

*Clay County  
Moorhead, MN*



*Annual Financial Report*



*For Period Ending  
December 31, 2019*

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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## **INTRODUCTORY SECTION**

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**COUNTY AUDITOR**

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195

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Honorable Chairman and Commissioners  
Clay County Board of Commissioners  
807 North 11th Street  
Moorhead, MN 56560

Commissioners,

The Annual Financial Report of Clay County is submitted for the fiscal year ended December 31, 2019. This report was prepared by the County Auditor's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the County and results of operation of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

The Annual Financial Report is presented in two sections: Introductory and Financial. The Introductory Section includes this transmittal letter and the County's organizational chart. The Financial Section includes the Management's Discussion and Analysis, the Basic Financial Statements, the Required Supplementary Information, and the Supplementary Information.

This report includes all of the funds and entities, which are considered to be under the direction and control of the County Board. The County provides a full range of services including public safety and law enforcement; courts and probation services; tax assessment and collection; vital statistics and public records; human services; highways, planning, inspection, and environmental health; and recreation and cultural services.

Copies of this report will be sent to elected officials, County management, bond rating agencies, and governmental agencies, which have expressed an interest in Clay County's financial affairs.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented with the basic financial statements, are an integral part of this Annual Financial Report and should be read for a full understanding of the statements and information presented herein.

## INDEPENDENT AUDIT

Minnesota State Law requires an audit to be made of the books of accounts, financial records, and transactions of the County by the State Auditor. This requirement has been complied with, and the Auditor's opinion is included in this report.

The State Auditor will issue a management and compliance letter covering the review, made as part of their examination of Clay County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

### ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the professional and dedicated services of the entire staff of the Auditor's Office.

Sincerely,

/S/ Lori J. Johnson

Lori J. Johnson  
Clay County Auditor-Treasurer

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

ORGANIZATION  
December 31, 2019

Office	Name	Term Expires
<b>Elected</b>		
Commissioners		
1st District	Jim Haney	January 2021
2nd District	Frank Gross**	January 2021
3rd District	Jenny Mongeau	January 2023
4th District	Kevin Campbell	January 2023
5th District	Grant Weyland*	January 2021
Attorney	Brian Melton	January 2023
County Sheriff	Mark Empting	January 2023
<b>Appointed</b>		
Assessor	Nancy Gunderson	December 2020
County Administrator	Steven Larson	Indefinite
Highway Engineer	David Overbo	May 2022
Auditor-Treasurer	Lori J. Johnson	Indefinite
County Recorder	Kimberly Savageau	Indefinite

\* Chair

\*\* Vice Chair

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**FINANCIAL SECTION**

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JULIE BLAHA  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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SAINT PAUL, MN 55103-2139

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### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Clay County  
Moorhead, Minnesota

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of December 31, 2019, 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 – Subsequent Event***

As discussed in Note 8 to the financial statements, subsequent to year-end, the World Health Organization declared the spread of coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortage of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing. 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County's basic financial statements. The Introductory Section and the Supplementary Information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information as listed in the table of contents 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.

The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of Clay 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 Clay 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 Clay County's internal control over financial reporting and compliance.



JULIE BLAHA  
STATE AUDITOR



DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

November 16, 2020

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

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019  
(Unaudited)**

The financial management of Clay County offers readers of Clay County's financial statements this narrative overview and analysis of the financial activities of Clay County for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of Clay County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2019) by \$127,564,699 (net position). Of this amount, \$17,831,052 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net position is \$104,396,258, of which Clay County has invested \$90,342,537 in net investment in capital assets; \$6,895,682 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net position of \$23,168,441. Net investment in capital assets, represents \$11,168,706 of the total.
- The net cost of Clay County's governmental activities for the year ended December 31, 2019, was \$35,585,522. General property tax revenue and other general revenue sources totaled \$41,528,021.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Government-Wide Financial Statements**

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

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

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

Both of the government-wide financial statements distinguish functions of Clay County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Clay County include general government, public safety, highways and streets, human services, culture and recreation, conservation of natural resources, and economic development. The business-type activities of Clay County include the Family Service Center, Juvenile Center, Public Health, and Solid Waste Management.

The government-wide financial statements may be found in Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Within the governmental funds, Clay County maintains four fund types: general, special revenue, debt service, and capital projects. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Road and Bridge Special Revenue Fund, Social Services Special Revenue Fund, Ditch Debt Service Fund, and Jail/Law Enforcement Construction Capital Projects Fund, all of which are considered to be major funds. Data from the other special revenue, debt service and capital project nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clay County adopts an annual budget for three of its major governmental funds, the County Building nonmajor special revenue fund, Courthouse Expansion nonmajor debt service fund, Joint Highway Facility nonmajor debt service fund, and Law Enforcement Expansion nonmajor debt service fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found in Exhibits 3 through 6 of this report.

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

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

- Road and Bridge,
- Social Services,
- County Building, and
- Gravel Removal Tax Reserve.

**Debt service funds.** The debt service funds account for the payment of principal, interest, and fiscal charges on long-term debt obligations of Clay County. The debt service funds include:

- Ditch,
- Americana Estates,
- County Projects,
- Courthouse Expansion,
- Joint Highway Facility, and
- Law Enforcement Expansion.

**Capital projects funds.** The capital projects fund is used to account for financial resources to be used for improvement of capital facilities. The capital project funds include:

- Government Center Construction,
- Jail/Law Enforcement Construction.

**Proprietary funds.** Clay County maintains two different types of proprietary funds: enterprise and internal service. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Clay County uses its Family Service Center Enterprise Fund to account for the financing of the Family Service Center, which provides rental space to other departments and agencies. The Juvenile Center Enterprise Fund is used to account for the financial transactions of the fund, which provides housing for juveniles and rental space to departments and agencies. The Public Health Enterprise Fund provides nursing service care to the elderly and other residents of the County, and the Solid Waste Management Enterprise Fund is used to account for providing refuse disposal services to the public. The internal service fund is an accounting device used to accumulate and allocate costs internally among Clay County's various functions. Clay County uses its Internal Service Fund to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis. Each year, a transfer is made based upon the amount reflected in the equipment replacement schedule.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of Clay County's enterprise funds since they are all considered to be major funds of the County. Conversely, the Internal Service Fund is reported separately on the proprietary fund financial statements.

