8,032,299</b>
<b>Cash and Cash Equivalents, December 31</b>	<b>\$ 8,032,299</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT 9  
(Continued)**

**STATEMENT OF CASH FLOWS  
GLACIAL LAKES SANITARY SEWER AND WATER ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
<b>Operating income (loss)</b>	<b><u>\$ 683,201</u></b>
 <b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 974,590
(Increase) decrease in accounts receivable	(43,618)
(Increase) decrease in due from other governments	(299,501)
(Increase) decrease in deferred outflows – other postemployment benefits	(604)
(Increase) decrease in deferred outflows – pensions	918
Increase (decrease) in accounts payable	47,770
Increase (decrease) in salaries payable	3,904
Increase (decrease) in due to other funds	1,203
Increase (decrease) in due to other governments	941
Increase (decrease) in compensated absences	28,124
Increase (decrease) in net pension liability	68,462
Increase (decrease) in other postemployment benefits liability	3,156
Increase (decrease) in deferred inflows – other postemployment benefits	(48)
Increase (decrease) in deferred inflows – pensions	<u>(51,248)</u>
 <b>Total adjustments</b>	 <b><u>\$ 734,049</u></b>
 <b>Net Cash Provided by (Used in) Operating Activities</b>	 <b><u><u>\$ 1,417,250</u></u></b>
 <b>Non-Cash Investing, Capital, and Financing Activities</b>	
Change in capital assets purchased on account	\$ 35,164



## **FIDUCIARY FUNDS**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT 10*

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

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 39,004	\$ 2,488,620
Taxes receivable for other governments	-	1,206,749
Accounts receivable	-	145,790
Due from other governments	-	208,140
	<b>\$ 39,004</b>	<b>\$ 4,049,299</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ -	\$ 3,595
Salaries payable	-	20,005
Due to other governments	-	288,113
	<b>\$ -</b>	<b>\$ 311,713</b>
<b><u>Deferred Inflows of Resources</u></b>		
Prepaid taxes	\$ -	\$ 82,441
	<b>\$ -</b>	<b>\$ 82,441</b>
<b><u>Net Position</u></b>		
Restricted for:		
Individuals, organizations, and other governments	<b>\$ 39,004</b>	<b>\$ 3,655,145</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT 11*

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

	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b><u>Additions</u></b>		
Contributions from individuals	\$ 235,629	\$ 200,650
Contributions from member counties	-	486,205
Property tax collections for other governments	-	39,288,037
Special assessment collections for other governments	-	129,057
License, fees, and taxes collected for state	-	11,439,133
Payments from state	-	2,696,823
Payments from other entities	-	171,074
Refunds collected for court-order tax abatement	-	45,197
Forfeitures and seizures	-	191,649
Miscellaneous	-	7,109
	<b>\$ 235,629</b>	<b>\$ 54,654,934</b>
<b><u>Deductions</u></b>		
Beneficiary payments to individuals	\$ 229,638	\$ 64,514
Payments of property taxes and special assessments to other governments	-	32,601,518
Payments to state	-	10,002,735
Payments to other entities	-	1,848,157
Payments to County	-	8,113,042
Administrative expense	-	688,798
	<b>\$ 229,638</b>	<b>\$ 53,318,764</b>
<b>Change in Net Position</b>	<b>\$ 5,991</b>	<b>\$ 1,336,170</b>
Net Position – January 1, as previously reported	\$ -	\$ -
Net Position – Restatement (Note 1.D.15)	33,013	2,318,975
<b>Net Position – January 1, as restated</b>	<b>\$ 33,013</b>	<b>\$ 2,318,975</b>
<b>Net Position – December 31</b>	<b>\$ 39,004</b>	<b>\$ 3,655,145</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

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1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Kandiyohi County was established March 20, 1858, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. Kandiyohi 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 appointed County Auditor/Treasurer serves as clerk of the Board but does not vote in its decisions.

For financial reporting purposes, Kandiyohi County has included all funds, organizations, agencies, boards, commissions, and authorities, and has considered all potential component units for which the County is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on the organization; or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by accounting principles generally accepted in the United States of America, these financial statements present Kandiyohi County (primary government) and its component units for which the County is financially accountable.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Blended Component Unit

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Kandiyohi County has one blended component unit.

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
The Kandiyohi County Building Authority provides space for the County's offices.	County Commissioners are the members of the Kandiyohi County Building Authority Board. Kandiyohi County services related debt.	Separate financial statements are not prepared.

Discretely Presented Component Unit

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. Kandiyohi County has one discretely presented component unit.

Component Unit	Included in the Reporting Entity Because	Separate Financial Statements
The Kandiyohi County Housing and Redevelopment Authority (HRA) administers the public housing programs authorized by the United States Housing Act of 1937, as amended. The HRA also provides assistance grants to eligible families of the Section 8 programs.	The County appoints a voting majority of the HRA's Board of Directors and approves the HRA's budget.	Kandiyohi County HRA Kandiyohi County Health and Human Services Building 2200 – 23rd Street Northeast Suite 2090 Willmar, Minnesota 56201

Joint Ventures and Jointly-Governed Organizations

The County participates in several joint ventures described in Note 4.D. The County also participates in a jointly-governed organization described in Note 4.E.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

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 primary government and its component units. 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. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities, business-type activities, and discretely presented component unit 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 and blended component unit. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the County not accounted for and reported in another fund.

The Road and Bridge Special Revenue Fund accounts for restricted revenue sources from federal, state, and other oversight agencies, as well as unrestricted property tax revenues for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Human Services Special Revenue Fund accounts for restricted revenue sources from federal, state, and other oversight agencies, as well as unrestricted property tax revenues used for economic assistance and community social services programs.

The Sanitary Landfill/Recycling Center Special Revenue Fund accounts for the County's landfill operations and for funds used in connection and operation of the County Recycling Center. Financing for the sanitary landfill is provided by special assessments, user charges, and the sale of solid waste bonds. Financing for the construction of the County Recycling Center was provided by the sale of solid waste bonds and a grant from the State of Minnesota under the capital assistance program.

The Ditch Special Revenue Fund accounts for funds used by the various ditches. Financing is provided by special assessments.

The County Building Special Revenue Fund accounts for committed financial resources, primarily property tax revenues, for improvements to and purchases of County buildings.

The Debt Service Fund accounts for the accumulation of restricted resources used for, and the payment of, principal, interest, and related costs of the County's debt obligations.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major enterprise fund:

The Glacial Lakes Sanitary Sewer and Water Enterprise Fund is used to account for the recovery of all or a significant portion of its costs of operating the water treatment and wastewater facilities through user fees and charges.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specific purposes.

The Social Welfare Private-Purpose Trust Fund is used to account for client resources held in trust to pay expenses on their behalf.

Custodial funds are used to account for assets held by the County in a fiduciary capacity for individuals or other governments.

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. Kandiyohi County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied, provided they are also available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools, 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. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$732,324.

Kandiyohi 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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

2. Cash and Cash Equivalents

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

3. Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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 2005 through 2020 and noncurrent special assessments payable in 2021 and after.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed and are equally offset by nonspendable fund balance to indicate that they do not constitute available spendable resources. Inventories in the proprietary fund and at the government-wide level are recorded as expenses when consumed.

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

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on the date of donation.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

6. Capital Assets (Continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Landfill	50
Public domain infrastructure	50 - 75
Furniture, equipment, and vehicles	5 - 20
Software	5

7. Unearned Revenue

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

8. Compensated Absences

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

8. Compensated Absences (Continued)

current portion is based on the average of the three most recent years of termination payments. For the governmental activities, compensated absences are liquidated by the General Fund, Road and Bridge and Human Services Special Revenue Funds, and the other governmental funds with personnel services. For the business-type activities, compensated absences are liquidated by the Glacial Lakes Sanitary Sewer and Water Enterprise Fund.

9. Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund type statement of net position. 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. Bond issuance costs are expensed in the year the debt is issued.

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 an other financing source. 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.

10. Deferred Outflows/Inflows of Resources

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

10. Deferred Outflows/Inflows of Resources (Continued)

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

11. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association of Minnesota (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. For the governmental activities, the net pension liability is liquidated by the General Fund, Road and Bridge and Human Services Special Revenue Funds, and other governmental funds with personnel services expenditures. For the business-type activities, the net pension liability is liquidated by the Glacial Lakes Sanitary Sewer and Water Enterprise Fund.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

12. Classification of Net Position

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

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

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

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

13. Classification of Fund Balances

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

13. Classification of Fund Balances (Continued)

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

Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount of fund balance that is not restricted or committed.

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

Kandiyohi County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. The County does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. Kandiyohi County's desired minimum level of unrestricted fund balance is a five-month average of operating expenditures during the previous year. This amount of unrestricted fund balance should provide the County with adequate funds until the next property tax revenue collection cycle.

The County Auditor/Treasurer is authorized to evaluate, classify, and assign fund balance in accordance with GASB Statement 54. In governmental funds other than the General Fund, the assignment must follow Kandiyohi County's intent for the specific purpose of the individual funds. Therefore, all remaining positive fund balances in the special revenue, debt service, and capital projects funds are classified as assigned.



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

14. Use of Estimates

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

15. Change in Accounting Principle

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

	Governmental Activities	General Fund	Human Services Special Revenue Fund
Net Position/Fund Balance January 1, 2020, as previously reported	\$ 177,785,767	\$ 22,221,952	\$ 9,381,727
Change in accounting principles	(376,776)	(332,815)	(43,961)
Net Position/Fund Balance, January 1, 2020, as restated	\$ 177,408,991	\$ 21,889,137	\$ 9,337,766

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

1. Summary of Significant Accounting Policies

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

15. Change in Accounting Principle (Continued)

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as previously reported	\$ -	\$ -
Change in accounting principles	33,013	2,318,975
Net Position, January 1, 2020, as restated	\$ 33,013	\$ 2,318,975

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

At December 31, 2020, the Ditch Special Revenue Fund had a deficit fund balance of \$1,394,019. The deficit will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

60 ditches with positive balances	\$ 500,416
39 ditches with deficit balances	(1,894,435)
Net Fund Balance	\$ (1,394,019)

B. Tax Abatements

The County entered into property tax abatement agreements with various developers under Minn. Stat. §§ 469.1812 through 469.1815, as amended. Under the statute, a political subdivision may grant a current or prospective abatement of property taxes if it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement and it will provide benefits such as increasing or preserving the tax base or providing employment in the County. The County does not have a minimum threshold for reporting tax abatements.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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2. Stewardship, Compliance, and Accountability

B. Tax Abatements (Continued)

MinnWest Technology Campus Management Company

The County entered into a property tax abatement agreement with MinnWest Technology Campus Management Company on February 2, 2016, for a period of ten years effective in the years 2016 through 2025. The abatement will equal a 100 percent share of ad valorem property taxes received by the County from the tax abatement property. Contractual stipulations require County payments to not exceed a total amount of \$686,600. The County provided a tax abatement in the form of a tax refund in the amount of \$70,164 for 2020. The developer agrees to renovate, expand, and further develop the MinnWest Technology Campus by making infrastructure and capital investments and expanding the campus. Further, the developer agrees to create a minimum of 175 full-time equivalent jobs and to spend \$8 million on capital projects and improvements by December 31, 2025.

William P. & Deborah D. Donner and Oil Air Products, LLC

The County entered into a property tax abatement agreement with William P. & Deborah D. Donner and Oil Air Products, LLC, on November 11, 2015, for a period of eight years effective in the years 2015 through 2022. The abatement will equal a 100 percent share of ad valorem property taxes received by the County from the tax abatement property during 2015 through 2017, 75 percent during 2018 through 2020, and 50 percent during 2021 and 2022. Contractual stipulations require County payments not to exceed a total amount of \$82,292. The County will provide a tax abatement in the form of a tax refund; however, it did not make a payment during 2020. The developer agrees to relocate its existing manufacturing business in order to facilitate the expansion of the business in the County and expand the workforce to 12 – 15 full-time employees.

Torgerson Properties, Inc.

The County entered into a property tax abatement agreement with Torgerson Properties, Inc., on May 7, 2013, for a period of ten years effective in 2016 through 2025. The abatement will equal the lesser of \$39,000 annually, or 100 percent of the increased portion of the County's share of ad valorem property taxes on the property derived from the value of the project during 2016 through 2020; the lesser of \$29,775 annually, or 75 percent of the County's share of ad valorem property taxes during 2021 through 2023;

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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2. Stewardship, Compliance, and Accountability

B. Tax Abatements

Torgerson Properties, Inc. (Continued)

and the lesser of \$19,850 annually, or 50 percent of the County's share of ad valorem property taxes during 2024 and 2025. Contractual stipulations require the County's payments do not exceed a total amount of \$327,525. The County provided a tax abatement in the form of a tax refund in the amount of \$39,000 for 2020. The developer agrees to construct additions to the lodging facilities existing on real property located in the City of Willmar. The developer further agrees to renovate and expand the existing hotel, restaurant, and convention facilities with corresponding interior and exterior improvements to bring the buildings up to code. Further, the developer agreed to create a minimum of 25 full-time equivalent jobs by January 1, 2016, and to pay a wage that, with benefits, exceeds \$12 per hour.

Little Crow Golf Association, LLC, and Glacial Ridge Hospitality, LLC

The County entered into a property tax abatement agreement with Little Crow Golf Association, LLC, and Glacial Ridge Hospitality, LLC, on October 4, 2016, for a period of ten years effective in 2020 through 2029. The abatement will equal 100 percent of the County's share of the increased ad valorem property taxes during 2020 through 2027 and 80 percent of the County's share of the property taxes during 2028 and 2029. The increase in property taxes will be over the 2016 base tax capacity of \$4,893. Contractual stipulations require the County payments do not exceed ten percent of the net tax capacity or \$200,000, whichever is greater, and the total abatement does not exceed \$720,780. The County provided a tax abatement in the form of a tax refund in the amount of \$35,642 for 2020. The developer agrees to demolish the existing structure and construct a new facility with an estimated completed market value of \$6,850,000. The County expects the new facility will help retain and expand commercial and industrial enterprise in the County and provide employment opportunities in the County.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and investments	\$ 79,239,740
Business-type activities	
Cash and investments	8,032,299
Statement of fiduciary net position	
Social Welfare Private-Purpose Trust Fund	
Cash and investments	39,004
Custodial funds	
Cash and investments	<u>2,488,620</u>
Total Cash and Investments	<u>\$ 89,799,663</u>

a. Deposits

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

a. Deposits (Continued)

In accordance with Minnesota statutes, the County maintains deposits at depository banks authorized by the Board. The carrying amount of the County's deposits with financial institutions was \$40,162,821 as of December 31, 2020; the bank balance was \$28,728,144.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk other than complying with the requirements of Minnesota statutes. As of December 31, 2020, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following table presents the County's investment balances at December 31, 2020, and information relating to interest rate risk:

	Less Than 1 Year	1 - 5 Years	More Than 5 Years	Total Fair Value
U.S. government securities/bonds				
Federal Home Loan Bank	\$ -	\$ 2,706,029	\$ 1,240,756	\$ 3,946,785
Federal National Mortgage Association	-	-	997,423	997,423
Federal Farm Credit Bank	-	-	7,947,509	7,947,509
Total U.S. government securities/bonds	\$ -	\$ 2,706,029	\$ 10,185,688	\$ 12,891,717
State and local government taxable bonds	3,421,202	9,157,911	392,657	12,971,770
Collateralized mortgage obligations	-	-	925,073	925,073
Investment pools – MAGIC Fund	17,388,666	-	-	17,388,666
Negotiable certificates of deposit	776,067	4,683,549	-	5,459,616
Total Investments	\$ 21,585,935	\$ 16,547,489	\$ 11,503,418	\$ 49,636,842

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

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.

The following table presents the County's deposit and investment balances at December 31, 2020, related to credit risk:

	Credit Risk	Total Fair Value
U.S. government securities/bonds		
Federal Home Loan Bank	Aaa	\$ 3,946,785
Federal National Mortgage Association	Aaa	997,423
Federal Farm Credit Bank	Aaa	7,947,509
Total U.S. government securities/bonds		\$ 12,891,717
State and local government taxable bonds		
	A+	\$ 123,172
	A1	1,984,316
	A2	392,657
	AA-	751,560
	AA	455,896
	AA+	1,028,939
	Aa1	1,773,008
	Aa2	2,420,769
	Aa3	1,368,387
	AAA	625,702
	Aaa	2,047,364
Total state and local government taxable bonds		\$ 12,971,770
Collateralized mortgage obligations	N/R	\$ 925,073
Investment pools – MAGIC Fund	N/R	\$ 17,388,666
Negotiable certificates of deposit	N/R	\$ 5,459,616
Total Investments		\$ 49,636,842



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County does not have a policy on custodial credit risk. At December 31, 2020, the County's investments were not exposed 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. Investments in any one issuer at December 31, 2020, that represent five percent or more of the County's investments subject to concentration of credit risk are as follows:

<u>Issuer</u>	<u>Reported Amount 2020</u>
Connecticut State Taxable G.O. Bonds	\$ 1,598,043
New York Mortgage Agency Revenue Bonds	1,877,307

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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Fair Value Measurement (Continued)

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

	December 31, 2020	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. government agencies	\$ 12,891,717	\$ 12,791,455	\$ 100,262	\$ -
Taxable municipal bonds	12,971,770	-	12,971,770	-
Collateralized mortgage obligation	5,459,616	-	5,459,616	-
Negotiable certificates of deposit	925,073	-	925,073	-
 Total Investments Included in the Fair Value Hierarchy	 \$ 32,248,176	 \$ 12,791,455	 \$ 19,456,721	 \$ -
 Investments measured at the net asset value (NAV)				
MAGIC Portfolio	17,140,666			
MAGIC Term	248,000			
 Total Investments	 \$ 49,636,842			

Debt securities classified in Level 1 are valued using a market approach quoted in active markets for those securities. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Government Agencies: a market approach by utilizing quoted prices for identical securities in markets that are not active;
- Taxable Municipal Bonds: a market approach using quoted prices for similar securities in active markets; and

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Fair Value Measurement (Continued)

- Collateralized Mortgage Obligation: a market approach using quoted prices for similar securities in active markets;
- Negotiable Certificates of Deposit: matrix pricing based on the securities' relationship to benchmark quoted prices; and
- Money Market Funds: a market approach using published fair value per share (unit) for each fund.

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.

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

Shares of the 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 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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

2. Receivables

Receivables as of December 31, 2020, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 404,608	\$ -
Special assessments	5,207,231	5,157,198
Accounts	627,934	-
Accrued interest	174,114	-
Due from other governments	6,049,111	-
Long-term	32,665	13,998
Total Governmental Activities	\$ 12,495,663	\$ 5,171,196
Business-Type Activities		
Special assessments	\$ 5,348,600	\$ 5,333,469
Accounts	579,675	-
Due from other governments	467,962	-
Total Business-Type Activities	\$ 6,396,237	\$ 5,333,469

Long-Term Receivable

In November 2007, the County sold the Boy's Group Home and the Girl's Group Home on a contract for deed. The sales price was \$280,000. This amount is to be paid over 15 years with no interest. Future collections are to be received in monthly installments of \$1,556. This long-term receivable is reported in the County Building Special Revenue Fund.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources (Continued)

3. Capital Assets

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

Governmental Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 7,112,189	\$ 1,222,512	\$ -	\$ 8,334,701
Construction in progress	14,878,977	8,684,525	4,007,433	19,556,069
 Total capital assets not depreciated	 \$ 21,991,166	 \$ 9,907,037	 \$ 4,007,433	 \$ 27,890,770
Capital assets depreciated				
Landfill	\$ 11,067,912	\$ -	\$ 138,162	\$ 10,929,750
Buildings	45,688,241	151,438	82,819	45,756,860
Machinery, vehicles, furniture, and equipment	20,458,038	1,175,827	1,833,098	19,800,767
Infrastructure	110,814,393	4,007,433	-	114,821,826
Software	315,482	-	-	315,482
 Total capital assets depreciated	 \$ 188,344,066	 \$ 5,334,698	 \$ 2,054,079	 \$ 191,624,685
Less: accumulated depreciation for				
Landfill	\$ 2,585,019	\$ 405,495	\$ 138,162	\$ 2,852,352
Buildings	18,974,279	1,093,145	28,659	20,038,765
Machinery, vehicles, furniture, and equipment	15,038,864	823,761	1,833,098	14,029,527
Infrastructure	32,746,789	2,270,979	-	35,017,768
Software	315,482	-	-	315,482
 Total accumulated depreciation	 \$ 69,660,433	 \$ 4,593,380	 \$ 1,999,919	 \$ 72,253,894
 Total capital assets depreciated, net	 \$ 118,683,633	 \$ 741,318	 \$ 54,160	 \$ 119,370,791
 Governmental Activities Capital Assets, Net	 \$ 140,674,799	 \$ 10,648,355	 \$ 4,061,593	 \$ 147,261,561

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

3. Capital Assets (Continued)

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not depreciated				
Land	\$ 130,500	\$ -	\$ -	\$ 130,500
Construction in progress	<u>2,670,747</u>	<u>6,063,247</u>	<u>2,444,000</u>	<u>6,289,994</u>
Total capital assets not depreciated	<u>\$ 2,801,247</u>	<u>\$ 6,063,247</u>	<u>\$ 2,444,000</u>	<u>\$ 6,420,494</u>
Capital assets depreciated				
Buildings	\$ 782,139	\$ -	\$ -	\$ 782,139
Machinery, vehicles, furniture, and equipment	372,605	182,735	-	555,340
Infrastructure	<u>43,332,194</u>	<u>2,571,000</u>	<u>-</u>	<u>45,903,194</u>
Total capital assets depreciated	<u>\$ 44,486,938</u>	<u>\$ 2,753,735</u>	<u>\$ -</u>	<u>\$ 47,240,673</u>
Less: accumulated depreciation for				
Buildings	\$ 265,931	\$ 15,643	\$ -	\$ 281,574
Machinery, vehicles, furniture, and equipment	337,077	19,737	-	356,814
Infrastructure	<u>12,875,156</u>	<u>939,210</u>	<u>-</u>	<u>13,814,366</u>
Total accumulated depreciation	<u>\$ 13,478,164</u>	<u>\$ 974,590</u>	<u>\$ -</u>	<u>\$ 14,452,754</u>
Total capital assets depreciated, Net	<u>\$ 31,008,774</u>	<u>\$ 1,779,145</u>	<u>\$ -</u>	<u>\$ 32,787,919</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 33,810,021</u>	<u>\$ 7,842,392</u>	<u>\$ 2,444,000</u>	<u>\$ 39,208,413</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

3. Capital Assets (Continued)

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

Governmental Activities		
General government	\$	322,902
Public safety		855,506
Highways and streets, including depreciation of infrastructure assets		2,771,860
Sanitation		454,593
Human services		29,425
Culture and recreation		34,827
Conservation of natural resources		<u>124,267</u>
Total Depreciation Expense – Governmental Activities	\$	<u>4,593,380</u>
Business-Type Activities		
Glacial Lakes Sanitary Sewer and Water	\$	<u>974,590</u>

B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General	Road and Bridge Special Revenue	\$ 1,155	Charges for services rendered and supplies provided
	Human Services Special Revenue	13,797	Charges for services rendered and supplies provided
	Sanitary Landfill/Recycling Center Special Revenue	153	Charges for services rendered and supplies provided
	Ditch Special Revenue	76,168	Charges for services rendered and supplies provided
	Nonmajor governmental funds	618	Charges for services rendered and supplies provided
	Glacial Lakes Enterprise	<u>1,203</u>	Charges for services rendered and supplies provided
Total due to General Fund		<u>\$ 93,094</u>	

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers

1. Due To/From Other Funds (Continued)

Receivable Fund	Payable Fund	Amount	
Road and Bridge Special Revenue	General	\$ 44,653	Charges for services rendered
	Sanitary Landfill/Recycling Center Special Revenue	2,181	Charges for services rendered
	Ditch Special Revenue	5,629	Charges for services rendered
Total due to Road and Bridge Special Revenue Fund		\$ 52,463	
Human Services Special Revenue	General	\$ 7,258	Charges for services rendered
Sanitary Landfill/Recycling Center Special Revenue	General	\$ 42	Charges for services rendered
	Road and Bridge Special Revenue	22	Charges for services rendered
Total due to Sanitary Landfill/ Recycling Center Special Revenue Fund		\$ 64	
Ditch Special Revenue	Road and Bridge Special Revenue	\$ 42,878	Charges for services rendered
Nonmajor governmental funds	General	\$ 1,179	Charges for services rendered
	Road and Bridge Special Revenue	16,153	Charges for services rendered
Total due to nonmajor governmental funds		\$ 17,332	
Total Due To/From Other Funds		\$ 213,089	

The above interfund balances are expected to be paid within a year.

2. Advance To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General	Ditch Special Revenue	\$ 1,180,000	Eliminate negative cash balance
	Nonmajor governmental funds	125,000	Eliminate negative cash balance
Total Advance To/From Other Funds		\$ 1,305,000	



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables, and Transfers (Continued)

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Transfer to General Fund from Ditch Special Revenue Fund	\$ 98,045	Drainage expenditure allocation
Transfer to Road and Bridge Special Revenue Fund from General Fund	<u>10,000</u>	Reimbursement for staff time overseeing buffer program
Total Interfund Transfers	<u>\$ 108,045</u>	

C. Liabilities and Deferred Inflows of Resources

1. Construction and Other Commitments

The County has active construction projects as of December 31, 2020. The remaining commitments for highway projects are state-funded and, therefore, not obligations of the County at December 31, 2020.

2. Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue consists of taxes, special assessments, and state and federal grants, and other revenues not collected soon enough after year-end to pay liabilities of the current period.

Unavailable revenue at December 31, 2020, is summarized below by fund:

	Taxes	Special Assessments	Grants and Highway Allotments	Other	Total
Major governmental funds					
General	\$ 173,464	\$ 1,969,811	\$ 9,032	\$ 27,043	\$ 2,179,350
Special Revenue					
Road and Bridge	42,430	-	2,667,148	12,826	2,722,404
Human Services	73,761	-	690,955	127,340	892,056
Sanitary Landfill/ Recycling Center	-	1,254,066	-	42,483	1,296,549
Ditch	-	2,687,117	-	-	2,687,117
County Building	4,708	-	-	32,665	37,373
Debt Service	13,436	-	-	-	13,436
Nonmajor funds	<u>16,146</u>	<u>-</u>	<u>-</u>	<u>29,114</u>	<u>45,260</u>
Total	<u>\$ 323,945</u>	<u>\$ 5,910,994</u>	<u>\$ 3,367,135</u>	<u>\$ 271,471</u>	<u>\$ 9,873,545</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Long-Term Debt

Governmental Activities – Bonds and Loans Payable

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
General obligation bonds					
2014A G.O. Law Enforcement Facility Refunding Bonds	2021	\$425,000 - \$1,285,000	2.00 - 3.00	\$ 7,295,000	\$ 1,285,000
2014B G.O. Solid Waste Bonds	2022	\$240,000 - \$270,000	2.00	1,785,000	535,000
2016A G.O. State Aid Road Refunding Bonds	2027	\$185,000 - \$240,000	2.00	2,165,000	1,575,000
Total General Obligation Bonds				<u>\$ 11,245,000</u>	<u>\$ 3,395,000</u>
Loans payable					
Crow River Basin Clean Water Partnership Project	2021	\$23,752	2.00	\$ 370,772	\$ 20,572
Shakopee Creek Headwaters Continuation Clean Water Partnership Project	2021	\$14,408	2.00	166,331	18,162
Hawk Creek Watershed Continuation Clean Water Partnership Project	2023	\$26,799	2.00	407,235	130,787
Crow River Watershed – Reducing Surface Water Runoff Project	2024	\$16,678	2.00	300,971	112,216
Chippewa River Accelerated Restoration Clean Water Partnership Project	2025	\$11,526	2.00	168,862	88,628
Hawk Creek Watershed Nitrogen Reduction Clean Water Partnership Project	2026	\$20,517	2.00	370,239	230,919
Chippewa River Accelerated Restoration Clean Water Partnership Project	2026	\$17,227	2.00	310,868	193,890
Chippewa River Watershed Protection Project Clean Water Partnership Project	2028	\$11,526	2.00	208,000	118,159
Hawk Creek Watershed Upgrade Implement Clean Water Partnership Project	2029	\$23,053	2.00	416,000	174,284
Crow River SSTS Restoration Project Clean Water Partnership Project	2029	\$20,171	2.00	364,000	137,017

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt

Governmental Activities – Bonds and Loans Payable (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Loans payable (Continued)					
Kandiyohi County SSTS Upgrades Clean Water Partnership Project	*	*	0.00	1,269,455	1,269,455
Total Loans Payable				<u>\$ 4,352,733</u>	<u>\$ 2,494,089</u>

\*The outstanding balance for this loan represents the amount received from the Minnesota Pollution Control Agency as of December 31, 2020. The County has not finished drawing down funds on this loan; therefore, a final debt payment schedule is not available. The payment schedule in Note 3.C.4 does not include the debt service requirements on this loan.

Business-Type Activities – Bonds and Loans Payable

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Special assessment bonds with government commitment					
2010B G.O. Sewer and Water Revenue Refunding Bonds	2022	\$380,000 - \$480,000	1.10 - 3.45	\$ 4,220,000	\$ 945,000
2012 G.O. Sewer and Water Revenue Refunding Bonds	2023	\$75,000 - \$305,000	1.275	3,085,000	240,000
2016A G.O. Sewer and Water Revenue Refunding Bonds	2030	\$315,000 - \$395,000	2.00	4,745,000	3,745,000
2019A G.O. Sewer and Water Revenue Bonds	2040	\$380,000 - \$615,000	2.00 - 4.00	9,690,000	9,690,000
2019B G.O. Sewer and Water Revenue Refunding Bonds	2032	\$305,000 - \$400,000	2.00	4,285,000	4,285,000
Total Special Assessment Bonds with Government Commitment				<u>\$ 26,025,000</u>	<u>\$ 18,905,000</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

3. Long-Term Debt

Business-Type Activities – Bonds and Loans Payable (Continued)

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Loans payable					
2001 Public Facilities Authority Clean Water G.O. Revenue Note	2021	\$3,344 - \$228,000	2.25	\$ 3,648,450	\$ 228,000
2002 Public Facilities Authority Clean Water G.O. Revenue Note	2021	\$567 - \$40,000	2.14	651,000	40,000
2006A Public Facilities Authority Clean Water G.O. Revenue Note	2026	\$178,876 - \$216,000	1.00	3,761,876	1,266,000
2006B Public Facilities Authority Wastewater Infrastructure G.O. Revenue Note	2032	\$9,124 - \$109,000	0.00	1,208,124	1,208,124
2020A Public Facilities Authority Wastewater Infrastructure G.O. Revenue Note	*	*	0.00	832,706	832,706
City of New London USDA Rural Development	2029	\$85,000 - \$125,000	2.00 - 3.10	1,735,000	890,000
Total Loans Payable				<u>\$ 11,837,156</u>	<u>\$ 4,464,830</u>

\*The outstanding balance for this loan represents the amount received from the Minnesota Public Facilities Authority as of December 31, 2020. The County has not finished drawing down on this loan; therefore, a final debt payment schedule is not available. The payment schedule in Note 3.C.4 does not include the debt service requirements on this loan.