The basic proprietary fund financial statements may be found in Exhibits 7 through 9 of this report.

**Fiduciary funds.** Fiduciary funds (trust and agency funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Clay County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement may be found as Exhibit 10 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the exhibits.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information the budgetary comparison schedules for Clay County's General Fund and major special revenue funds. Required supplementary information is presented immediately following the notes to the financial statements. After that, the combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Clay County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$127,564,699 at the close of the most recent fiscal year, which is an increase of \$10,367,290.

Net investment in capital assets of \$101,511,243 (land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (88 percent). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Clay County's combined net position for the year ended December 31, 2019, was \$127,564,699. Clay County's analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of Clay County's governmental and business-type activities.

**Table 1  
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 46,140,730	\$ 44,560,767	\$ 22,926,013	\$ 23,060,153	\$ 69,066,743	\$ 67,620,920
Capital assets	142,554,748	140,569,855	18,862,325	14,184,678	161,417,073	154,754,533
<b>Total Assets</b>	<b>\$ 188,695,478</b>	<b>\$ 185,130,622</b>	<b>\$ 41,788,338</b>	<b>\$ 37,244,831</b>	<b>\$ 230,483,816</b>	<b>\$ 222,375,453</b>
<b>Deferred outflows of resources</b>						
OPEB	\$ 178,875	\$ 81,684	\$ 56,890	\$ 25,978	\$ 235,765	\$ 107,662
Deferred pension outflows	4,144,450	7,403,992	333,535	800,190	4,477,985	8,204,182
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,323,325</b>	<b>\$ 7,485,676</b>	<b>\$ 390,425</b>	<b>\$ 826,168</b>	<b>\$ 4,713,750</b>	<b>\$ 8,311,844</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 73,730,695	\$ 76,639,684	\$ 15,404,990	\$ 15,640,976	\$ 89,135,685	\$ 92,280,660
Other liabilities	7,003,754	7,041,384	2,090,394	1,996,967	9,094,148	9,038,351
<b>Total Liabilities</b>	<b>\$ 80,734,449</b>	<b>\$ 83,681,068</b>	<b>\$ 17,495,384</b>	<b>\$ 17,637,943</b>	<b>\$ 98,229,833</b>	<b>\$ 101,319,011</b>
<b>Deferred inflows of resources</b>						
OPEB	\$ 29,506	\$ -	\$ 9,384	\$ -	\$ 38,890	\$ -
Deferred pension inflows	7,858,590	10,481,471	1,505,554	1,689,406	9,364,144	12,170,877
<b>Total Deferred Inflows of Resources</b>	<b>\$ 7,888,096</b>	<b>\$ 10,481,471</b>	<b>\$ 1,514,938</b>	<b>\$ 1,689,406</b>	<b>\$ 9,403,034</b>	<b>\$ 12,170,877</b>
<b>Net Position</b>						
Net investments in capital assets	\$ 90,342,537	\$ 88,280,970	\$ 11,168,706	\$ 10,730,568	\$ 101,511,243	\$ 99,011,538
Restricted	6,895,682	5,474,712	1,326,722	1,068,313	8,222,404	6,543,025
Unrestricted	7,158,039	4,698,077	10,673,013	6,944,769	17,831,052	11,642,846
<b>Total Net Position, as reported</b>	<b>\$ 104,396,258</b>	<b>\$ 98,453,759</b>	<b>\$ 23,168,441</b>	<b>\$ 18,743,650</b>	<b>\$ 127,564,699</b>	<b>\$ 117,197,409</b>

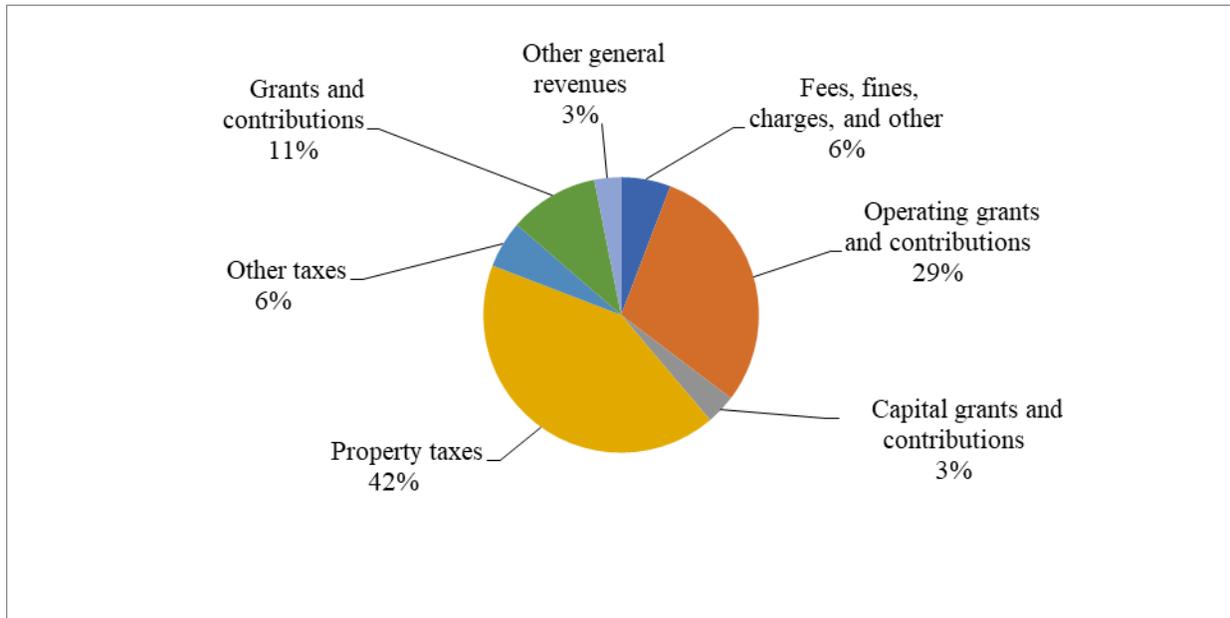
Clay County's total net position for the year ended December 31, 2019, total \$127,564,699. The governmental activities unrestricted net position totaling \$7,158,039 is available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net position totaling \$10,673,013 is available to finance the day-to-day operations of the business-type activities of the County.