4. Debt Service Requirements

Governmental Activities – Bonds and Loans Payable

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

Year Ending December 31	General Obligation Bonds		Loans	
	Principal	Interest	Principal	Interest
2021	\$ 1,760,000	\$ 56,725	\$ 250,713	\$ 23,141
2022	485,000	27,850	216,240	18,403
2023	220,000	20,800	220,586	14,056
2024	225,000	16,350	162,982	9,848
2025	230,000	11,800	149,412	6,739
2026 - 2030	475,000	9,550	224,701	5,657
Total	<u>\$ 3,395,000</u>	<u>\$ 143,075</u>	<u>\$ 1,224,634</u>	<u>\$ 77,884</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Debt Service Requirements (Continued)

Business-Type Activities – Bonds and Loans Payable

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

Year Ending December 31	Special Assessment Bonds		Loans	
	Principal	Interest	Principal	Interest
2021	\$ 1,580,000	\$ 451,318	\$ 474,000	\$ 30,826
2022	1,645,000	404,855	308,000	33,835
2023	1,180,000	365,225	315,000	29,318
2024	1,120,000	334,069	317,000	24,593
2025	1,135,000	303,169	324,000	19,648
2026 - 2030	6,035,000	1,034,694	1,558,000	31,238
2031 - 2035	3,315,000	470,013	336,124	-
2036 - 2040	2,895,000	166,441	-	-
Total	<u>\$ 18,905,000</u>	<u>\$ 3,529,784</u>	<u>\$ 3,632,124</u>	<u>\$ 169,458</u>

5. Changes in Long-Term Liabilities

Governmental Activities – Bonds and Loans Payable

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 5,040,000	\$ -	\$ 1,645,000	\$ 3,395,000	\$ 1,760,000
Add: premium on bonds	130,210	-	77,140	53,070	-
Total bonds payable	\$ 5,170,210	\$ -	\$ 1,722,140	\$ 3,448,070	\$ 1,760,000
Loans payable	2,175,911	610,858	292,680	2,494,089	250,713
Estimated liability for landfill closure/postclosure	7,890,444	1,879,385	-	9,769,829	-
Compensated absences	4,709,922	817,194	487,229	5,039,887	134,256
Governmental Activities Long-Term Liabilities	<u>\$ 19,946,487</u>	<u>\$ 3,307,437</u>	<u>\$ 2,502,049</u>	<u>\$ 20,751,875</u>	<u>\$ 2,144,969</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Changes in Long-Term Liabilities

Governmental Activities – Bonds and Loans Payable (Continued)

Long-term debt was liquidated by payments from the following funds:

General	\$	292,680
Road and Bridge Special Revenue		205,000
Sanitary Landfill/Recycling Center Special Revenue		260,000
Debt Service		1,180,000
		1,180,000
Total Debt Reductions	\$	1,937,680

Business-Type Activities – Bonds and Loans Payable

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Special assessment bonds with government commitment	\$ 24,610,000	\$ -	\$ 5,705,000	\$ 18,905,000	\$ 1,580,000
Add: premium on bonds	710,456	-	79,089	631,367	-
Less: discount on bonds	(6,394)	-	(3,058)	(3,336)	-
	25,314,062	-	5,781,031	19,533,031	1,580,000
Total bonds payable	\$ 25,314,062	\$ -	\$ 5,781,031	\$ 19,533,031	\$ 1,580,000
Loans payable	4,723,124	832,706	1,091,000	4,464,830	474,000
Compensated absences	73,706	28,766	642	101,830	-
	4,796,830	861,472	1,091,642	4,566,660	474,000
Business-Type Activities Long-Term Liabilities	\$ 30,110,892	\$ 861,472	\$ 6,872,673	\$ 24,099,691	\$ 2,054,000

Long-term debt was liquidated by payments from the Glacial Lakes Sanitary Sewer and Water Enterprise Fund.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

D. Other Postemployment Benefits (OPEB)

1. Plan Description

Kandiyohi County administers an OPEB plan, a single-employer defined benefit health care plan, to statutory officials by providing contributions to a health care savings account upon termination, based on length of service.

The County also provides health insurance benefits for eligible retired employees and their dependents. 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.

2. Funding Policy

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	11
Active plan participants	<u>416</u>
Total	<u><u>427</u></u>

3. Total OPEB Liability

The County's total OPEB liability of \$1,244,810 was measured by an actuarial valuation as of January 1, 2020. For the governmental activities, the OPEB liability is liquidated through the General Fund, Road and Bridge and Human Services Special Revenue Funds, and other funds with personnel services expenditures. For the business-type activities, the OPEB liability is liquidated through the Glacial Lakes Sanitary Sewer and Water Enterprise Fund.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

D. Other Postemployment Benefits (OPEB)

3. Total OPEB Liability (Continued)

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

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.50 percent
Salary increases	Service graded table
Medical trend	6.50 percent in 2020, grading to 5.00 percent over six years

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

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

Retirement and withdrawal assumptions used are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

4. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$ 1,149,406
Changes for the year	
Service cost	\$ 91,145
Interest	45,478
Differences between expected and actual experience	7,930
Changes of assumption or other inputs	39,211
Benefit payments	<u>(88,360)</u>
Net change	\$ 95,404
Balance at December 31, 2020	<u>\$ 1,244,810</u>



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB) (Continued)

5. OPEB Liability Sensitivity

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

	Discount Rate		Total OPEB Liability
1% Decrease	1.90%	\$	1,324,558
Current	2.90		1,244,810
1% Increase	3.90		1,168,482

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 Trend Rates		Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$	1,130,058
Current	6.50% Decreasing to 5.00%		1,244,810
1% Increase	7.50% Decreasing to 6.00%		1,378,069

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

For the year ended December 31, 2020, the County recognized OPEB expense of \$52,208. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses/gains	\$ 6,938	\$ -
Changes in actuarial assumptions	34,309	25,229
Contributions made subsequent to the measurement date	86,104	-
Total	\$ 127,351	\$ 25,229

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

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

The \$86,104 reported as deferred outflows of resources related to OPEB resulting from contributions made subsequent to the measurement will be recognized as a reduction of the OPEB liability for the year ended December 31, 2021. The amount reported as deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year Ended December 31	OPEB Expense Amount
2021	\$ 1,689
2022	1,689
2023	1,689
2024	1,689
2025	1,689
Thereafter	7,573

7. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from RP-2014 White Collar Mortality tables 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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

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

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and 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 Kandiyohi 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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description (Continued)

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

b. Benefits Provided

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

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. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

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

c. Contributions

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

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

c. Contributions (Continued)

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

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

General Employees Plan	\$ 1,612,915
Police and Fire Plan	476,834
Correctional Plan	264,999

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

d. Pension Costs

General Employees Plan

At December 31, 2020, the County reported a liability of \$17,806,507 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.2970 percent. It was 0.2893 percent measured as of June 30, 2019. The County recognized pension expense of \$1,111,492 for its proportionate share of the General Employees Plan's pension expense.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County also recognized \$47,778 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	\$	17,806,507
State of Minnesota's proportionate share of the net pension liability associated with the County		548,985
Total		\$ 18,355,492

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 158,025	\$ 67,372
Changes in actuarial assumptions	-	647,006
Difference between projected and actual investment earnings	352,199	-
Changes in proportion	449,713	110,122
Contributions paid to PERA subsequent to the measurement date	805,988	-
Total	\$ 1,765,925	\$ 824,500



**KANDIYOHI COUNTY  
WILLMAR, 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)

The \$805,988 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (905,955)
2022	172,423
2023	438,758
2024	430,211

Police and Fire Plan

At December 31, 2020, the County reported a liability of \$3,114,687 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 0.2363 percent. It was 0.2549 percent measured as of June 30, 2019. The County recognized pension expense of \$289,428 for its proportionate share of the Police and Fire Plan's pension expense.

**KANDIYOHI COUNTY  
WILLMAR, 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)

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

Legislation requires the State of Minnesota to pay direct state aid of \$4.5 million on October 1, 2019, and to pay \$9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier. The county recognized an additional \$22,569 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	\$ 3,114,687
State of Minnesota's proportionate share of the net pension liability associated with the County	73,356
Total	<u>\$ 3,188,043</u>

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 \$21,267 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:

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 141,320	\$ 159,619
Changes in actuarial assumptions	1,126,399	2,035,574
Difference between projected and actual investment earnings	80,279	-
Changes in proportion	103,036	321,522
Contributions paid to PERA subsequent to the measurement date	242,066	-
Total	\$ 1,693,100	\$ 2,516,715

The \$242,066 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (291,700)
2022	(981,503)
2023	110,887
2024	127,485
2025	(30,850)

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs (Continued)

Correctional Plan

At December 31, 2020, the County reported a liability of \$378,682 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the County's proportion was 1.3956 percent. It was 1.3617 percent measured as of June 30, 2019. The County recognized pension expense of (\$677,430) for its proportionate share of the Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,510	\$ 139,033
Changes in actuarial assumptions	-	758,288
Difference between projected and actual investment earnings	75,025	-
Changes in proportion	10,574	1,496
Contributions paid to PERA subsequent to the measurement date	132,190	-
Total	\$ 221,299	\$ 898,817

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

The \$132,190 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (860,493)
2022	(39,791)
2023	22,261
2024	68,315

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was \$723,490.

e. Actuarial Assumptions

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

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

f. Discount Rate

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

g. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2020:

General Employees Plan

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

**KANDIYOHI COUNTY  
WILLMAR, 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)

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



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

Police and Fire Plan

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

Correctional Plan

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

h. Pension Liability Sensitivity

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

3. Detailed Notes on All Funds

E. Pension Plans

1. Defined Benefit Pension Plans

h. Pension Liability Sensitivity (Continued)

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.50%	\$ 28,537,655	6.50%	\$ 6,208,019	6.50%	\$ 2,353,470
Current	7.50	17,806,507	7.50	3,114,687	7.50	378,682
1% Increase	8.50	8,954,173	8.50	555,496	8.50	(1,202,435)

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); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

2. Defined Contribution Plan

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Detailed Notes on All Funds

E. Pension Plans

2. Defined Contribution Plan (Continued)

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

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 7,807	\$ 7,807
Percentage of covered payroll	5.00%	5.00%

4. Summary of Significant Contingencies and Other Items

A. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although the majority of the closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each year-end. The County estimated the cost of closure and postclosure care to be \$9,769,829, with 50,541 cubic yards remaining capacity to be filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2020, cash and investments of \$8,557,338 are held for these purposes.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

A. Landfill Closure and Postclosure Care Costs (Continued)

The County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

B. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County is self-insured for employee dental coverage. For other risks, the County carries commercial insurance. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

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

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.

Kandiyohi County has a program to self-insure a dental insurance plan for participating employees. The County has contracted with Minnesota Dental Benefits, a third-party administrator, to process claims against the plan.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

B. Risk Management (Continued)

The County contributed \$35 per month for each participating employee in 2020. The County deposits the County contributions and employee deductions with the administrator. Any claims paid by the administrator in excess of the deposits are billed to the County. The County also pays an administrative charge for the services rendered by the administrator. Financial transactions relating to the self-insurance plan are recorded in the General Fund.

The County has not had an actuarial study of the self-insurance dental plan; it has concluded that the risk of any major losses covered by self-insurance under this plan is covered by the general taxing powers of the County. There were accrued benefits at December 31, 2020 and 2019. The following discloses the claims activity during fiscal years 2020 and 2019.

	Year Ended December 31	
	2020	2019
Beginning liability	\$ -	\$ -
Current year claims	293,411	343,011
Claim payments	(293,411)	(343,011)
End-of-Year Liability	\$ -	\$ -

C. 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, in connection with the normal conduct of its affairs, is involved in various claims, judgements, and litigation. 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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

D. Joint Ventures

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. Kandiyohi County and 22 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of \$3,600,000.

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Financing is primarily from county member contributions. During 2020, Kandiyohi County contributed \$70,502 to CPT.

Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures

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

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

Financing is provided by charges for services to member and nonmember counties.

Complete financial information can be obtained from the Youth Programs' office, 1808 Civic Center Drive Northeast, Willmar, Minnesota 56201.

Southwestern Minnesota Adult Mental Health Consortium Board

In November 1997, the Southwestern Minnesota Adult Mental Health Consortium Board was created under the authority of Minn. Stat. § 471.59. Presently, its members include Big Stone, Chippewa, Kandiyohi, Lac qui Parle, McLeod, Meeker, Nobles, Renville, Swift, and Yellow Medicine Counties; Southwest Health and Human Services represents Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock Counties; and Des Moines Valley Health and Human Services (DVHHS) represents Cottonwood and Jackson Counties. The Board is headquartered in Windom, Minnesota, where DVHHS acts as fiscal agent.

The Board takes actions and enters into such agreements as necessary to plan and develop within the Southwestern Minnesota Adult Mental Health Consortium Board's geographic jurisdiction a system of care that serves the needs of adults with serious and persistent mental illness. The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds or appropriations for the development of the system of care.

A complete financial report of the Southwestern Minnesota Adult Mental Health Consortium Board can be obtained by contacting DVHHS at 11 Fourth Street, Windom, Minnesota 56111.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Crow River Joint Powers Agreement

In April 1999, the County entered into a joint powers agreement with Carver, Hennepin, McLeod, Meeker, Pope, Renville, Sibley, Stearns, and Wright Counties creating the Crow River Joint Powers Agreement. The Agreement is authorized by Minn. Stat. §§ 103B.311 and 103B.315. The Prairie County Resource Conservation and Development Council is the fiscal agent for this Joint Powers Agreement.

The Board of Directors meets at least two times per year, or more often if needed, at the location to be set by the chair of the Joint Powers Board. The purpose of this agreement is the joint exercise of powers by the member counties to promote the orderly water quality improvement and management of the Crow River Watershed through information sharing, education, coordination, and related support to the member counties by assisting in the implementation and goal achievement of comprehensive water plans.

The governing board is composed of one Board member from each of the participating counties. Financing is provided by state proceeds. Current financial statements are not available.

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by its respective County Board and one City Council member from the City appointed by its City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Central Minnesota Emergency Services Board (Continued)

In the event of dissolution of the Central Minnesota Emergency Services Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their participation and contribution. Any city or county that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent it shared in the original expense.

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2020, Kandiyohi County contributed \$11,935 to the Board.

Complete financial information can be obtained from Central Minnesota Emergency Services Board, City of St. Cloud, Office of the Mayor, City Hall, 400 Second Street North, St. Cloud, Minnesota 56301.

Coordinated Enforcement Effort VI Task Force

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

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

The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Kandiyohi County has no operational or financial control over the CEE VI Task Force. During the year, Kandiyohi County contributed \$214,620 in funds to the Task Force. In a fiduciary capacity, Kandiyohi County reports the transactions of the CEE VI Task Force in the custodial funds on its financial statements.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

Putting All Communities Together for Families Collaborative

Putting All Communities Together for Families Collaborative (PACT) was established in 1996 by a joint powers agreement among Kandiyohi, Meeker, Renville, and Yellow Medicine Counties. Effective January 1, 2011, an additional joint powers agreement was entered into to add McLeod County as a fifth county partner to PACT. As a result, the name was changed from PACT 4 Families Collaborative to PACT for Families Collaborative. The joint powers agreements were established to provide coordinated services to children and families. Kandiyohi County has no operational or financial control over PACT.

A county may withdraw from PACT by giving a 30-day written notice to PACT; however, the contribution will remain in the integrated fund for the implementation period. In the event of termination, any property acquired as a result of the agreement and any surplus monies on hand shall be distributed to the parties of this agreement in proportion to their contributions.

Management of PACT is vested in an Executive Board composed of nine members representing all counties. The Board includes an administrative representative of social services, public health services, community corrections, school districts, two parents (one parent of a child diagnosed with a serious emotional disturbance), and three members at large, one of whom is of a mental health background. The Board appoints a fiscal agent to handle and be responsible for safekeeping the funds of PACT.

Yellow Medicine County has acted as fiscal agent for PACT since January 1, 2020. Financial information can be obtained from PACT for Families Collaborative, 2200 – 23rd Street Northwest, Suite 2030, Willmar, Minnesota 56201.

Southern Prairie Community Care

Kandiyohi County entered into a joint powers agreement on June 26, 2012, with Chippewa, Cottonwood, Jackson, Lincoln, Lyon, Murray, Nobles, Redwood, Rock, Swift, and Yellow Medicine Counties to establish the Southern Prairie Health Purchasing Alliance pursuant to the provisions of Minn. Stat. § 471.59. In 2014, the Southern Prairie Health Purchasing Alliance changed its name to Southern Prairie Community Care.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Southern Prairie Community Care (Continued)

Southwest Health and Human Services represents Lincoln, Lyon, Murray, Redwood, and Rock Counties in this agreement. The purpose of the Joint Powers Board is to plan, formulate, operate, and govern a rural care delivery system to improve the health and quality of life of the citizens of member counties. The Joint Powers Board is composed of one representative from each county.

DVHHS serves as fiscal agent and reports the transactions of Southern Prairie Community Care as a custodial fund on its financial statements. Financial information can be obtained by contacting Southern Prairie Community Care, 607 West Main Street, PO Box 513, Marshall, Minnesota 56258.

Pioneerland Regional Library System

Kandiyohi County, along with 32 cities and nine other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional library service. The Pioneerland Library System is governed by the Pioneerland Library System Board composed of 35 members appointed by member cities and counties. During the year, Kandiyohi County contributed \$389,300 to the System.