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues						
Fees, fines, charges, and other	\$ 4,051,874	\$ 4,610,846	\$ 15,485,710	\$ 11,286,681	\$ 19,537,584	\$ 15,897,527
Operating grants and contributions	20,556,540	20,406,649	3,263,654	3,439,675	23,820,194	23,846,324
Capital grants and contributions	2,347,385	591,647	-	-	2,347,385	591,647
General revenues						
Property taxes	29,269,452	27,833,564	-	-	29,269,452	27,833,564
Other taxes	3,839,669	3,450,698	-	-	3,839,669	3,450,698
Grants and contributions	7,333,434	6,964,014	8,976	30,488	7,342,410	6,994,502
Other general revenues	2,183,041	1,405,707	81,193	121,021	2,264,234	1,526,728
<b>Total Revenues</b>	<b>\$ 69,581,395</b>	<b>\$ 65,263,125</b>	<b>\$ 18,839,533</b>	<b>\$ 14,877,865</b>	<b>\$ 88,420,928</b>	<b>\$ 80,140,990</b>
<b>Expenses</b>						
Program expenses						
General government	\$ 9,853,781	\$ 10,186,367	\$ -	\$ -	\$ 9,853,781	\$ 10,186,367
Public safety	13,482,807	11,175,990	-	-	13,482,807	11,175,990
Highways and streets	11,761,858	10,184,226	-	-	11,761,858	10,184,226
Human services	22,278,443	21,595,996	-	-	22,278,443	21,595,996
Culture and recreation	488,797	482,165	-	-	488,797	482,165
Conservation of natural resources	2,335,837	662,712	-	-	2,335,837	662,712
Economic development	510,576	642,259	-	-	510,576	642,259
Sanitation	-	3,347	-	-	-	3,347
Interest	1,829,222	1,925,514	-	-	1,829,222	1,925,514
Family service	-	-	1,526,308	1,623,048	1,526,308	1,623,048
Public health	-	-	6,338,211	6,276,485	6,338,211	6,276,485
Solid waste	-	-	2,647,816	2,582,350	2,647,816	2,582,350
Juvenile center	-	-	4,999,982	4,116,549	4,999,982	4,116,549
<b>Total Expenses</b>	<b>\$ 62,541,321</b>	<b>\$ 56,858,576</b>	<b>\$ 15,512,317</b>	<b>\$ 14,598,432</b>	<b>\$ 78,053,638</b>	<b>\$ 71,457,008</b>
Excess (Deficiency) Before Transfers						
	\$ 7,040,074	\$ 8,404,549	\$ 3,327,216	\$ 279,433	\$ 10,367,290	\$ 8,683,982
Transfers						
	(1,097,575)	(895,173)	1,097,575	895,173	-	-
<b>Change in Net Position</b>	<b>\$ 5,942,499</b>	<b>\$ 7,509,376</b>	<b>\$ 4,424,791</b>	<b>\$ 1,174,606</b>	<b>\$ 10,367,290</b>	<b>\$ 8,683,982</b>
<b>Net Position – January 1</b>	<b>98,453,759</b>	<b>90,944,383</b>	<b>18,743,650</b>	<b>17,569,044</b>	<b>117,197,409</b>	<b>108,513,427</b>
<b>Net Position – December 31</b>	<b>\$ 104,396,258</b>	<b>\$ 98,453,759</b>	<b>\$ 23,168,441</b>	<b>\$ 18,743,650</b>	<b>\$ 127,564,699</b>	<b>\$ 117,197,409</b>

Clay County's total revenues for the year ended December 31, 2019, were \$88,420,928. The total cost of Clay County programs and services for the year ended December 31, 2019, was \$78,053,638. The net position for Clay County's governmental activities increased by \$5,942,499 and increased by \$4,424,791 for the business-type activities.

**Revenues by Source - Governmental Activities**



**Governmental Activities**

Revenues for Clay County’s governmental activities for the year ended December 31, 2019, were \$69,581,395 (Table 2). Clay County’s costs for all governmental activities for the year ended December 31, 2019, were \$62,541,321 (Table 2). As shown in Clay County’s Statement of Activities, the amount that Clay County taxpayers ultimately financed for these governmental activities through local property taxation was \$29,269,452, because \$4,051,874 of the costs were paid by those who directly benefited from the programs, and \$22,903,925 was paid by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of Clay County’s six largest 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 placed on Clay County’s taxpayers by each of these functions.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Program Expenses				
General government	\$ 9,853,781	\$ 10,186,367	\$ 7,953,413	\$ 7,822,098
Public safety	13,482,807	11,175,990	12,097,078	10,076,091
Highways and streets	11,761,858	10,184,226	2,485,482	764,129
Human services	22,278,443	21,595,996	9,822,652	9,136,192
Conservation of natural resources	2,335,837	662,712	398,302	397,639
Interest and fiscal charges	1,829,222	1,925,514	1,829,222	1,925,514
All others	999,373	1,127,771	999,373	1,127,771
<b>Total Program Expenses</b>	<b>\$ 62,541,321</b>	<b>\$ 56,858,576</b>	<b>\$ 35,585,522</b>	<b>\$ 31,249,434</b>

(Unaudited)

## **Business-Type Activities**

Revenues of Clay County's business-type activities (Table 2) for the year ended December 31, 2019, were \$18,839,533. Expenses of Clay County's business-type activities (Table 2) for the year ended December 31, 2019, were \$15,512,317.

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

As of the end of 2019, Clay County's governmental funds reported combined ending fund balances of \$33,183,892, which is above last year's total of \$32,258,378. Included in this year's total fund balance is Clay County's General Fund balance of \$12,016,898.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

In Clay County's General Fund, the actual revenues exceeded the expected revenues by \$1,561,895, primarily due to intergovernmental transactions. Total actual expenditures in Clay County's General Fund were less than the budgeted expenditures by \$1,015,059.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Clay County's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounted to \$161,417,073 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the Clay County investment in capital assets for the current fiscal year was \$6,662,540, or 4 percent (see Table 4).

The major capital asset events during the current fiscal year included the construction of the Jail, resulting in an increase in construction in progress of \$3,856,391. The current fiscal year also included road construction projects, resulting in an increase in construction in progress of \$3,196,392 for infrastructure.

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

**Capital Assets at Year-End  
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,889,090	\$ 3,889,090	\$ 1,084,851	\$ 1,084,851	\$ 4,973,941	\$ 4,973,941
Construction in progress	37,542,689	30,450,629	10,631,398	4,881,476	48,174,087	35,332,105
Land improvements	1,785,461	1,837,067	315,975	328,194	2,101,436	2,165,261
Buildings	21,328,584	22,761,920	4,578,626	5,072,703	25,907,210	27,834,623
Machinery, furniture, and equipment	4,590,565	4,437,795	792,145	959,009	5,382,710	5,396,804
Infrastructure	73,418,359	77,193,354	338,360	628,682	73,756,719	77,822,036
Landfill	-	-	1,120,970	1,229,763	1,120,970	1,229,763
Totals	<u>\$ 142,554,748</u>	<u>\$ 140,569,855</u>	<u>\$ 18,862,325</u>	<u>\$ 14,184,678</u>	<u>\$ 161,417,073</u>	<u>\$ 154,754,533</u>

**Long-Term Debt**

At the end of 2019, Clay County had total bonded debt outstanding of \$60,765,000. This is a decrease of \$2,360,000 from the start of the year (see Table 5).

**Table 5  
Outstanding Debt at Year-End**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	<u>\$ 53,270,000</u>	<u>\$ 55,630,000</u>	<u>\$ 7,495,000</u>	<u>\$ 7,495,000</u>	<u>\$ 60,765,000</u>	<u>\$ 63,125,000</u>

Clay County’s general obligation bonds are rated an A2. These ratings have been assigned by a national rating agency to Clay County’s debt. The state limits the amount of debt that the counties can issue to three percent of the market value of all taxable property in Clay County. Clay County’s outstanding net debt is significantly below this \$193,212,087 state-imposed limit.

Other obligations include capital leases, compensated absences, and landfill closure and postclosure costs. Clay County’s notes to the financial statements provide detailed information about the County’s long-term liabilities.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

- Clay County’s average unemployment rate for 2019 and 2018 is 3.1 percent and 2.9 percent, respectively. The unemployment rate for the first five months of 2020 averaged 3.84 percent. This compares consistent to the state’s average unemployment rate for 2019 of 3.2 percent and favorably the national average rate of 3.7 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.
- With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs and services will be extremely important as future budgets are developed and efforts are made to control expenditures.

- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of future budgets.

All of these factors were considered in preparing Clay County's governmental budget for the 2019 fiscal year.

On December 17, 2019, the Clay County Board of Commissioners approved the 2020 budget. The overall budget increase was 3.7 percent, for a total budget of \$95,555,609. It also included a 7.09 percent property tax levy increase for a total levy of \$35,014,703.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Clay County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Lori J. Johnson, Clay County Auditor/Treasurer, Clay County Auditor's Office, P. O. Box 280, Moorhead, Minnesota 56561-0280; or contact us at 218-299-5006 or via email at [auditor@co.clay.mn.us](mailto:auditor@co.clay.mn.us).

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 32,453,540	\$ 16,413,747	\$ 48,867,287
Investments	1,022,033	1,444,957	2,466,990
Taxes receivable delinquent	544,358	-	544,358
Special assessments receivable			
Delinquent - net	679	56,478	57,157
Liens - net	580,506	-	580,506
Accounts receivable - net	314,505	309,039	623,544
Accrued interest receivable	120,525	2,519	123,044
Internal balances	1,418,461	(1,418,461)	-
Due from other governments	9,025,821	2,026,789	11,052,610
Inventories	256,778	-	256,778
Prepaid items	103,524	16,408	119,932
Restricted assets			
Permanently restricted			
Investments	-	4,030,246	4,030,246
Accrued interest receivable	-	44,291	44,291
Long-term receivables	300,000	-	300,000
Capital assets			
Non-depreciable	41,431,779	11,716,249	53,148,028
Depreciable - net of accumulated depreciation	101,122,969	7,146,076	108,269,045
<b>Total Assets</b>	<b>\$ 188,695,478</b>	<b>\$ 41,788,338</b>	<b>\$ 230,483,816</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred other postemployment benefits outflows	\$ 178,875	\$ 56,890	\$ 235,765
Deferred pension outflows	4,144,450	333,535	4,477,985
<b>Total Deferred Outflows of Resources</b>	<b>\$ 4,323,325</b>	<b>\$ 390,425</b>	<b>\$ 4,713,750</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 959,162	\$ 198,134	\$ 1,157,296
Salaries payable	1,374,081	459,519	1,833,600
Contracts payable	1,969,210	507,138	2,476,348
Due to other governments	1,926,748	441,534	2,368,282
Accrued interest payable	766,389	104,651	871,040
Unearned revenue	8,164	379,418	387,582
Long-term liabilities			
Due within one year	3,267,168	487,874	3,755,042
Due in more than one year	55,247,827	11,175,076	66,422,903
Other postemployment benefits liability	1,340,028	193,687	1,533,715
Net pension liability	13,875,672	3,548,353	17,424,025
<b>Total Liabilities</b>	<b>\$ 80,734,449</b>	<b>\$ 17,495,384</b>	<b>\$ 98,229,833</b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred other postemployment benefits inflows	\$ 29,506	\$ 9,384	\$ 38,890
Deferred pension inflows	7,858,590	1,505,554	9,364,144
<b>Total Deferred Inflows of Resources</b>	<b>\$ 7,888,096</b>	<b>\$ 1,514,938</b>	<b>\$ 9,403,034</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	\$ 90,342,537	\$ 11,168,706	\$ 101,511,243
Restricted for			
General government	478,501	-	478,501
Public safety	433,529	-	433,529
Highways and streets	2,210,742	-	2,210,742
Closure/postclosure	-	791,399	791,399
Health	-	150,203	150,203
Conservation of natural resources	463,815	-	463,815
Capital projects	-	385,120	385,120
Debt service	3,292,769	-	3,292,769
Other purposes	16,326	-	16,326
Unrestricted	7,158,039	10,673,013	17,831,052
<b>Total Net Position</b>	<b>\$ 104,396,258</b>	<b>\$ 23,168,441</b>	<b>\$ 127,564,699</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>
<b><u>Functions/Programs</u></b>		
<b>Governmental activities</b>		
General government	\$ 9,853,781	\$ 1,394,480
Public safety	13,482,807	568,287
Highways and streets	11,761,858	907,699
Human services	22,278,443	1,170,792
Culture and recreation	488,797	-
Conservation of natural resources	2,335,837	10,616
Economic development	510,576	-
Interest and fiscal charges	1,829,222	-
	<b>\$ 62,541,321</b>	<b>\$ 4,051,874</b>
<b>Total governmental activities</b>		
<b>Business-type activities</b>		
Family Service Center	\$ 1,526,308	\$ 1,405,469
Public Health	6,338,211	2,439,270
Solid Waste Management	2,647,816	3,473,402
Juvenile Center	4,999,982	8,167,569
	<b>\$ 15,512,317</b>	<b>\$ 15,485,710</b>
<b>Total business-type activities</b>		
	<b>\$ 78,053,638</b>	<b>\$ 19,537,584</b>
<b>Total</b>	<b>\$ 78,053,638</b>	<b>\$ 19,537,584</b>