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

Kandiyohi-Renville Community Health Board

The Kandiyohi-Renville Community Health Board was established in January 2013 by a joint powers agreement between Kandiyohi County and Renville County. The agreement was made to establish a community health board delegating certain duties to a local board of health to allow the residents of each county to enjoy more efficient local public health services and provide the foundation for a strong local public health system. The Community Health Board is governed by a seven-member board made up of two County Commissioners from each county, one community member from each county, and one at-large community member appointed by the governing board using an alternating rotation of appointment.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Kandiyohi-Renville Community Health Board (Continued)

Complete financial information may be obtained at Kandiyohi County Health and Human Services, 2200 – 23rd Street Northeast, Suite 1080, Willmar, Minnesota 56201-6600.

E. Jointly-Governed Organization

Kandiyohi County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organization below:

Kandiyohi County and City of Willmar Economic Development Commission (EDC)

The EDC was established on July 1, 2003, by a joint powers agreement between Kandiyohi County and the City of Willmar by resolution pursuant to 1989 Minn. Laws, First Special Session, ch. 1, art. 17, § 21. The EDC was set up to encourage, attract, promote, and develop economically sound industry and commerce within the County and City.

The EDC has six members. Kandiyohi County appoints three members, and the City of Willmar appoints three members of the EDC. Each member is appointed to serve for three years.

The EDC is a special taxing district and financed through levies. Kandiyohi County, in a fiscal host capacity, reports the cash transactions of the EDC in a custodial fund on its financial statements. Complete financial information for the EDC can be obtained at Kandiyohi County and City of Willmar Economic Development Commission, 222 – 20th Street Southeast, Willmar, Minnesota 56201.

F. Subsequent Event

On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

F. Subsequent Event (Continued)

allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60 days after enactment. Kandiyohi County’s projected allocation of the State and Local Coronavirus Recovery Funds is \$8,390,900. Kandiyohi County received \$4,195,450 on May 19, 2021.

5. Kandiyohi County Housing and Redevelopment Authority (HRA)

A. Summary of Significant Accounting Policies

The HRA is reporting as of and for the year ended June 30, 2020.

The HRA’s government-wide financial statements (the statement of net position and the statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting.

B. Capital Assets

Capital assets are stated at historical or estimated historical cost and are depreciated using the straight-line method over their estimated useful lives ranging from eight to 40 years.

C. Deposits and Investments

The HRA’s cash and investments as of June 30, 2020, are summarized as follows:

Unrestricted	
Cash and temporary investments	\$ 3,159,615
Investments (certificates of deposit)	917,757
Restricted	
Cash	590,126
Cash, tenant security deposits	82,911
Investments (certificates of deposit)	<u>99,632</u>
Total	<u>\$ 4,850,041</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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5. Kandiyohi County Housing and Redevelopment Authority (HRA)

C. Deposits and Investments (Continued)

In accordance with Minnesota statutes, the HRA maintains deposits at depository banks authorized by the Board. The carrying amount of the HRA's deposits with financial institutions was \$4,850,041 as of June 30, 2020; the bank balance was \$4,402,500.

Minnesota statutes require that all HRA deposits be protected by insurance, surety bond, or collateral, and that securities pledged as collateral be legal instruments and be held in safekeeping by the HRA Treasurer or in a financial institution other than that furnishing the collateral. The market value of collateral pledged must generally exceed deposits not covered by insurance or bonds by at least ten percent.

The HRA is authorized to invest available funds as described in Minn. Stat. ch. 118A. The following types of investments are allowed by Minnesota statutes:

- (a) direct or guaranteed obligations that are issues of the United States or its agencies;
- (b) shares of investment companies registered under the Federal Investment Company Act of 1940 whose only investments are in securities described in Minnesota statutes;
- (c) general obligations of the State of Minnesota or any of its municipalities and other state and local government obligations as restricted in Minnesota statutes;
- (d) bankers' acceptances of United States banks;
- (e) commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less;
- (f) repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in United States government securities reporting to the Federal Reserve Bank of New York, certain Minnesota securities broker-dealers, or a bank qualified as a depository; and

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

5. Kandiyohi County Housing and Redevelopment Authority (HRA)

C. Deposits and Investments (Continued)

- (g) guaranteed investment contracts issued or guaranteed by a United States commercial bank or domestic branch of a foreign bank or a United States insurance company or its Canadian or United States subsidiary, provided it ranks on a parity with the senior unsecured debt obligations of the issuer or guarantor and meets other requirements as stated in Minnesota statutes.

D. Receivables

Receivables for the HRA at June 30, 2020, included notes and mortgage receivables in the amount of \$738,342.

E. Capital Assets

The HRA's capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,168,157	\$ -	\$ -	\$ 1,168,157
Landscaping	27,244	-	-	27,244
Work in progress	82,392	893,812	917,465	58,739
Total capital assets not depreciated	\$ 1,277,793	\$ 893,812	\$ 917,465	\$ 1,254,140
Capital assets depreciated				
Building	\$ 14,446,168	\$ 924,449	\$ -	\$ 15,370,617
Furniture and equipment	387,442	14,408	7,413	394,437
Development cost	4,903,972	-	-	4,903,972
Total capital assets depreciated	\$ 19,737,582	\$ 938,857	\$ 7,413	\$ 20,669,026
Less: accumulated depreciation	15,633,930	429,476	6,648	16,056,758
Total capital assets depreciated, net	\$ 4,103,652	\$ 509,381	\$ 765	\$ 4,612,268
Total Capital Assets, Net	\$ 5,381,445	\$ 1,403,193	\$ 918,230	\$ 5,866,408

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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5. Kandiyohi County Housing and Redevelopment Authority (HRA)

E. Capital Assets (Continued)

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

Business-type activities	
Country View Place	\$ 17,982
Public housing	370,407
Housing project	37,998
Tax levy	<u>3,089</u>
Total Depreciation Expense	<u>\$ 429,476</u>

F. Payables

Payables for the HRA at June 30, 2020, were as follows:

Accounts	\$ 388,062
Salaries payable	160,962
Accrued interest payable	3,039
Other accrued liabilities	<u>102,339</u>
Total	<u>\$ 654,402</u>

G. Property Taxes

Property tax levies are set by the HRA and are certified to the County each year for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. Real property taxes are generally due from taxpayers in equal installments on May 15 and October 15. The County remits tax settlements to the HRA at various times during the year. Taxes collectible in a given calendar year are generally recognized as revenue during that fiscal year.



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

5. Kandiyohi County Housing and Redevelopment Authority (HRA) (Continued)

H. Long-Term Debt

Long-term debt outstanding at June 30, 2020, for the HRA consists of the following:

Type of Indebtedness	Final Maturity	Interest Rate (%)	Beginning Balance	Ending Balance
Essential Function				
Housing Development Bond of 1997	2031	4.70	\$ 845,609	\$ 786,736
Minnesota Housing Finance Agency	2035	0.00	158,409	158,409
Bridges RTC	N/A	0.00	2,000	2,000
Country View Place	N/A	0.00	82,080	82,080
POHP	N/A	0.00	1,906,818	2,555,931
Total			<u>\$ 2,994,916</u>	<u>\$ 3,585,156</u>

The estimated debt service requirements as of June 30, 2020, are as follows:

Year Ending	Principal	Interest	Total
2021	\$ 63,241	\$ 34,010	\$ 97,251
2022	66,279	30,973	97,252
2023	69,462	27,790	97,252
2024	72,798	24,454	97,252
2025	76,294	20,958	97,252
2026 - 2030	437,193	46,428	483,621
2031 - 2035	82,080	-	82,080
2036 - 2039	2,717,809	-	2,717,809
Total	<u>\$ 3,585,156</u>	<u>\$ 184,613</u>	<u>\$ 3,769,769</u>

I. Lease Agreement

The HRA renewed the lease expiring October 31, 2018, for two additional years commencing November 1, 2018, for office space with Kandiyohi County. Under the terms of the lease, the HRA is required to make monthly lease payments to the County in the amount of \$4,445. The HRA rental expense for the year ending June 30, 2020, totaled \$53,339.

The HRA's future minimum rental payments for 2021 are \$17,780.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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5. Kandiyohi County Housing and Redevelopment Authority (HRA) (Continued)

J. Risk Management

The HRA is exposed to various risks of loss from torts; theft of, damage to, or destruction of assets; business interruption; errors or omissions; job-related illnesses or injuries to employees; and natural disasters. The HRA has purchased commercial insurance to mitigate its exposure for such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximum coverages are exceeded, this could cause the HRA to suffer losses if a loss is incurred from such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims to date have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

K. Contingencies

The HRA receives grant funds, principally from the U.S. Department of Housing and Urban Development (HUD) for the Vouchers Choice program. Monies from HUD are received directly from the federal agency. Certain expenditures are subject to audit by HUD, and the HRA is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the HRA, no material refunds will be required as a result of expenditures disallowed by HUD.

**REQUIRED SUPPLEMENTARY INFORMATION**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT A-1**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 18,862,250	\$ 18,862,250	\$ 18,648,544	\$ (213,706)
Special assessments	-	-	342,088	342,088
Licenses and permits	466,800	466,800	555,864	89,064
Intergovernmental	4,331,563	4,331,563	12,400,408	8,068,845
Charges for services	4,514,000	4,514,000	5,147,357	633,357
Fines and forfeits	73,500	73,500	119,943	46,443
Gifts and contributions	-	-	2,726	2,726
Investment earnings	425,000	425,000	732,324	307,324
Miscellaneous	607,200	607,200	1,218,280	611,080
<b>Total Revenues</b>	<b>\$ 29,280,313</b>	<b>\$ 29,280,313</b>	<b>\$ 39,167,534</b>	<b>\$ 9,887,221</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Board of County Commissioners	\$ 391,600	\$ 391,600	\$ 394,028	\$ (2,428)
Court system	15,000	15,000	6,914	8,086
Law library	60,000	60,000	39,855	20,145
County administrator	192,200	192,200	197,481	(5,281)
Passport	46,000	46,000	44,920	1,080
Auditor	833,200	833,200	810,506	22,694
License bureau	469,800	469,800	465,178	4,622
External audit	87,500	87,500	93,952	(6,452)
Assessor	845,900	845,900	709,963	135,937
Human resources	219,700	219,700	208,238	11,462
Data processing	942,200	942,200	1,201,575	(259,375)
Communications	-	-	89,360	(89,360)
Computer maintenance	-	-	817	(817)
GIS services	85,000	85,000	201,578	(116,578)
H & HS postage machine	-	-	3,736	(3,736)
Elections	43,600	43,600	162,176	(118,576)
County attorney	1,603,600	1,603,600	1,814,838	(211,238)
County attorney's contingent	-	-	21,195	(21,195)
Recorder	520,200	520,200	486,089	34,111
Surveyor	122,400	122,400	121,195	1,205
Grounds maintenance building	37,000	37,000	31,608	5,392
Prairie Lakes Youth building	70,900	70,900	56,125	14,775
Courthouse	531,600	531,600	565,365	(33,765)
County office building	69,300	69,300	112,603	(43,303)
Veterans service	198,000	198,000	191,233	6,767
Planning and zoning	576,700	576,700	619,485	(42,785)
Other general government	1,193,700	1,193,700	5,928,902	(4,735,202)
<b>Total general government</b>	<b>\$ 9,155,100</b>	<b>\$ 9,155,100</b>	<b>\$ 14,578,915</b>	<b>\$ (5,423,815)</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 4,708,800	\$ 4,708,800	\$ 4,956,922	\$ (248,122)
Safe and sober grant	42,000	42,000	53,555	(11,555)
Snowmobile patrol	4,100	4,100	3,739	361
Dispatch center	1,494,700	1,494,700	1,327,154	167,546
Boat and water safety enforcement	42,600	42,600	39,961	2,639
Coroner	90,000	90,000	54,511	35,489
County jail	5,666,400	5,666,400	6,361,962	(695,562)
Community corrections	2,700,200	2,700,200	2,463,825	236,375
Civil defense	332,700	332,700	502,862	(170,162)
Rescue squad	74,200	74,200	57,071	17,129
911 emergency telephone	13,000	13,000	169,053	(156,053)
Correctional facility building	879,500	879,500	866,418	13,082
Shelter house	39,000	39,000	39,000	-
<b>Total public safety</b>	<b>\$ 16,087,200</b>	<b>\$ 16,087,200</b>	<b>\$ 16,896,033</b>	<b>\$ (808,833)</b>
<b>Health</b>				
Public health service	<b>\$ 2,577,300</b>	<b>\$ 2,577,300</b>	<b>\$ 2,577,474</b>	<b>\$ (174)</b>
<b>Culture and recreation</b>				
Celebrations	\$ 2,000	\$ 2,000	-	\$ 2,000
Humane Society of Kandiyohi County	38,100	38,100	38,100	-
Historical Society	69,000	69,000	69,000	-
County fair	24,000	24,000	24,000	-
County parks	617,300	617,300	651,893	(34,593)
Snowmobile trails	-	-	60,399	(60,399)
<b>Total culture and recreation</b>	<b>\$ 750,400</b>	<b>\$ 750,400</b>	<b>\$ 843,392</b>	<b>\$ (92,992)</b>
<b>Conservation of natural resources</b>				
County extension	\$ 189,500	\$ 189,500	\$ 173,639	\$ 15,861
Soil and Water Conservation District	152,700	152,700	152,700	-
Public drainage	120,600	120,600	211,479	(90,879)
Riparian aid ditch buffer	-	-	15,214	(15,214)
Prairie Woods Environmental Learning Center	143,700	143,700	169,700	(26,000)
Shorelands management project	6,900	6,900	6,753	147
Septic loan program	-	-	610,859	(610,859)
Water planning	56,000	56,000	60,465	(4,465)
Feedlot program	87,500	87,500	85,883	1,617
Lakes	204,500	204,500	283,936	(79,436)
<b>Total conservation of natural resources</b>	<b>\$ 961,400</b>	<b>\$ 961,400</b>	<b>\$ 1,770,628</b>	<b>\$ (809,228)</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT A-1  
(Continued)**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Economic development</b>				
Tourism and economic development	\$ 14,000	\$ 14,000	\$ 5,464	\$ 8,536
Region 6E Community Action Agency	35,000	35,000	35,000	-
<b>Total economic development</b>	<u>\$ 49,000</u>	<u>\$ 49,000</u>	<u>\$ 40,464</u>	<u>\$ 8,536</u>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 292,680	\$ (292,680)
Interest	-	-	28,757	(28,757)
<b>Total debt service</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,437</u>	<u>\$ (321,437)</u>
<b>Total Expenditures</b>	<u>\$ 29,580,400</u>	<u>\$ 29,580,400</u>	<u>\$ 37,028,343</u>	<u>\$ (7,447,943)</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>\$ (300,087)</u>	<u>\$ (300,087)</u>	<u>\$ 2,139,191</u>	<u>\$ 2,439,278</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 98,045	\$ 98,045
Transfers out	(10,000)	(10,000)	(10,000)	-
Loans issued	-	-	610,858	610,858
Proceeds from sale of capital assets	5,000	5,000	14,494	9,494
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ 713,397</u>	<u>\$ 718,397</u>
<b>Net Change in Fund Balance</b>	<u>\$ (305,087)</u>	<u>\$ (305,087)</u>	<u>\$ 2,852,588</u>	<u>\$ 3,157,675</u>
<b>Fund Balance – January 1, as restated (see Note 1.D.15)</b>	<u>21,889,137</u>	<u>21,889,137</u>	<u>21,889,137</u>	<u>-</u>
<b>Fund Balance – December 31</b>	<u>\$ 21,584,050</u>	<u>\$ 21,584,050</u>	<u>\$ 24,741,725</u>	<u>\$ 3,157,675</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-2*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 7,554,258	\$ 7,554,258	\$ 8,479,473	\$ 925,215
Intergovernmental	10,286,084	10,286,084	12,061,010	1,774,926
Charges for services	575,000	575,000	1,414,893	839,893
Investment earnings	20,000	20,000	62,655	42,655
Miscellaneous	389,858	389,858	38,476	(351,382)
<b>Total Revenues</b>	<b>\$ 18,825,200</b>	<b>\$ 18,825,200</b>	<b>\$ 22,056,507</b>	<b>\$ 3,231,307</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 1,031,600	\$ 1,031,600	\$ 768,726	\$ 262,874
Road and bridge	4,976,700	4,976,700	2,945,379	2,031,321
Construction	11,057,200	11,057,200	15,287,061	(4,229,861)
Equipment maintenance shop	1,061,200	1,061,200	933,730	127,470
<b>Total highways and streets</b>	<b>\$ 18,126,700</b>	<b>\$ 18,126,700</b>	<b>\$ 19,934,896</b>	<b>\$ (1,808,196)</b>
<b>Intergovernmental</b>				
Highways and streets	469,600	469,600	489,110	(19,510)
<b>Debt service</b>				
Principal	205,000	205,000	205,000	-
Interest	33,600	33,600	33,550	50
Administrative (fiscal) charges	300	300	1,353	(1,053)
<b>Total Expenditures</b>	<b>\$ 18,835,200</b>	<b>\$ 18,835,200</b>	<b>\$ 20,663,909</b>	<b>\$ (1,828,709)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (10,000)</b>	<b>\$ (10,000)</b>	<b>\$ 1,392,598</b>	<b>\$ 1,402,598</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,000	10,000	10,000	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,402,598</b>	<b>\$ 1,402,598</b>
<b>Fund Balance – January 1</b>	<b>10,416,153</b>	<b>10,416,153</b>	<b>10,416,153</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>95,361</b>	<b>95,361</b>
<b>Fund Balance – December 31</b>	<b>\$ 10,416,153</b>	<b>\$ 10,416,153</b>	<b>\$ 11,914,112</b>	<b>\$ 1,497,959</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-3*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 7,930,200	\$ 7,930,200	\$ 7,892,080	\$ (38,120)
Intergovernmental	10,286,800	10,286,800	9,820,130	(466,670)
Charges for services	109,200	109,200	6,185	(103,015)
Gifts and contributions	-	-	8,898	8,898
Miscellaneous	1,013,900	1,013,900	1,364,167	350,267
<b>Total Revenues</b>	<b>\$ 19,340,100</b>	<b>\$ 19,340,100</b>	<b>\$ 19,091,460</b>	<b>\$ (248,640)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 4,888,300	\$ 4,888,300	\$ 4,376,916	\$ 511,384
Social services	14,451,800	14,451,800	14,777,949	(326,149)
<b>Total Expenditures</b>	<b>\$ 19,340,100</b>	<b>\$ 19,340,100</b>	<b>\$ 19,154,865</b>	<b>\$ 185,235</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (63,405)</b>	<b>\$ (63,405)</b>
<b>Fund Balance – January 1, as restated (see Note 1.D.15)</b>	<b>9,337,766</b>	<b>9,337,766</b>	<b>9,337,766</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 9,337,766</b>	<b>\$ 9,337,766</b>	<b>\$ 9,274,361</b>	<b>\$ (63,405)</b>



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-4*

**BUDGETARY COMPARISON SCHEDULE  
SANITARY LANDFILL/RECYCLING CENTER SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ 32,735	\$ 32,735
Licenses and permits	-	-	1,880	1,880
Intergovernmental	120,000	120,000	184,356	64,356
Charges for services	3,817,200	3,817,200	3,922,071	104,871
Investment earnings	44,500	44,500	550,132	505,632
Miscellaneous	140,000	140,000	689,892	549,892
<b>Total Revenues</b>	<b>\$ 4,121,700</b>	<b>\$ 4,121,700</b>	<b>\$ 5,381,066</b>	<b>\$ 1,259,366</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 3,353,800	\$ 3,353,800	\$ 4,404,421	\$ (1,050,621)
<b>Debt service</b>				
Principal	260,000	260,000	260,000	-
Interest	13,000	13,000	13,300	(300)
Administrative (fiscal) charges	-	-	550	(550)
<b>Total Expenditures</b>	<b>\$ 3,626,800</b>	<b>\$ 3,626,800</b>	<b>\$ 4,678,271</b>	<b>\$ (1,051,471)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 494,900</b>	<b>\$ 494,900</b>	<b>\$ 702,795</b>	<b>\$ 207,895</b>
<b>Fund Balance – January 1</b>	<b>17,912,992</b>	<b>17,912,992</b>	<b>17,912,992</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 18,407,892</b>	<b>\$ 18,407,892</b>	<b>\$ 18,615,787</b>	<b>\$ 207,895</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-5*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 469,010	\$ 469,010	\$ 460,486	\$ (8,524)
Intergovernmental	28,490	28,490	38,272	9,782
Investment earnings	-	-	57,795	57,795
Miscellaneous	-	-	203,474	203,474
<b>Total Revenues</b>	<b>\$ 497,500</b>	<b>\$ 497,500</b>	<b>\$ 760,027</b>	<b>\$ 262,527</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 185,000	\$ 185,000	\$ 643,038	\$ (458,038)
Public safety	5,000	5,000	-	5,000
Culture and recreation	281,500	281,500	262,614	18,886
Conservation of natural resources	26,000	26,000	32	25,968
<b>Total Expenditures</b>	<b>\$ 497,500</b>	<b>\$ 497,500</b>	<b>\$ 905,684</b>	<b>\$ (408,184)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (145,657)</b>	<b>\$ (145,657)</b>
<b>Fund Balance – January 1</b>	<b>5,744,214</b>	<b>5,744,214</b>	<b>5,744,214</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 5,744,214</b>	<b>\$ 5,744,214</b>	<b>\$ 5,598,557</b>	<b>\$ (145,657)</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-6*

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

	<u>2020</u>	<u>2019</u>	<u>2018*</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 91,145	\$ 70,186	\$ 73,921
Interest	45,478	38,466	37,256
Changes of benefit terms	-	7,289	-
Differences between expected and actual experience	7,930	-	-
Changes of assumption or other inputs	39,211	(33,639)	-
Benefit payments	<u>(88,360)</u>	<u>(56,250)</u>	<u>(85,044)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 95,404</b>	<b>\$ 26,052</b>	<b>\$ 26,133</b>
<b>Total OPEB Liability – Beginning</b>	<b><u>1,149,406</u></b>	<b><u>1,123,354</u></b>	<b><u>1,097,221</u></b>
<b>Total OPEB Liability – Ending</b>	<b><u><u>\$ 1,244,810</u></u></b>	<b><u><u>\$ 1,149,406</u></u></b>	<b><u><u>\$ 1,123,354</u></u></b>
Covered-employee payroll	\$ 26,544,264	\$ 25,252,274	\$ 24,516,771
Total OPEB liability (asset) as a percentage of covered-employee payroll	4.69%	4.55%	4.58%

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

\*The 2018 Total OPEB Liability – Beginning was restated.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-7*

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

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with Kandiyohi County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2020	0.2970 %	\$ 17,806,507	\$ 548,985	\$ 18,355,492	\$ 21,174,682	84.09 %	79.06 %
2019	0.2893	15,994,749	497,145	16,491,894	20,476,221	78.11	80.23
2018	0.2840	15,755,156	516,770	16,271,926	19,085,900	82.55	79.53
2017	0.2909	18,570,864	233,534	18,804,398	18,742,194	99.09	75.90
2016	0.2785	22,612,819	295,293	22,908,112	17,278,839	130.87	68.91
2015	0.2860	14,822,004	N/A	14,822,004	16,807,514	88.19	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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-8*

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2020	\$ 1,612,912	\$ 1,612,915	\$ 3	\$ 21,505,491	7.50 %
2019	1,557,635	1,557,643	8	20,768,473	7.50
2018	1,499,734	1,499,734	-	19,996,413	7.50
2017	1,375,983	1,375,980	(3)	18,346,441	7.50
2016	1,325,454	1,325,459	5	17,672,716	7.50
2015	1,277,192	1,277,374	182	17,029,220	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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-9*

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

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with Kandiyohi County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2020	0.2363 %	\$ 3,114,687	\$ 73,356	\$ 3,188,043	\$ 2,666,676	116.80 %	87.19 %
2019	0.2549	2,713,668	N/A	2,713,668	2,686,545	101.01	89.26
2018	0.2400	2,562,416	N/A	2,562,416	2,533,953	101.12	88.84
2017	0.2480	3,348,295	N/A	3,348,295	2,544,847	131.57	85.43
2016	0.2550	10,233,594	N/A	10,233,594	2,461,411	415.76	63.88
2015	0.2610	2,965,571	N/A	2,965,571	2,383,722	124.41	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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-10*

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2020	\$ 476,834	\$ 476,834	\$ -	\$ 2,693,980	17.70 %
2019	455,577	455,577	-	2,687,770	16.95
2018	422,675	422,675	-	2,609,106	16.20
2017	404,992	404,992	-	2,499,952	16.20
2016	398,033	398,033	-	2,456,992	16.20
2015	393,580	393,582	2	2,429,504	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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-11*

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

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2020	1.3956 %	\$ 378,682	\$ 3,036,838	12.47 %	96.67 %
2019	1.3617	188,527	2,900,401	6.50	98.17
2018	1.3799	226,952	2,818,257	8.05	97.64
2017	1.3700	3,904,514	2,745,159	142.23	67.89
2016	1.3600	4,968,270	2,566,973	193.55	58.16
2015	1.3300	205,618	2,386,041	8.62	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.



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT A-12*

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2020	\$ 264,999	\$ 264,999	\$ -	\$ 3,028,562	8.75 %
2019	262,722	262,722	-	3,002,535	8.75
2018	250,759	250,759	-	2,865,819	8.75
2017	237,465	237,465	-	2,713,877	8.75
2016	228,026	228,026	-	2,606,008	8.75
2015	219,246	219,246	-	2,505,667	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.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Ditch, DARE, and Regional Treatment Center Special Revenue Funds, and the Debt Service Fund. All annual appropriations lapse at fiscal year-end. Comparisons of estimated revenues and expenditures to actual are presented in the budgetary comparison schedules for the General Fund and the major special revenue funds, except for the Ditch Special Revenue Fund, which is not budgeted.

The appropriated budget is prepared by fund, function, and department. Kandiyohi County's department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require the approval of the Board of County Commissioners. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level.

The Board of County Commissioners did not revise the budgetary appropriations at the fund, function, or department level during the fiscal year for the General Fund and the budgeted major special revenue funds.

2. Excess of Expenditures Over Budget

The following is a summary of the individual major funds that had expenditures in excess of budget for the year ended December 31, 2020:

	Expenditures	Final Budget	Excess
General Fund	\$ 37,028,343	\$ 29,580,400	\$ 7,447,943
Road and Bridge Special Revenue Fund	20,663,909	18,835,200	1,828,709
Sanitary Landfill/Recycling Center Special Revenue Fund	4,678,271	3,626,800	1,051,471
County Building Special Revenue Fund	905,684	497,500	408,184

3. Other Postemployment Benefits Funded Status

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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4. Employer Contributions to Other Postemployment Benefits

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

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

2020

The following changes in actuarial assumptions occurred in 2020:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from RP-2014 White Collar Mortality tables 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.

2019

The following changes in actuarial assumptions occurred in 2019:

- The discount rate was changed from 3.30 percent to 3.80 percent.
- The County is paying \$430 per month toward medical premiums from June 2019 through November 2020 for one retiree.

2018

The following changes in actuarial methods and assumptions and plan provisions occurred in 2018:

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

2018 (Continued)

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2015 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50 percent to 3.30 percent.
- The postemployment medical subsidy amounts for elected statutory officers increased to \$10,000 with 15 years of service; \$15,000 with 20 years of services; and \$25,000 with 25 years of service.

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

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

General Employees Retirement Plan

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

General Employees Retirement Plan

2020 (Continued)

- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP- 2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

General Employees Retirement Plan (Continued)

2019

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

2018

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

General Employees Retirement Plan (Continued)

2017

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

2016

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

Public Employees Police and Fire Plan

2020

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

2019

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

2018

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



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

Public Employees Police and Fire Plan (Continued)

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Local Government Correctional Service Retirement Plan

2020

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

2019

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan (Continued)

2018

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

Public Employees Local Government Correctional Service Retirement Plan (Continued)

2017

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

2016

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

**SUPPLEMENTARY INFORMATION**

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

Capital Equipment Fund – to account for funds used to purchase capital equipment. Financing is provided by property taxes authorized by the County Board.

County Library Fund – to account for funds used by the library. Financing is provided primarily by property taxes authorized by the County Board.

DARE Fund – to account for funds used by the County to sponsor its Drug Abuse Resistance Education (DARE) program. Financing is provided by fines and forfeits.

Health and Human Services Building Fund – to account for revenues collected from the lease of the County's Health and Human Services Building and the expenditures associated with the operation.

Regional Treatment Center Fund – to account for revenues collected from the lease of the Regional Treatment Center Building and the expenditures associated with the operation.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
DECEMBER 31, 2020**

	<u>Capital Equipment</u>	<u>County Library</u>
<b><u>Assets</u></b>		
Cash and investments	\$ 5,380,431	\$ 371,760
Taxes receivable		
Delinquent	11,994	4,996
Accrued interest receivable	29,114	-
Due from other funds	-	-
Due from other governments	-	-
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 5,421,539</b>	<b>\$ 376,756</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 2,102
Salaries payable	-	3,033
Due to other funds	-	-
Due to other governments	-	3,134
Advance from other funds	-	-
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 8,269</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 38,709	\$ 4,128
	<hr/> <hr/>	<hr/> <hr/>
<b>Fund Balances</b>		
Committed to		
Purchases of capital equipment	\$ 5,382,830	\$ -
Library operations and building maintenance	-	364,359
DARE program	-	-
Health and Human Services Building operations and maintenance	-	-
Regional Treatment Center	-	-
	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b>\$ 5,382,830</b>	<b>\$ 364,359</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,421,539</b>	<b>\$ 376,756</b>
	<hr/> <hr/>	<hr/> <hr/>



**EXHIBIT B-1**

<u>DARE</u>	<u>Health and Human Services Building</u>	<u>Regional Treatment Center</u>	<u>Total</u>
\$ 89,954	\$ 1,418,089	\$ 163,707	\$ 7,423,941
-	2,835	-	19,825
-	-	-	29,114
-	17,332	-	17,332
892	201	-	1,093
<u>\$ 90,846</u>	<u>\$ 1,438,457</u>	<u>\$ 163,707</u>	<u>\$ 7,491,305</u>
\$ -	\$ 13,505	\$ 568	\$ 16,175
-	15,092	5,773	23,898
-	498	120	618
1,166	13,277	874	18,451
-	-	125,000	125,000
<u>\$ 1,166</u>	<u>\$ 42,372</u>	<u>\$ 132,335</u>	<u>\$ 184,142</u>
<u>\$ -</u>	<u>\$ 2,423</u>	<u>\$ -</u>	<u>\$ 45,260</u>
\$ -	\$ -	\$ -	\$ 5,382,830
-	-	-	364,359
89,680	-	-	89,680
-	1,393,662	-	1,393,662
-	-	31,372	31,372
<u>\$ 89,680</u>	<u>\$ 1,393,662</u>	<u>\$ 31,372</u>	<u>\$ 7,261,903</u>
<u>\$ 90,846</u>	<u>\$ 1,438,457</u>	<u>\$ 163,707</u>	<u>\$ 7,491,305</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<b>Capital Equipment</b>	<b>County Library</b>
<b>Revenues</b>		
Taxes	\$ 1,005,271	\$ 433,299
Intergovernmental	69,952	276,376
Fines and forfeits	-	-
Investment earnings	177,362	-
Miscellaneous	-	43,137
	<b>\$ 1,252,585</b>	<b>\$ 752,812</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 156,205	\$ -
Public safety	160,791	-
Highways and streets	453,161	-
Culture and recreation	-	203,897
<b>Intergovernmental</b>		
Culture and recreation	-	389,300
	<b>\$ 770,157</b>	<b>\$ 593,197</b>
<b>Net Change in Fund Balance</b>	<b>\$ 482,428</b>	<b>\$ 159,615</b>
<b>Fund Balance – January 1</b>	<b>4,900,402</b>	<b>204,744</b>
<b>Fund Balance – December 31</b>	<b>\$ 5,382,830</b>	<b>\$ 364,359</b>