**General Revenues**

Property taxes  
Gravel taxes  
Mortgage registry and deed tax  
Local sales tax  
Taxes - other  
Grants and contributions not restricted to  
specific programs  
Payments in lieu of tax  
Investment income  
Miscellaneous

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net Position - Beginning**

**Net Position - Ending**

**EXHIBIT 2**

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Change in Net Position</b>		
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ 505,888	\$ -	\$ (7,953,413)	\$ -	\$ (7,953,413)
817,442	-	(12,097,078)	-	(12,097,078)
7,761,111	607,566	(2,485,482)	-	(2,485,482)
11,284,999	-	(9,822,652)	-	(9,822,652)
-	-	(488,797)	-	(488,797)
187,100	1,739,819	(398,302)	-	(398,302)
-	-	(510,576)	-	(510,576)
-	-	(1,829,222)	-	(1,829,222)
<b>\$ 20,556,540</b>	<b>\$ 2,347,385</b>	<b>\$ (35,585,522)</b>	<b>\$ -</b>	<b>\$ (35,585,522)</b>
\$ -	\$ -	\$ -	\$ (120,839)	\$ (120,839)
2,862,381	-	-	(1,036,560)	(1,036,560)
291,616	-	-	1,117,202	1,117,202
109,657	-	-	3,277,244	3,277,244
<b>\$ 3,263,654</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,237,047</b>	<b>\$ 3,237,047</b>
<b>\$ 23,820,194</b>	<b>\$ 2,347,385</b>	<b>\$ (35,585,522)</b>	<b>\$ 3,237,047</b>	<b>\$ (32,348,475)</b>
		\$ 29,269,452	\$ -	\$ 29,269,452
		322,645	-	322,645
		8,278	-	8,278
		2,955,981	-	2,955,981
		552,765	-	552,765
		7,333,434	8,976	7,342,410
		95,927	-	95,927
		1,650,812	81,193	1,732,005
		436,302	-	436,302
		(1,097,575)	1,097,575	-
		<b>\$ 41,528,021</b>	<b>\$ 1,187,744</b>	<b>\$ 42,715,765</b>
		<b>\$ 5,942,499</b>	<b>\$ 4,424,791</b>	<b>\$ 10,367,290</b>
		<b>98,453,759</b>	<b>18,743,650</b>	<b>117,197,409</b>
		<b>\$ 104,396,258</b>	<b>\$ 23,168,441</b>	<b>\$ 127,564,699</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 10,394,648	\$ 3,160,353
Petty cash and change funds	9,025	-
Undistributed cash in agency funds	364,404	48,749
Investments	22,033	1,000,000
Taxes receivable delinquent	319,819	52,965
Special assessments		
Delinquent	-	-
Liens	-	-
Accounts receivable	60,137	83,626
Accrued interest receivable	119,008	1,517
Due from other funds	270,198	-
Due from other governments	218,997	4,839,976
Prepaid items	91,997	11,527
Advance to other funds	1,845,000	-
Long-term receivables	300,000	-
Inventories	-	256,778
	<b>\$ 14,015,266</b>	<b>\$ 9,455,491</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 258,685	\$ 134,973
Salaries payable	778,343	157,620
Compensated absences/vacation/sick payable current	5,862	-
Contracts payable	-	287,612
Due to other funds	141,734	48,671
Due to other governments	475,129	1,064,500
Unearned revenue	-	-
Advance from other funds	-	379,796
	<b>\$ 1,659,753</b>	<b>\$ 2,073,172</b>

**EXHIBIT 3**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Jail/Law Enforcement Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 7,409,764	\$ 371,247	\$ 4,611,140	\$ 3,461,710	\$ 29,408,862
1,700	-	-	-	10,725
149,540	558	-	13,088	576,339
-	-	-	-	1,022,033
154,992	-	-	16,582	544,358
-	679	-	-	679
-	580,506	-	-	580,506
170,742	-	-	-	314,505
-	-	-	-	120,525
79,088	11	83,799	49,657	482,753
2,217,502	1,498,999	-	250,336	9,025,810
-	-	-	-	103,524
-	-	-	-	1,845,000
-	-	-	-	300,000
-	-	-	-	256,778
<b><u>\$ 10,183,328</u></b>	<b><u>\$ 2,452,000</u></b>	<b><u>\$ 4,694,939</u></b>	<b><u>\$ 3,791,373</u></b>	<b><u>\$ 44,592,397</u></b>
\$ 506,284	\$ -	\$ 29,700	\$ 27,956	\$ 957,598
438,118	-	-	-	1,374,081
-	-	-	-	5,862
-	-	1,681,598	-	1,969,210
405,986	-	-	-	596,391
322,747	-	-	-	1,862,376
8,164	-	-	-	8,164
-	-	-	-	379,796
<b><u>\$ 1,681,299</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,711,298</u></b>	<b><u>\$ 27,956</u></b>	<b><u>\$ 7,153,478</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b> (Continued)		
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 338,615	\$ 1,379,213
<b>Fund Balances</b>		
Nonspendable		
Inventories	\$ -	\$ 256,778
Prepaid items	91,997	11,527
Long-term receivables	300,000	-
Advances to other funds	1,845,000	-
Restricted for		
Debt service	-	-
Law library	57,763	-
Capital projects	-	-
Gravel pit restoration	-	-
County state-aid highway system	-	357,758
Real estate tax shortfall	22,033	-
Administering the carrying of weapons	232,886	-
Missing heirs	16,326	-
K-9	37,596	-
DARE Program	24,933	-
Posse	6,117	-
Veteran's affairs	1,077	-
Law enforcement	76,002	-
Prosecutorial purposes	195,505	-
Recorder's technology equipment	123,980	-
Recorder's enhancements	78,143	-
Correctional services	55,995	-
Aquatic invasive species	71,373	-
Riparian aid	392,442	-
Wheelage tax - for highway purposes	-	487,690
Assigned for		
Road and bridge	-	4,889,353
Human services	-	-
County building projects	-	-
Unassigned	8,387,730	-
<b>Total Fund Balances</b>	<b>\$ 12,016,898</b>	<b>\$ 6,003,106</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,015,266</b>	<b>\$ 9,455,491</b>

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

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Jail/Law Enforcement Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 443,772	\$ 2,080,020	\$ -	\$ 13,407	\$ 4,255,027
-	-	-	-	256,778
-	-	-	-	103,524
-	-	-	-	300,000
-	-	-	-	1,845,000
-	371,980	-	2,920,789	3,292,769
-	-	-	-	57,763
-	-	2,983,641	-	2,983,641
-	-	-	736,498	736,498
-	-	-	-	357,758
-	-	-	-	22,033
-	-	-	-	232,886
-	-	-	-	16,326
-	-	-	-	37,596
-	-	-	-	24,933
-	-	-	-	6,117
-	-	-	-	1,077
-	-	-	-	76,002
-	-	-	-	195,505
-	-	-	-	123,980
-	-	-	-	78,143
-	-	-	-	55,995
-	-	-	-	71,373
-	-	-	-	392,442
-	-	-	-	487,690
-	-	-	-	4,889,353
8,058,257	-	-	-	8,058,257
-	-	-	117,000	117,000
-	-	-	(24,277)	8,363,453
<u>\$ 8,058,257</u>	<u>\$ 371,980</u>	<u>\$ 2,983,641</u>	<u>\$ 3,750,010</u>	<u>\$ 33,183,892</u>
<u>\$ 10,183,328</u>	<u>\$ 2,452,000</u>	<u>\$ 4,694,939</u>	<u>\$ 3,791,373</u>	<u>\$ 44,592,397</u>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2019**

<b>Fund balances - total governmental funds (Exhibit 3)</b>		<b>\$ 33,183,892</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.		142,554,748
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		4,144,450
Deferred outflows of resources resulting from OPEB obligations are not available resources and, therefore, are not reported in the governmental funds.		178,875
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		4,255,027
Internal service funds are used by management to charge the cost of management of fleet maintenance and self-insurance to individual funds. The assets and liabilities that are included in governmental activities in the statement of net position are:		
Total internal services net position	\$ 6,596,392	
Long-term liabilities of the Internal Service Fund	68,341	
Net position representing capital assets included above	<u>(4,206,149)</u>	2,458,584
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	\$ (55,733,746)	
Capital leases payable	(68,341)	
Compensated absences	(2,707,046)	
Accrued interest payable	(766,389)	
Other postemployment benefits liability	(1,340,028)	
Net pension liability	<u>(13,875,672)</u>	(74,491,222)
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.		(7,858,590)
Deferred inflows of resources resulting from OPEB obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(29,506)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>		<b><u>\$ 104,396,258</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General</u>	<u>Road and Bridge</u>
<b>Revenues</b>		
Taxes	\$ 17,627,250	\$ 3,506,170
Special assessments	-	-
Licenses and permits	78,695	93,880
Intergovernmental	6,067,513	10,030,366
Charges for services	1,413,445	555,236
Fines and forfeits	114,904	-
Investment earnings	1,500,778	23,048
Miscellaneous	796,554	109,245
	<u>\$ 27,599,139</u>	<u>\$ 14,317,945</u>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 9,464,733	\$ -
Public safety	12,602,952	-
Highways and streets	-	10,446,218
Human services	-	-
Culture and recreation	488,797	-
Conservation of natural resources	592,695	-
Economic development	510,576	-
<b>Intergovernmental</b>		
Highways and streets	-	612,601
<b>Capital outlay</b>		
General government	-	-
Public safety	-	-
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Administrative (fiscal charges)	-	-
Bond issuance costs	-	-
	<u>\$ 23,659,753</u>	<u>\$ 11,058,819</u>
<b>Excess of Revenues Over (Under)</b>		
<b>Expenditures</b>	<u>\$ 3,939,386</u>	<u>\$ 3,259,126</u>

**EXHIBIT 5**

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Jail/Law Enforcement Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 8,230,492	\$ -	\$ -	\$ 3,724,487	\$ 33,088,399
-	516,746	-	-	516,746
-	-	-	-	172,575
13,442,298	-	-	129,770	29,669,947
-	-	-	-	1,968,681
9,858	-	-	-	124,762
-	-	83,799	-	1,607,625
1,069,982	-	6,051	36	1,981,868
<b>\$ 22,752,630</b>	<b>\$ 516,746</b>	<b>\$ 89,850</b>	<b>\$ 3,854,293</b>	<b>\$ 69,130,603</b>
\$ -	\$ -	\$ -	\$ 13,294	\$ 9,478,027
-	-	-	-	12,602,952
-	-	-	-	10,446,218
22,124,077	-	-	-	22,124,077
-	-	-	-	488,797
-	1,667,908	-	272,530	2,533,133
-	-	-	-	510,576
-	-	-	-	612,601
-	-	-	39,277	39,277
-	-	3,905,492	-	3,905,492
-	295,000	-	3,785,000	4,080,000
-	23,225	-	1,816,038	1,839,263
-	-	-	2,425	2,425
-	57,464	-	-	57,464
<b>\$ 22,124,077</b>	<b>\$ 2,043,597</b>	<b>\$ 3,905,492</b>	<b>\$ 5,928,564</b>	<b>\$ 68,720,302</b>
<b>\$ 628,553</b>	<b>\$ (1,526,851)</b>	<b>\$ (3,815,642)</b>	<b>\$ (2,074,271)</b>	<b>\$ 410,301</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>General</b>	<b>Road and Bridge</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 120,000	\$ -
Transfers out	(2,090,313)	(2,080,750)
Bonds issued	-	-
Premium on bonds/notes issued	-	-
	<b>\$ (1,970,313)</b>	<b>\$ (2,080,750)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,969,073</b>	<b>\$ 1,178,376</b>
<b>Fund Balance - January 1</b>	<b>10,047,825</b>	<b>4,935,783</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(111,053)</b>
<b>Fund Balance - December 31</b>	<b>\$ 12,016,898</b>	<b>\$ 6,003,106</b>