**EXHIBIT B-2**

<b>DARE</b>	<b>Health and Human Services Building</b>	<b>Regional Treatment Center</b>	<b>Total</b>
\$ -	\$ 157,140	\$ -	\$ 1,595,710
-	10,879	-	357,207
13,733	-	-	13,733
-	-	-	177,362
-	610,564	259,098	912,799
<b>\$ 13,733</b>	<b>\$ 778,583</b>	<b>\$ 259,098</b>	<b>\$ 3,056,811</b>
\$ -	\$ 832,549	\$ 197,506	\$ 1,186,260
8,240	-	-	169,031
-	-	-	453,161
-	-	-	203,897
-	-	-	389,300
<b>\$ 8,240</b>	<b>\$ 832,549</b>	<b>\$ 197,506</b>	<b>\$ 2,401,649</b>
\$ 5,493	\$ (53,966)	\$ 61,592	\$ 655,162
84,187	1,447,628	(30,220)	6,606,741
<b>\$ 89,680</b>	<b>\$ 1,393,662</b>	<b>\$ 31,372</b>	<b>\$ 7,261,903</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT B-3*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,002,034	\$ 1,002,034	\$ 1,005,271	\$ 3,237
Intergovernmental	60,866	60,866	69,952	9,086
Investment earnings	-	-	177,362	177,362
<b>Total Revenues</b>	<b>\$ 1,062,900</b>	<b>\$ 1,062,900</b>	<b>\$ 1,252,585</b>	<b>\$ 189,685</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 190,000	\$ 190,000	\$ 156,205	\$ 33,795
Public safety	295,000	295,000	160,791	134,209
Highways and streets	601,000	601,000	453,161	147,839
<b>Total Expenditures</b>	<b>\$ 1,086,000</b>	<b>\$ 1,086,000</b>	<b>\$ 770,157</b>	<b>\$ 315,843</b>
<b>Net Change in Fund Balance</b>	<b>\$ (23,100)</b>	<b>\$ (23,100)</b>	<b>\$ 482,428</b>	<b>\$ 505,528</b>
<b>Fund Balance – January 1</b>	<b>4,900,402</b>	<b>4,900,402</b>	<b>4,900,402</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 4,877,302</b>	<b>\$ 4,877,302</b>	<b>\$ 5,382,830</b>	<b>\$ 505,528</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT B-4*

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 430,548	\$ 430,548	\$ 433,299	\$ 2,751
Intergovernmental	135,552	135,552	276,376	140,824
Miscellaneous	43,100	43,100	43,137	37
<b>Total Revenues</b>	<b>\$ 609,200</b>	<b>\$ 609,200</b>	<b>\$ 752,812</b>	<b>\$ 143,612</b>
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	\$ 232,700	\$ 232,700	\$ 203,897	\$ 28,803
<b>Intergovernmental</b>				
Culture and recreation	389,300	389,300	389,300	-
<b>Total Expenditures</b>	<b>\$ 622,000</b>	<b>\$ 622,000</b>	<b>\$ 593,197</b>	<b>\$ 28,803</b>
<b>Net Change in Fund Balance</b>	<b>\$ (12,800)</b>	<b>\$ (12,800)</b>	<b>\$ 159,615</b>	<b>\$ 172,415</b>
<b>Fund Balance – January 1</b>	<b>204,744</b>	<b>204,744</b>	<b>204,744</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 191,944</b>	<b>\$ 191,944</b>	<b>\$ 364,359</b>	<b>\$ 172,415</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT B-5*

**BUDGETARY COMPARISON SCHEDULE  
HEALTH AND HUMAN SERVICES BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 158,156	\$ 158,156	\$ 157,140	\$ (1,016)
Intergovernmental	10,744	10,744	10,879	135
Miscellaneous	560,600	560,600	610,564	49,964
<b>Total Revenues</b>	<b>\$ 729,500</b>	<b>\$ 729,500</b>	<b>\$ 778,583</b>	<b>\$ 49,083</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	729,500	729,500	832,549	(103,049)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (53,966)</b>	<b>\$ (53,966)</b>
<b>Fund Balance – January 1</b>	<b>1,447,628</b>	<b>1,447,628</b>	<b>1,447,628</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 1,447,628</b>	<b>\$ 1,447,628</b>	<b>\$ 1,393,662</b>	<b>\$ (53,966)</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

FIDUCIARY FUNDS

CUSTODIAL FUNDS

The Current School Fund accounts for the collection of taxes and penalties and their distribution to the various school districts.

The Deed Tax Fund accounts for the collection and distribution of deed tax.

The Mortgage Registry Tax Fund accounts for the collection of mortgage registry tax and its distribution to the various other funds and governmental units.

The Watershed District Fund accounts for collections and payments to watershed districts.

The County-Wide Levy Fund accounts for the collection and payment of funds to the Mid-Minnesota Development Commission, Rural Development Finance Authority, and the Housing and Redevelopment Authority. Financing is provided by property taxes authorized by the County Board.

The State Agency Fund accounts for the collection and distribution of various funds to the state.

The Taxes and Penalties Fund accounts for the collection of taxes and penalties and their distribution to various governmental units.

The Towns and Cities Fund accounts for the collections made by the County on behalf of the towns and cities and the subsequent distributions.

The Jail Canteen Fund accounts for inmate deposits used for inmate canteen purchases and fees paid to various agencies.

The Coordinated Enforcement Effort (CEE) VI Task Force Fund accounts for the financial and payroll affairs of the CEE VI Drug Task Force under an agreement between the County and the CEE VI Task Force.

The Kandiyohi-Renville Community Health Board Fund accounts for the receipts and disbursements of the Kandiyohi-Renville Community Health Board.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<b>Current School</b>	<b>Deed Tax</b>	<b>Mortgage Registry Tax</b>	<b>Watershed District</b>
<b><u>Assets</u></b>				
Cash and investments	\$ 4	\$ 110,698	\$ 107,408	\$ 93
Taxes receivable for other governments	202,790	-	-	5,618
Accounts receivable	-	-	-	-
Due from other governments	-	-	-	-
	<b>\$ 202,794</b>	<b>\$ 110,698</b>	<b>\$ 107,408</b>	<b>\$ 5,711</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries payable	-	-	-	-
Due to other governments	-	107,377	104,186	-
	<b>\$ -</b>	<b>\$ 107,377</b>	<b>\$ 104,186</b>	<b>\$ -</b>
<b><u>Deferred Inflows of Resources</u></b>				
Prepaid taxes	\$ -	\$ -	\$ -	\$ -
<b><u>Net Position</u></b>				
Restricted for individuals, organizations, and other governments	<b>\$ 202,794</b>	<b>\$ 3,321</b>	<b>\$ 3,222</b>	<b>\$ 5,711</b>



*EXHIBIT C-1*

<u>State Agency</u>	<u>Taxes and Penalties</u>	<u>Towns and Cities</u>	<u>Jail Canteen</u>	<u>Coordinated Enforcement Effort VI Task Force</u>	<u>Kandiyohi-Renville Community Health Board</u>	<u>Total Custodial Funds</u>
\$ 183,205	\$ 1,141,185	\$ -	\$ 419,599	\$ 526,428	\$ -	\$ 2,488,620
-	-	998,341	-	-	-	1,206,749
87,448	-	-	11,634	1,000	45,708	145,790
5,468	225	-	-	47,677	154,770	208,140
<u>\$ 276,121</u>	<u>\$ 1,141,410</u>	<u>\$ 998,341</u>	<u>\$ 431,233</u>	<u>\$ 575,105</u>	<u>\$ 200,478</u>	<u>\$ 4,049,299</u>
\$ 1,122	\$ -	\$ -	\$ 2,100	\$ 373	\$ -	\$ 3,595
-	-	-	-	20,005	-	20,005
76,175	375	-	-	-	-	288,113
<u>\$ 77,297</u>	<u>\$ 375</u>	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ 20,378</u>	<u>\$ -</u>	<u>\$ 311,713</u>
<u>\$ -</u>	<u>\$ 82,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,441</u>
<u>\$ 198,824</u>	<u>\$ 1,058,594</u>	<u>\$ 998,341</u>	<u>\$ 429,133</u>	<u>\$ 554,727</u>	<u>\$ 200,478</u>	<u>\$ 3,655,145</u>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

	<u>Current School</u>	<u>Deed Tax</u>	<u>Mortgage Registry Tax</u>	<u>Watershed District</u>
<b><u>Additions</u></b>				
Contributions from individuals	\$ -	\$ -	\$ -	\$ -
Contributions from member counties	-	-	-	-
Property tax collections for other governments	16,045,610	-	-	473,114
Special assessment collections for other governments	-	-	-	129,057
License, fees, and taxes collected for state	-	911,025	1,160,209	-
Payments from state	-	-	-	-
Payments from other entities	-	-	-	-
Refunds collected for court-ordered tax abatement	20,288	-	-	-
Forfeitures and seizures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Additions</b>	<b>\$ 16,065,898</b>	<b>\$ 911,025</b>	<b>\$ 1,160,209</b>	<b>\$ 602,171</b>
<b><u>Deductions</u></b>				
Beneficiary payments to individuals	\$ -	\$ -	\$ -	\$ -
Payments of property taxes and special assessments to other governments	15,842,816	-	-	-
Payments to state	-	949,227	1,181,999	-
Payments to other entities	20,288	-	-	596,553
Payments to county	-	26,037	33,334	-
Administrative expense	-	-	-	-
<b>Total Deductions</b>	<b>\$ 15,863,104</b>	<b>\$ 975,264</b>	<b>\$ 1,215,333</b>	<b>\$ 596,553</b>
<b>Change in Net Position</b>	<b>\$ 202,794</b>	<b>\$ (64,239)</b>	<b>\$ (55,124)</b>	<b>\$ 5,618</b>
Net Position – January 1, as previously reported	\$ -	\$ -	\$ -	\$ -
Net Position – Restatement (Note 1.D.15)	-	67,560	58,346	93
<b>Net Position – January 1, as restated</b>	<b>\$ -</b>	<b>\$ 67,560</b>	<b>\$ 58,346</b>	<b>\$ 93</b>
<b>Net Position – December 31</b>	<b>\$ 202,794</b>	<b>\$ 3,321</b>	<b>\$ 3,222</b>	<b>\$ 5,711</b>

EXHIBIT C-2

<u>County-Wide Levy</u>	<u>State Agency</u>	<u>Taxes and Penalties</u>	<u>Towns and Cities</u>	<u>Jail Canteen</u>	<u>Coordinated Enforcement Effort VI Task Force</u>	<u>Kandiyohi-Renville Community Health Board</u>	<u>Total Custodial Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 200,650	\$ -	\$ -	\$ 200,650
-	-	-	-	-	486,205	-	486,205
1,278,768	-	5,012,270	16,478,275	-	-	-	39,288,037
-	-	-	-	-	-	-	129,057
-	9,366,772	-	1,127	-	-	-	11,439,133
-	-	3,915	-	-	231,718	2,461,190	2,696,823
-	-	-	-	-	-	171,074	171,074
1,497	-	-	23,412	-	-	-	45,197
-	-	-	-	-	191,649	-	191,649
-	-	-	-	-	7,109	-	7,109
<u>\$ 1,280,265</u>	<u>\$ 9,366,772</u>	<u>\$ 5,016,185</u>	<u>\$ 16,502,814</u>	<u>\$ 200,650</u>	<u>\$ 916,681</u>	<u>\$ 2,632,264</u>	<u>\$ 54,654,934</u>
\$ -	\$ -	\$ -	\$ -	\$ 64,514	\$ -	\$ -	\$ 64,514
1,278,768	-	-	15,479,934	-	-	-	32,601,518
-	7,870,007	375	1,127	-	-	-	10,002,735
1,497	-	-	23,412	-	87,335	1,119,072	1,848,157
-	1,418,455	5,274,803	-	-	-	1,360,413	8,113,042
-	-	-	-	-	688,798	-	688,798
<u>\$ 1,280,265</u>	<u>\$ 9,288,462</u>	<u>\$ 5,275,178</u>	<u>\$ 15,504,473</u>	<u>\$ 64,514</u>	<u>\$ 776,133</u>	<u>\$ 2,479,485</u>	<u>\$ 53,318,764</u>
<u>\$ -</u>	<u>\$ 78,310</u>	<u>\$ (258,993)</u>	<u>\$ 998,341</u>	<u>\$ 136,136</u>	<u>\$ 140,548</u>	<u>\$ 152,779</u>	<u>\$ 1,336,170</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	120,514	1,317,587	-	292,997	414,179	47,699	2,318,975
<u>\$ -</u>	<u>\$ 120,514</u>	<u>\$ 1,317,587</u>	<u>\$ -</u>	<u>\$ 292,997</u>	<u>\$ 414,179</u>	<u>\$ 47,699</u>	<u>\$ 2,318,975</u>
<u>\$ -</u>	<u>\$ 198,824</u>	<u>\$ 1,058,594</u>	<u>\$ 998,341</u>	<u>\$ 429,133</u>	<u>\$ 554,727</u>	<u>\$ 200,478</u>	<u>\$ 3,655,145</u>

## **OTHER SCHEDULES**

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**DITCH BALANCE SHEET  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2020**

	Assets						Total Assets
	Cash and Investments	Special Assessments Receivable		Accounts Receivable	Due From Other Funds	Due From Other Governments	
		Delinquent	Noncurrent				
<b>County Ditches</b>							
#4 Meeker County	\$ 4,258	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 4,275
#7	2,616	-	-	-	2	-	2,618
#8 R/B	36,386	3	521	-	-	-	36,910
#9	7,288	56	-	-	-	-	7,344
#9 Lat 1 Br A	20,744	-	-	-	-	-	20,744
#10 Impr C	18,384	-	9,301	67	219	2,676	30,647
#12 R/B	(8,680)	1	11,227	22	546	1,999	5,115
#15	327	188	515	-	-	-	1,030
#16A	9,537	8	17,665	-	210	255	27,675
#18A	758	8	45,272	-	556	1,334	47,928
#19	8,383	35	9,946	2	223	2,239	20,828
#20	2,390	-	197	-	7	-	2,594
#23A	7,440	91	6,898	20	151	9,404	24,004
#24A	4,659	162	403,481	-	552	1,271	410,125
#26	125	-	113,563	-	1,292	245	115,225
#27	303	1,036	10,297	-	132	63	11,831
#28	421	-	10,418	-	1,008	160	12,007
#28 Impr Br 7	611	-	-	-	-	39	650
#28 Lat A Br 4	7,283	-	-	-	-	-	7,283
#29	3,658	-	2,879	-	44	69	6,650
#31 R/B	124,979	3,494	-	-	-	-	128,473
#34	1,100	-	7,456	-	126	394	9,076
#37	890	694	2,486	-	3	44	4,117
#38	27	3	1,411	-	12	32	1,485
#40 R/B	3,205	15	3,537	-	30	238	7,025
#42	4,720	-	-	-	-	-	4,720
#45	54	-	222	-	-	-	276
#46 R/B	24,069	5	1,953	22	98	544	26,691
#47 R/B	9,599	-	2,799	15	52	87	12,552
#48 R/B	5,477	-	-	-	-	-	5,477
#50	62	-	334	-	6	8	410
#51	2	14	-	-	-	-	16
#52	35	-	20,622	-	1,060	-	21,717
#52 Lat A	-	-	-	-	-	-	-
#54 Impr	23,968	-	-	-	-	-	23,968
#55	2,182	6	206	14	6	308	2,722
#56	2,468	-	823	-	55	102	3,448
#58	2	-	128,953	-	2,205	1,360	132,520
#60 R/B	22,446	-	-	-	-	-	22,446
#61	1	-	6,705	-	143	22	6,871
#62	3,885	-	-	-	-	-	3,885
#63	1	-	8,183	-	242	295	8,721
#64	12	-	40,951	-	1,343	362	42,668
#65	-	-	7,721	-	-	136	7,857
<b>State Ditch</b>							
#1 Impr Div 2	96	-	115,442	-	4,522	1,259	121,319