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

<u>Social Services</u>	<u>Ditch Debt Service</u>	<u>Jail/Law Enforcement Construction Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 3,253,488	\$ 3,373,488
-	-	-	(300,000)	(4,471,063)
-	1,720,000	-	-	1,720,000
-	3,841	-	-	3,841
<u>\$ -</u>	<u>\$ 1,723,841</u>	<u>\$ -</u>	<u>\$ 2,953,488</u>	<u>\$ 626,266</u>
\$ 628,553	\$ 196,990	\$ (3,815,642)	\$ 879,217	\$ 1,036,567
7,429,704	174,990	6,799,283	2,870,793	32,258,378
-	-	-	-	(111,053)
<u>\$ 8,058,257</u>	<u>\$ 371,980</u>	<u>\$ 2,983,641</u>	<u>\$ 3,750,010</u>	<u>\$ 33,183,892</u>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,036,567**

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

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

Unavailable revenue - December 31	\$ 4,255,027	
Unavailable revenue - January 1	(4,001,340)	253,687

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.

Expenditures for general capital assets and infrastructure	\$ 7,469,428	
Net book value of assets sold	(893,150)	
Current year depreciation	(4,562,748)	2,013,530

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.

Proceeds of new debt		
Bonds issued	\$ (1,720,000)	
Premium on bonds issued	(3,841)	(1,723,841)
Principal repayments		
General obligation bonds		4,080,000

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 6  
(Continued)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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	\$	13,981	
Amortization of premiums and discounts		193,801	
Change in compensated absences		(133,431)	
Change in other postemployment benefits liability		8,023	
Change in deferred other post employment benefits inflows		(29,506)	
Change in inventories		(111,053)	
Change in net pension liability		457,720	
Change in deferred pension outflows		(3,259,542)	
Change in other post employment benefits outflows		97,191	
Change in deferred pension inflows		<u>2,622,881</u>	(139,935)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

Governmental activities share of net income before transfers		<u>422,491</u>	
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<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>		<u><u>\$ 5,942,499</u></u>	
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**PROPRIETARY FUNDS**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2019**

	<b>Business-Type</b>	
	<b>Family Service Center</b>	<b>Juvenile Center</b>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and pooled investments	\$ 962,900	\$ 3,736,355
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
Investments	-	165,008
Special assessments		
Delinquent	-	-
Accounts receivable - net	6,637	50
Accrued interest receivable	-	577
Due from other funds	64,402	118,117
Due from other governments	5,022	792,353
Prepaid items	-	295
<b>Total current assets</b>	<b>\$ 1,039,261</b>	<b>\$ 4,812,755</b>
<b>Restricted assets</b>		
Investments	\$ -	\$ -
Accrued interest receivable	-	-
<b>Total restricted assets</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Noncurrent assets</b>		
Advance to other funds	\$ -	\$ -
Capital assets		
Nondepreciable	240,500	9,787,245
Depreciable - net	3,093,814	1,185,764
<b>Total noncurrent assets</b>	<b>\$ 3,334,314</b>	<b>\$ 10,973,009</b>
<b>Total Assets</b>	<b>\$ 4,373,575</b>	<b>\$ 15,785,764</b>
<b>Deferred Outflows of Resources</b>		
Deferred pension outflows	\$ 32,598	\$ 81,651
Deferred other postemployment benefits outflows	2,346	18,181
<b>Total deferred outflows of resources</b>	<b>\$ 34,944</b>	<b>\$ 99,832</b>

**EXHIBIT 7**

<b>Activities - Enterprise Funds</b>			<b>Governmental</b>
<b>Public Health</b>	<b>Solid Waste Management</b>	<b>Totals</b>	<b>Activities Internal Service Fund</b>
\$ 2,281,212	\$ 9,380,321	\$ 16,360,788	\$ 2,457,614
-	51,789	51,789	-
170	700	1,170	-
-	1,279,949	1,444,957	-
-	56,478	56,478	-
194,693	107,659	309,039	-
-	1,942	2,519	-
475,163	-	657,682	2,534
639,435	121,486	1,558,296	-
15,893	220	16,408	-
<b>\$ 3,606,566</b>	<b>\$ 11,000,544</b>	<b>\$ 20,459,126</b>	<b>\$ 2,460,148</b>
\$ -	\$ 4,030,246	\$ 4,030,246	\$ -
-	44,291	44,291	-
<b>\$ -</b>	<b>\$ 4,074,537</b>	<b>\$ 4,074,537</b>	<b>\$ -</b>
\$ -	\$ 379,796	\$ 379,796	\$ -
-	1,688,504	11,716,249	-
25,547	2,840,951	7,146,076	4,206,149
<b>\$ 25,547</b>	<b>\$ 4,909,251</b>	<b>\$ 19,242,121</b>	<b>\$ 4,206,149</b>
<b>\$ 3,632,113</b>	<b>\$ 19,984,332</b>	<b>\$ 43,775,784</b>	<b>\$ 6,666,297</b>
\$ 193,263	\$ 26,023	\$ 333,535	\$ -
32,257	4,106	56,890	-
<b>\$ 225,520</b>	<b>\$ 30,129</b>	<b>\$ 390,425</b>	<b>\$ -</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2019**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
<b><u>Liabilities</u></b>		
<b>Current liabilities</b>		
Accounts payable	\$ 45,144	\$ 68,751
Salaries payable	22,151	197,535
Contracts payable	-	507,138
Due to other funds	300	59,914
Due to other governments	944	8,467
Accrued interest payable	-	104,651
Unearned revenue	25,871	-
General obligation bonds payable - current	-	270,000
Capital leases payable - current	-	-
Compensated absences payable - current	11,519	72,969
<b>Total current liabilities</b>	<b>\$ 105,929</b>	<b>\$ 1,289,425</b>
<b>Noncurrent liabilities</b>		
Advance from other funds	\$ 1,495,000	\$ 350,000
General obligation bonds payable - long-term	-	7,225,000
Unamortized premiums on G.O. bonds	-	198,618
Capital leases payable - long-term	-	-
Estimated liability for landfill closure/postclosure	-	-
Net pension liability	311,414	465,301
Other postemployment benefits liability	5,571	72,928
Compensated absences payable - long-term	55,091	91,020
<b>Total noncurrent liabilities</b>	<b>\$ 1,867,076</b>	<b>\$ 8,402,867</b>
<b>Total Liabilities</b>	<b>\$ 1,973,005</b>	<b>\$ 9,692,292</b>
<b>Deferred Inflows of Resources</b>		
Deferred pension inflows	\$ 58,550	\$ 793,113
Deferred other postemployment benefits inflows	387	2,999
<b>Total deferred inflows of resources</b>	<b>\$ 58,937</b>	<b>\$ 796,112</b>
<b><u>Net Position</u></b>		
<b>Net Position</b>		
Net investment in capital assets	\$ 3,334,314	\$ 3,279,391
Restricted for		
Closure/postclosure	-	-
Capital projects	-	385,120
Health	-	-
Unrestricted	(957,737)	1,732,681
<b>Total Net Position</b>	<b>\$ 2,376,577</b>	<b>\$ 5,397,192</b>