EXHIBIT D-1

Accounts Payable	Liabilities				Deferred Inflows of Resources Unavailable Revenue	Fund Balances			Total Liabilities, Deferred Inflows of Resources, and Fund Balances
	Due to Other Funds	Due to Other Governments	Advance From Other Funds	Total Liabilities		Restricted for Ditch Maintenance and Repairs	Unassigned	Total Fund Balances	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 4,258	\$ -	\$ 4,258	\$ 4,275
-	179	-	-	179	2	2,437	-	2,437	2,618
-	1,430	-	-	1,430	524	34,956	-	34,956	36,910
-	269	-	-	269	31	7,044	-	7,044	7,344
-	-	-	-	-	-	20,744	-	20,744	20,744
-	804	-	-	804	12,196	17,647	-	17,647	30,647
910	1,877	-	-	2,787	13,705	-	(11,377)	(11,377)	5,115
-	447	-	-	447	515	68	-	68	1,030
-	-	-	-	-	18,138	9,537	-	9,537	27,675
6,775	3,323	-	27,300	37,398	47,170	-	(36,640)	(36,640)	47,928
10,830	715	-	-	11,545	12,443	-	(3,160)	(3,160)	20,828
-	89	-	-	89	204	2,301	-	2,301	2,594
1,240	1,520	-	-	2,760	16,542	4,702	-	4,702	24,004
5,729	8,492	-	503,000	517,221	405,370	-	(512,466)	(512,466)	410,125
-	1,341	-	55,243	56,584	115,100	-	(56,459)	(56,459)	115,225
-	1,520	-	2,340	3,860	11,525	-	(3,554)	(3,554)	11,831
-	1,699	-	2,910	4,609	11,586	-	(4,188)	(4,188)	12,007
-	-	-	-	-	39	611	-	611	650
-	-	-	-	-	-	7,283	-	7,283	7,283
-	447	-	-	447	2,992	3,211	-	3,211	6,650
-	1,162	-	-	1,162	3,477	123,834	-	123,834	128,473
-	536	-	6,140	6,676	7,976	-	(5,576)	(5,576)	9,076
675	1,072	-	-	1,747	3,214	-	(844)	(844)	4,117
-	89	-	700	789	1,454	-	(758)	(758)	1,485
-	536	-	-	536	3,820	2,669	-	2,669	7,025
-	179	-	-	179	-	4,541	-	4,541	4,720
-	-	-	-	-	222	54	-	54	276
975	2,056	-	-	3,031	2,584	21,076	-	21,076	26,691
-	1,341	-	-	1,341	2,938	8,273	-	8,273	12,552
-	179	-	-	179	-	5,298	-	5,298	5,477
-	-	-	-	-	348	62	-	62	410
-	-	-	-	-	14	2	-	2	16
6,569	3,201	-	15,350	25,120	21,646	-	(25,049)	(25,049)	21,717
-	6,039	-	-	6,039	-	-	(6,039)	(6,039)	-
-	-	-	-	-	-	23,968	-	23,968	23,968
-	-	-	-	-	521	2,201	-	2,201	2,722
-	179	-	-	179	980	2,289	-	2,289	3,448
-	1,520	-	14,520	16,040	132,518	-	(16,038)	(16,038)	132,520
-	179	-	-	179	-	22,267	-	22,267	22,446
-	179	-	6,250	6,429	6,870	-	(6,428)	(6,428)	6,871
-	179	-	-	179	-	3,706	-	3,706	3,885
-	715	-	235	950	8,720	-	(949)	(949)	8,721
1,650	2,619	-	12,220	16,489	42,656	-	(16,477)	(16,477)	42,668
-	1,079	-	2,882	3,961	7,857	-	(3,961)	(3,961)	7,857
-	1,965	-	46,576	48,541	121,223	-	(48,445)	(48,445)	121,319

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**DITCH BALANCE SHEET  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2020**

	Assets						Total Assets
	Cash and Investments	Special Assessments Receivable		Accounts Receivable	Due From Other Funds	Due From Other Governments	
		Delinquent	Noncurrent				
<b>Judicial Ditches</b>							
#1 M & K & Rep F	(302,419)	33	644,383	71	19,335	22,162	383,565
#1 Lat A, M & K	567	-	-	-	-	-	567
#1 Lateral, M & K	57,739	-	5,141	-	-	-	62,880
#1 Lat B, M & K	2,005	-	-	-	-	20	2,025
#1 Lat A of Lat B, M & K	1,229	-	-	-	-	-	1,229
#1 Br 4 of Lat B, M & K	238	-	-	-	-	-	238
#1 Lat C, M & K	(4)	-	-	-	-	-	(4)
#1 Lat D, M & K	38	-	-	-	-	-	38
#1 Lat E, M & K	1,044	-	-	-	-	-	1,044
#1 Lat F of Br 2, M & K	755	-	-	-	-	-	755
#1 Lat G, M & K	1,101	-	-	-	-	-	1,101
#2 R & K	2	-	11,507	-	295	9,217	21,021
#2 Lat 3, R & K	1,168	-	-	-	-	142	1,310
#2 Lat 4, R & K	1,316	-	-	-	-	232	1,548
#2 Lat A of Lat 4, R & K	2	-	280	-	15	5	302
#2 Lat 5, R & K	2	-	6,446	-	1,273	33	7,754
#2 Lat 7, R & K	-	-	-	-	-	-	-
#2 Lat 8, R & K	1,326	-	-	-	-	-	1,326
#2 C & K	11,480	-	4,180	28	76	182	15,946
#2 St & K	2,306	-	-	-	-	-	2,306
#3 Lat B, K & C	3,553	-	-	-	-	-	3,553
#3 Lat A of Lat B, K & C	2,704	-	-	-	-	-	2,704
#3 Lat C, C & K	316	-	22,743	-	805	852	24,716
#3 Lat D, C & K	3	172	8,500	-	-	558	9,233
#3 Impr Br 5 & 6, C & K	3,047	31	-	-	-	-	3,078
#3 Impr Br 7 & 8, C & K	5,097	-	-	-	-	-	5,097
#3 Impr Br 9, C & K	1,583	-	-	-	-	-	1,583
#3 Impr Br 10, C & K	-	-	62	-	-	-	62
#3 Br 10 of Lat A, C & K	247	-	159	-	5	5	416
#3 St & K	5,706	-	975	-	-	2,609	9,290
#7 C K & R	290	375	28,269	200	3,383	60,153	92,670
#7 Lat A, C, K & R	9,005	16	1,700	-	171	3,971	14,863
#7 Lat B, C, K & R	77	303	2,936	-	524	1,286	5,126
#7 Lat E, C, K & R	5,579	46	-	-	-	66	5,691
#11 K & M R/B	4,312	-	8,156	-	682	3,497	16,647
#16 R & K	4	-	20,620	-	1,221	6,874	28,719
#17 M & K	14,523	-	-	-	-	126	14,649
#17 Br 4 of Lat A, M & K	461	-	-	-	-	-	461
#17 Br 4 of Lat B, M & K	6,000	-	-	-	-	-	6,000
#18 Sw K & C R/B	17,695	21	4,244	27	120	1,196	23,303
#18 M & K	1,926	-	-	-	-	-	1,926
#18 Lat A, M & K	799	-	312	-	6	206	1,323
#18 Lat C, M & K	12,880	-	-	-	-	265	13,145
#19 Sw & K	847	-	271	-	-	79	1,197
#21 R C & K	421	-	2,409	-	-	24	2,854
#21 Sw K & C	16,604	-	-	-	-	53	16,657
#29 Rep B, R, M & K	2	-	-	-	-	-	2
#51 K & R R/B	481	477	161,050	-	122	3,092	165,222
#52 KM	(206,919)	-	41,458	-	-	529,024	363,563
Rinke Noonan Attorney	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 43,309</b>	<b>\$ 7,293</b>	<b>\$ 1,967,785</b>	<b>\$ 488</b>	<b>\$ 42,878</b>	<b>\$ 670,891</b>	<b>\$ 2,732,644</b>

**EXHIBIT D-1**  
**(Continued)**

Accounts Payable	Liabilities				Deferred Inflows of Resources Unavailable Revenue	Fund Balances			Total Liabilities, Deferred Inflows of Resources, and Fund Balances
	Due to Other Funds	Due to Other Governments	Advance From Other Funds	Total Liabilities		Restricted for Ditch Maintenance and Repairs	Unassigned	Total Fund Balances	
1,250	11,312	14,030	-	26,592	685,904	-	(328,931)	(328,931)	383,565
-	-	-	-	-	-	567	-	567	567
-	-	-	-	-	5,141	57,739	-	57,739	62,880
-	-	2,189	-	2,189	20	-	(184)	(184)	2,025
-	-	-	-	-	-	1,229	-	1,229	1,229
-	-	-	-	-	-	238	-	238	238
-	-	-	-	-	-	-	(4)	(4)	(4)
-	-	-	-	-	-	38	-	38	38
-	-	-	-	-	-	1,044	-	1,044	1,044
-	-	-	-	-	(6)	761	-	761	755
-	-	-	-	-	-	1,101	-	1,101	1,101
2,697	804	48,279	6,555	58,335	21,019	-	(58,333)	(58,333)	21,021
-	-	-	-	-	142	1,168	-	1,168	1,310
-	-	-	-	-	232	1,316	-	1,316	1,548
-	89	-	200	289	300	-	(287)	(287)	302
1,896	715	-	6,885	9,496	7,752	-	(9,494)	(9,494)	7,754
-	89	-	85	174	-	-	(174)	(174)	-
-	357	-	-	357	-	969	-	969	1,326
-	179	-	-	179	4,438	11,329	-	11,329	15,946
-	-	-	-	-	-	2,306	-	2,306	2,306
-	-	-	-	-	-	3,553	-	3,553	3,553
-	179	-	-	179	-	2,525	-	2,525	2,704
2,772	1,699	-	17,510	21,981	24,400	-	(21,665)	(21,665)	24,716
-	2,681	-	7,240	9,921	9,230	-	(9,918)	(9,918)	9,233
-	626	-	-	626	31	2,421	-	2,421	3,078
-	-	-	-	-	-	5,097	-	5,097	5,097
-	-	-	905	905	62	1,583	-	1,583	1,583
-	-	-	-	-	169	-	(905)	(905)	62
-	-	-	-	-	247	247	-	247	416
-	805	-	-	805	3,584	4,901	-	4,901	9,290
-	2,915	906	60,285	64,106	92,171	-	(63,607)	(63,607)	92,670
-	1,162	-	-	1,162	5,858	7,843	-	7,843	14,863
-	269	-	10,090	10,359	4,722	-	(9,955)	(9,955)	5,126
-	-	-	-	-	81	5,610	-	5,610	5,691
-	89	301	8,375	8,765	12,335	-	(4,453)	(4,453)	16,647
-	2,056	34,152	12,330	48,538	28,715	-	(48,534)	(48,534)	28,719
-	4,559	2,468	-	7,027	126	7,496	-	7,496	14,649
-	-	-	-	-	-	461	-	461	461
-	-	-	-	-	-	6,000	-	6,000	6,000
-	-	-	-	-	5,580	17,723	-	17,723	23,303
-	179	2,345	-	2,524	-	-	(598)	(598)	1,926
-	-	1,430	-	1,430	524	-	(631)	(631)	1,323
2,175	-	2,878	-	5,053	265	7,827	-	7,827	13,145
-	268	584	-	852	350	-	(5)	(5)	1,197
-	89	16,245	-	16,334	2,433	-	(15,913)	(15,913)	2,854
-	-	4,319	-	4,319	53	12,285	-	12,285	16,657
1,097	1,520	183	380	3,180	-	-	(3,178)	(3,178)	2
-	-	-	2,437	2,437	164,741	-	(1,956)	(1,956)	165,222
-	-	-	348,157	348,157	-	-	(554,202)	(554,202)	363,563
200	-	-	2,900	3,100	-	-	(3,100)	(3,100)	-
<b>\$ 47,440</b>	<b>\$ 81,797</b>	<b>\$ 130,309</b>	<b>\$ 1,180,000</b>	<b>\$ 1,439,546</b>	<b>\$ 2,687,117</b>	<b>\$ 500,416</b>	<b>\$ (1,894,435)</b>	<b>\$ (1,394,019)</b>	<b>\$ 2,732,644</b>



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT D-2**

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

	<b>Total Primary Government</b>	<b>Housing and Redevelopment Authority Component Unit</b>
	<u>                    </u>	<u>                    </u>
<b>Appropriations and Shared Revenue</b>		
<b>State</b>		
Highway users tax	\$ 8,053,936	\$ -
County program aid	2,248,091	-
Disparity reduction aid	20,877	-
Police aid	305,584	-
PERA state aid	90,061	-
Enhanced 911	122,728	-
SCORE	122,919	-
Local performance aid	6,047	-
Aquatic invasive species aid	247,713	-
Riparian protection aid	122,897	-
Market value credit	414,222	-
Out-of-home placement aid	750	-
	<u>                    </u>	<u>                    </u>
<b>Total appropriations and shared revenue</b>	<b>\$ 11,755,825</b>	<b>\$ -</b>
<b>Reimbursement for Services</b>		
<b>State</b>		
Minnesota Department of Human Services	\$ 2,848,253	\$ -
	<u>                    </u>	<u>                    </u>
<b>Payments</b>		
<b>Local</b>		
Payments in lieu of taxes	\$ 231,039	\$ -
Local	252,874	-
	<u>                    </u>	<u>                    </u>
<b>Total payments</b>	<b>\$ 483,913</b>	<b>\$ -</b>
<b>Grants</b>		
<b>State</b>		
Minnesota Department/Board of		
Agriculture	\$ 1,333	\$ -
Economic Development	852,437	-
Public Safety	30,427	-
Health	321,254	-
Natural Resources	462,599	-
Human Services	2,397,045	-
Veterans Affairs	10,000	-
Corrections	817,214	-
Water and Soil Resources	457,500	-
Transportation	1,799,444	-
Peace Officer Standards and Training Board	28,227	-
Pollution Control Agency	149,866	-
Secretary of State	63,427	-
	<u>                    </u>	<u>                    </u>
<b>Total state</b>	<b>\$ 7,390,773</b>	<b>\$ -</b>

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

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

	<b>Total Primary Government</b>	<b>Housing and Redevelopment Authority Component Unit</b>
<b>Grants (Continued)</b>		
<b>Federal</b>		
Department of		
Agriculture	\$ 586,185	\$ -
Housing and Urban Development	-	3,003,623
Justice	108,500	-
Transportation	2,017,686	-
Treasury	5,296,431	-
Health and Human Services	4,296,504	-
Homeland Security	32,550	-
Election Assistance Commission	47,075	-
	<hr/>	<hr/>
<b>Total federal</b>	<b>\$ 12,384,931</b>	<b>\$ 3,003,623</b>
	<hr/>	<hr/>
<b>Total state and federal grants</b>	<b>\$ 19,775,704</b>	<b>\$ 3,003,623</b>
	<hr/>	<hr/>
<b>Total Intergovernmental Revenue</b>	<b>\$ 34,863,695</b>	<b>\$ 3,003,623</b>
	<hr/> <hr/>	<hr/> <hr/>
Total Intergovernmental Revenue (Exhibit 5)	\$ 34,862,488	
Total Intergovernmental Revenue (Exhibit 8)	1,207	
	<hr/>	
Total Primary Government Intergovernmental Revenue	<b>\$ 34,863,695</b>	
	<hr/> <hr/>	

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

*EXHIBIT D-3*

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Direct				
Conservation Reserve Program	10.069		\$ 6,227	\$ -
Passed Through Kandiyohi-Renville Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not provided	252,473	-
Passed Through Minnesota Department of Human Services SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	202MN101S2514	317,903	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$327,485)	10.561	202MN127Q7503	9,582	-
			<u>\$ 586,185</u>	<u>\$ -</u>
<b>Total U.S. Department of Agriculture</b>				
<b>U.S. Department of Justice</b>				
Direct				
State Criminal Alien Assistance Program	16.606		\$ 810	\$ -
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2020-KCAO-00004 A-VAWA-2019-	75,653	-
Violence Against Women Formula Grants	16.588	KANDICO-00012	32,037	-
			<u>\$ 108,500</u>	<u>\$ -</u>
<b>Total U.S. Department of Justice</b>				
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1030034	\$ 2,088,467	\$ -
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC20- 2020-KANDISO-035	19,534	4,646
State and Community Highway Safety (Total State and Community Highway Safety 20.600 \$40,239)	20.600	A-SAFE20- 2020-KANDISO-035	20,705	-
National Priority Safety Programs	20.616	A-ENFRC20- 2020-KANDISO-035	21,651	8,793
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC20- 2020-KANDISO-035	34,180	11,792
Passed Through City of Saint Cloud, Minnesota E-911 Grant Program	20.615	A-DECN-CPE- 2019-CMESB-4	13,433	-
			<u>\$ 2,197,970</u>	<u>\$ 25,231</u>
<b>Total U.S. Department of Transportation</b>				

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT D-3  
(Continued)**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of the Treasury</b>				
Passed Through Minnesota Management and Budget COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	<b>\$ 5,296,431</b>	<b>\$ 3,036,689</b>
<b>U.S. Environmental Protection Agency</b>				
Passed Through Minnesota Public Facilities Authority Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L-009-FY21	<b>\$ 832,706</b>	<b>\$ -</b>
<b>U.S. Election Assistance Commission</b>				
Passed Through Minnesota Secretary of State COVID-19 – 2018 HAVA Election Security Grants	90.404	Not provided	<b>\$ 47,075</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>				
<b>Direct</b>				
Drug-Free Communities Support Program Grants	93.276		\$ 73,108	\$ -
CARA Act Comprehensive Addiction and Recovery Act of 2016	93.799		33,339	-
<b>Passed Through Kandiyohi-Renville Community Health Board</b>				
Public Health Emergency Preparedness	93.069	Not provided	13,431	-
Early Hearing Detection and Intervention	93.251	Not provided	1,050	-
Immunization Cooperative Agreements	93.268	Not provided	11,257	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not provided	75	-
Pregnancy Assistance Fund Program	93.500	Not provided	127,024	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$613,390)	93.558	Not provided	45,990	-
Maternal and Child Health Services Block Grant to the States	93.994	Not provided	41,201	-
<b>Passed Through Minnesota Department of Human Services</b>				
Promoting Safe and Stable Families	93.556	2001MNFPS	9,305	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$613,390)	93.558	2001MNTANF	567,400	-
Child Support Enforcement	93.563	2001MNCSES	170,703	-
Child Support Enforcement (Total Child Support Enforcement 93.563 \$825,575)	93.563	2001MNCES	654,872	-
Refugee and Entrant Assistance – State Administered Programs CCDF Cluster	93.566	2001MNRCA	384	-
Child Care and Development Block Grant	93.575	2001MNCCDF	13,815	-
Community-Based Child Abuse Prevention Grants	93.590	1901MNBCAP	12,645	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2001MNCWSS	6,818	-
Foster Care – Title IV-E	93.658	2001MNFOS	477,163	-
Social Services Block Grant	93.667	2001MNSOSR	293,867	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2001MNCILP	82,724	-
Children's Health Insurance Program	93.767	2005MNS021	689	-
Medicaid Cluster				
Medical Assistance Program	93.778	2005MNSADM	1,717,074	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,747,688)	93.778	2005MNSMAP	30,614	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 4,384,548</b>	<b>\$ -</b>

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

**EXHIBIT D-3  
(Continued)**

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

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	KANDIYOHI FBP-100420	\$ 4,365	\$ -
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	A-EMPG-2019-KANDICO-035	28,185	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 32,550</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 13,485,965</b>	<b>\$ 3,061,920</b>
<b>Totals by Cluster</b>				
Total expenditures for SNAP Cluster			\$ 327,485	
Total expenditures for Highway Planning and Construction Cluster			2,088,467	
Total expenditures for Highway Safety Cluster			61,890	
Total expenditures for Clean Water State Revolving Fund Cluster			832,706	
Total expenditures for CCDF Cluster			13,815	
Total expenditures for Medicaid Cluster			1,747,688	

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

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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 Kandiyohi County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$3,003,623 in federal awards expended by the Kandiyohi County Housing and Redevelopment Authority discretely presented component unit, which had a separate single audit performed by other auditors.

B. Basis of Presentation

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

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of Kandiyohi County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the 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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 12,384,931
Minnesota Public Facilities Authority Loans	832,706
Grants received more than 60 days after year-end, considered unavailable revenue in 2020	
Highway Planning and Construction	180,284
Immunization Cooperative Agreements	9,032
Temporary Assistance for Needy Families	191,829
Unavailable revenue in 2019, recognized as revenue in 2020	
Promoting Safe and Stable Families	(109)
Stephanie Tubbs Jones Child Welfare Services Program	(326)
Foster Care – Title IV-E	(105,582)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	<u>(6,800)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 13,485,965</u>







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

Independent Auditor's Report

Board of County Commissioners  
Kandiyohi County  
Willmar, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Kandiyohi County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 30, 2021. Our report includes a reference to other auditors who audited the financial statements of the Kandiyohi County Housing and Redevelopment Authority (HRA) for the year ended June 30, 2020, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002 to be a material weakness and item 2020-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kandiyohi 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 Kandiyohi County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters. As described in the Schedule of Findings and Questioned Costs is another matter reported as item 2020-005.

### **Kandiyohi County's Response to Findings**

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

## **Purpose of This Report**

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

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

August 30, 2021

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

Board of County Commissioners  
Kandiyohi County  
Willmar, Minnesota

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

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

Kandiyohi County's basic financial statements include the operations of the Kandiyohi County Housing and Redevelopment Authority (HRA) component unit, which expended \$3,003,623 in federal awards during the year ended June 30, 2020, which are not included in the County's Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Kandiyohi County HRA because other auditors were engaged to perform a single audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Kandiyohi County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the Uniform Guidance. Those standards and the Uniform Guidance require

that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kandiyohi County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-004. Our opinion on each major federal program is not modified with respect to this matter.

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

### **Report on Internal Control Over Compliance**

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

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

a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-003 and 2020-004, that we consider to be significant deficiencies.

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

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 30, 2021

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**I. SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

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

**Federal Awards**

Internal control over major programs:

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

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

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

The major federal programs are:

Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA No. 20.205
COVID-19 – Coronavirus Relief Fund	CFDA No. 21.019
Clean Water State Revolving Fund Cluster	
Capitalization Grants for Clean Water State Revolving Funds	CFDA No. 66.458
Medicaid Cluster	
Medical Assistance Program	CFDA No. 93.778

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

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

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

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 1996

Segregation of Duties

**Criteria:** A good system of internal control provides for an adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

**Condition:** Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Context:** Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Kandiyohi County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

**Effect:** Inadequate segregation of duties could adversely affect the County's ability to detect misstatements to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The County informed us that it does not have the economic resources needed to hire additional qualified accounting staff in order to segregate duties in every department.



**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**Recommendation:** We recommend the County's elected officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

**View of Responsible Official:** Acknowledged

Finding Number: 2020-002

Prior Year Finding Number: 2019-002

Repeat Finding Since: 2017

Audit Adjustments

**Criteria:** A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** Audit adjustments and reclassifications were prepared which resulted in significant changes to Kandiyohi County's financial statements. One of these audit adjustments identified was material.

**Context:** The inability to detect significant misclassifications and make all necessary adjustments to the financial statements increases the likelihood that the financial statements would not be fairly presented. These adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**Effect:** Audit adjustments and reclassifications were necessary in the various funds of the County. These audit adjustments and reclassifications were reviewed and approved by the appropriate staff and are reflected in the financial statements. In the Glacial Lakes Sanitary Sewer and Water Enterprise Fund, the following material audit adjustment was noted: \$6,063,247 of construction payments were not recorded as construction in progress. Of this amount, the County recorded \$2,444,000 incorrectly as additions to infrastructure instead of construction in progress. This resulted in construction in progress and net investment in capital assets net position being increased by a net \$3,619,247.

**Cause:** The County classifies transactions primarily for their budgetary control process. The capital asset activity was overlooked when the information was prepared.

**Recommendation:** We recommend the County review the use of the general ledger such that amounts recorded provide classification for both budgetary control and for financial statement reporting. We further recommend the County implement additional procedures over financial reporting related to capital assets that includes a comprehensive review of balances and supporting documentation, along with tracking and recording construction projects in the capital asset system.

**View of Responsible Official:** Acknowledged

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

Finding Number: 2020-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Timely Reimbursement Requests

**Program:** U.S. Department of Transportation Highway Planning and Construction (CFDA 20.205), Award No. 1030034, 2020

**Pass-Through Agency:** Minnesota Department of Transportation

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

**Condition:** The County did not request reimbursement for project costs totaling \$1,529,262 for expenditures that were incurred in November and December of 2019 until June 2020.

**Questioned Costs:** Not applicable.

**Context:** The County's timing of reimbursement requests varies based on the project.

**Effect:** By submitting untimely reimbursement requests, the County is not receiving funds that are owed to it timely, which has the potential to cause cash flow shortages. It also increases the likelihood that federal expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) are not accurate, causing the potential of the SEFA to be materially misstated.

**Cause:** The County does not have policies or procedures in place to ensure reimbursement requests are submitted timely after costs are incurred.

**Recommendation:** We recommend the County review internal controls currently in place and design and implement procedures to request reimbursements timelier and to submit requests for reimbursements on at least a quarterly basis.

**View of Responsible Official:** Concur

Finding Number: 2020-004

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Subrecipient Monitoring

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

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**Pass-Through Agency:** Minnesota Management and Budget

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

**Condition:** The County did not document risk assessment procedures performed over its subrecipients. Award information, including the CFDA number, was not provided to subrecipients, and there were no signed subrecipient agreements in place.

**Questioned Costs:** None.

**Context:** The County passed funds to local governments who have been operating for many years and with whom the County is familiar with. The County also passed funds to non-profit organizations in order to provide assistance for their continuing operations. For all subrecipients, the County reviewed detailed listings of expenditures, along with supporting documentation, prior to the funds being reported to Minnesota Management and Budget.

**Effect:** The County is not meeting all federal regulations pertaining to subrecipient monitoring.

**Cause:** The County was not aware of the full extent of requirements for subrecipient monitoring.

**Recommendation:** We recommend the County document its rationale of who is a subrecipient, including guidance followed at the time of determination, and to document risk assessments completed for those identified as subrecipients in order to determine further monitoring procedures that should be performed. We further recommend that signed subrecipient agreements be put in place that provides subrecipients with all information required under the Uniform Guidance.

**View of Responsible Official:** Acknowledged

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

MINNESOTA LEGAL COMPLIANCE

Finding Number: 2020-005

Prior Year Finding Number: 2019-005

Repeat Finding Since: 1996

Ditch Special Revenue Fund – Cash and Equity Balances

**Criteria:** As stated in Minn. Stat. § 385.04, in part, “. . . every warrant shall be paid only from the cash on hand in the fund from which it may be properly payable.” As allowed by Minn. Stat. § 103E.655, subd. 2, loans may be made from ditch systems with surplus funds or from the General Fund to a ditch with insufficient cash to pay expenditures. The loan must be repaid with interest.

Also, through the levying of special assessments, Minn. Stat. § 103E.735, subd. 1, permits the accumulation of a fund balance for the repair costs of a ditch system, not to exceed 20 percent of the assessed benefits of the ditch system or \$100,000, whichever is greater.

**Condition:** Four of the 99 individual ditch systems had deficit cash balances totaling \$518,022 at December 31, 2020. This amount increased from the prior year when 33 of the 99 individual ditch systems had deficit cash balances totaling \$433,890. Thirty-nine of the 99 individual ditch systems had deficit fund balances totaling \$1,894,435 at December 31, 2020. This amount increased from the prior year when 39 of the 99 individual ditch systems had deficit fund balances totaling \$1,072,963.

**Context:** Under Minn. Stat. § 103E.655, subd. 2, if the County Board transfers money from another account or fund to a drainage system account, the money plus interest must be reimbursed from the proceeds of the drainage system that received the transfer. A fund balance to be used for repairs may be established under Minn. Stat. § 103E.735, subd. 1, for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or \$100,000, whichever is larger.

**KANDIYOHI COUNTY  
WILLMAR, MINNESOTA**

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

**Effect:** Allowing a ditch system to maintain a deficit cash balance, in effect, constitutes an interest-free loan from other ditch systems or County funds and, as such, is in noncompliance with Minnesota law.

**Cause:** Ditch expenditures were necessary, ditch levies were not sufficient, and loans made between ditches or other County funds were insufficient.

**Recommendation:** We recommend the County eliminate the ditch system cash and equity deficits by borrowing from an eligible fund with a surplus cash balance and by levying assessments pursuant to Minn. Stat. § 103E.735, subd. 1, which permits the accumulation of a surplus balance to provide for the repair and maintenance costs of a ditch system.

**View of Responsible Official:** Acknowledged

**V. PREVIOUSLY REPORTED ITEMS RESOLVED**

2019-003 Eligibility (CFDA No. 93.778)

2019-004 Identification of Federal Awards (CFDA No. 93.778)

# Kandiyohi County Auditor/Treasurer's Office

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Willmar, MN 56201  
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## REPRESENTATION OF KANDIYOHI COUNTY WILLMAR, MINNESOTA

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

**Finding Number: 2020-001**

**Finding Title: Segregation of Duties**

Name of Contact Person Responsible for Corrective Action:

Karen Anderson, Fiscal Manager

Corrective Action Planned:

Kandiyohi County is continuing to oversee procedures to ensure that the internal control policies and procedures are being followed.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-002**

**Finding Title: Audit Adjustments**

Name of Contact Person Responsible for Corrective Action:

Karen Anderson, Fiscal Manager

Corrective Action Planned:

The Auditors/Treasurer's Staff will monitor transactions to ensure they are going to the proper accounts. Staff will make adjustments if needed.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-003**

**Finding Title: Timely Reimbursement Requests**

**Program: Highway Planning and Construction (CFDA #20.205)**

Name of Contact Person Responsible for Corrective Action:

Jeremy Pfeifer, Assistant County Engineer and Paul Bakker, Accountant

Corrective Action Planned:

Payment requests will be made on a schedule that matches the contractor payments.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-004**

**Finding Title: Subrecipient Monitoring**

**Program: COVID-19 – Coronavirus Relief Fund (CFDA #21.019)**

Name of Contact Person Responsible for Corrective Action:

Karen Anderson, Fiscal Manager

Corrective Action Planned:

Any monies received and passed through to other entities will have written agreements and risk assessment procedures in place. The county will be diligent in knowing the requirements for subrecipient monitoring and pass this information on to subrecipients.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-005**

**Finding Title: Ditch Special Revenue Fund – Cash and Equity Balances**

Name of Contact Person Responsible for Corrective Action:

Karen Anderson, Fiscal Manager



Corrective Action Planned:

One year ditch liens will continue to be levied for ditch benefits. The Ditch Fund will be monitored and the Board can approve a transfer of funds if needed to keep the ditch balance as a whole, positive until levied money is received.

Anticipated Completion Date:

December 31, 2021

# Kandiyohi County Auditor/Treasurer's Office

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## REPRESENTATION OF KANDIYOHI COUNTY WILLMAR, MINNESOTA

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

**Finding Number: 2019-001**  
**Repeat Finding Since: 1996**  
**Finding Title: Segregation of Duties**

**Summary of Condition:** Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Summary of Corrective Action Previously Reported:** Kandiyohi County is continuing to oversee procedures to ensure that the internal control policies and procedures are being followed.

**Status:** Not Corrected. Kandiyohi County is continuing to oversee procedures to ensure that the internal control policy and procedures are being followed.

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

**Finding Number: 2019-002**  
**Repeat Finding Since: 2017**  
**Finding Title: Audit Adjustments**

**Summary of Condition:** Audit adjustments and reclassifications were prepared which resulted in significant changes to Kandiyohi County's financial statements. These audit adjustments and reclassifications were reviewed and approved by the appropriate staff and are reflected in the financial statements.

**Summary of Corrective Action Previously Reported:** The Auditor/Treasurer's staff will monitor transactions to ensure they are going to the proper accounts. Staff will make adjustments if needed.

**Status:** Not Corrected. Staff is continuing to monitor transactions to ensure they are going to the proper accounts and make adjustments if needed.

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

**Finding Number: 2019-003**  
**Repeat Finding Since: 2018**  
**Finding Title: Eligibility**  
**Program: Medical Assistance Program (CFDA #93.778)**

**Summary of Condition:** In the case files tested for compliance with Medical Assistance Program eligibility requirements, not all documentation was available, updated, or input correctly to support participant eligibility.

**Summary of Corrective Action Previously Reported:** Supervisory staff and Team Leads continue to train staff on how to correctly enter the information on the MAXIS Eligibility System. Training is also provided on what constitutes valid and correct documentation to verify information. Supervisory and peer reviews are also being done on a consistent basis.

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

**Finding Number: 2019-004**  
**Repeat Finding Since: 2018**  
**Finding Title: Identification of Federal Awards**  
**Program: Medical Assistance Program (CFDA #93.778)**

**Summary of Condition:** The County reviewed and approved audit adjustments and reclassifications totaling \$139,919 for the Medical Assistance Program.

**Summary of Corrective Action Previously Reported:** Kandiyohi County will review internal controls in place and identify expenditures of federal awards for SEFA reporting.

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

**Finding Number: 2019-005**  
**Repeat Finding Since: 1996**  
**Finding Title: Ditch Special Revenue Fund – Cash and Equity Balances**

**Summary of Condition:** Thirty-three of the 99 individual ditch systems had deficit cash balances totaling \$433,890 at December 31, 2019. Thirty-nine of the 99 individual ditch systems had deficit fund balances totaling \$1,072,963 at December 31, 2019.

**Summary of Corrective Action Previously Reported:** One year ditch liens will continue to be levied for ditch benefits. The Ditch Fund will be monitored and the Board can approve a transfer of funds if needed to keep the ditch balance as a whole, positive, until levied money is received.

**Status:** Not Corrected. The Ditch Fund is continuing to be monitored and ditch liens are continuing to be levied for ditch benefits.

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

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