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

**EXHIBIT 7**  
**(Continued)**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste Management</b>	<b>Totals</b>	
\$ 51,887	\$ 32,352	\$ 198,134	\$ 1,564
212,607	27,226	459,519	-
-	-	507,138	-
201,003	-	261,217	-
32,249	281,103	322,763	-
-	-	104,651	-
353,547	-	379,418	-
-	-	270,000	-
-	-	-	32,110
117,044	16,342	217,874	-
<b>\$ 968,337</b>	<b>\$ 357,023</b>	<b>\$ 2,720,714</b>	<b>\$ 33,674</b>
\$ -	\$ -	\$ 1,845,000	\$ -
-	-	7,225,000	-
-	-	198,618	-
-	-	-	36,231
-	3,283,138	3,283,138	-
2,428,628	343,010	3,548,353	-
101,152	14,036	193,687	-
277,640	44,569	468,320	-
<b>\$ 2,807,420</b>	<b>\$ 3,684,753</b>	<b>\$ 16,762,116</b>	<b>\$ 36,231</b>
<b>\$ 3,775,757</b>	<b>\$ 4,041,776</b>	<b>\$ 19,482,830</b>	<b>\$ 69,905</b>
\$ 569,666	\$ 84,225	\$ 1,505,554	\$ -
5,321	677	9,384	-
<b>\$ 574,987</b>	<b>\$ 84,902</b>	<b>\$ 1,514,938</b>	<b>\$ -</b>
\$ 25,547	\$ 4,529,454	\$ 11,168,706	\$ 4,137,808
-	791,399	791,399	-
-	-	385,120	-
150,203	-	150,203	-
(668,861)	10,566,930	10,673,013	2,458,584
<b>\$ (493,111)</b>	<b>\$ 15,887,783</b>	<b>\$ 23,168,441</b>	<b>\$ 6,596,392</b>

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

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
<b>Operating Revenues</b>		
Charges for services	\$ 164,634	\$ 5,542,845
Rents	1,179,560	-
Miscellaneous	61,275	2,624,724
<b>Total Operating Revenues</b>	<b>\$ 1,405,469</b>	<b>\$ 8,167,569</b>
<b>Operating Expenses</b>		
Personal services	\$ 452,950	\$ 3,610,274
Other services and charges	657,614	742,425
Supplies	50,419	234,139
Depreciation	365,325	171,430
Landfill closure and postclosure costs	-	-
<b>Total Operating Expenses</b>	<b>\$ 1,526,308</b>	<b>\$ 4,758,268</b>
<b>Operating Income (Loss)</b>	<b>\$ (120,839)</b>	<b>\$ 3,409,301</b>
<b>Nonoperating Revenues (Expenses)</b>		
Special assessments	\$ -	\$ -
Intergovernmental	587	111,022
Interest income (Loss)	-	52,318
Gain on sale/disposal of capital assets	-	(1,008)
Interest expense	-	(240,706)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ 587</b>	<b>\$ (78,374)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>\$ (120,252)</b>	<b>\$ 3,330,927</b>
Transfers in	-	278,796
Transfers out	-	-
<b>Change in net position</b>	<b>\$ (120,252)</b>	<b>\$ 3,609,723</b>
<b>Net Position - January 1</b>	<b>2,496,829</b>	<b>1,787,469</b>
<b>Net Position - December 31</b>	<b>\$ 2,376,577</b>	<b>\$ 5,397,192</b>

**EXHIBIT 8**

<b>Activities - Enterprise Funds</b>			<b>Governmental</b>
<b>Public Health</b>	<b>Solid Waste Management</b>	<b>Totals</b>	<b>Activities Internal Service Fund</b>
\$ 2,407,755	\$ 2,139,239	\$ 10,254,473	\$ 1,682,967
-	-	1,179,560	-
31,515	30,110	2,747,624	36,327
<b>\$ 2,439,270</b>	<b>\$ 2,169,349</b>	<b>\$ 14,181,657</b>	<b>\$ 1,719,294</b>
\$ 5,317,250	\$ 626,896	\$ 10,007,370	\$ -
889,447	1,012,477	3,301,963	-
122,054	430,525	837,137	170,312
9,460	602,737	1,148,952	1,181,271
-	(24,819)	(24,819)	-
<b>\$ 6,338,211</b>	<b>\$ 2,647,816</b>	<b>\$ 15,270,603</b>	<b>\$ 1,351,583</b>
<b>\$ (3,898,941)</b>	<b>\$ (478,467)</b>	<b>\$ (1,088,946)</b>	<b>\$ 367,711</b>
\$ -	\$ 1,304,053	\$ 1,304,053	\$ -
2,868,505	193,607	3,173,721	-
-	127,784	180,102	-
-	-	(1,008)	56,295
-	-	(240,706)	(1,515)
<b>\$ 2,868,505</b>	<b>\$ 1,625,444</b>	<b>\$ 4,416,162</b>	<b>\$ 54,780</b>
\$ (1,030,436)	\$ 1,146,977	\$ 3,327,216	\$ 422,491
938,779	-	1,217,575	-
-	(120,000)	(120,000)	-
<b>\$ (91,657)</b>	<b>\$ 1,026,977</b>	<b>\$ 4,424,791</b>	<b>\$ 422,491</b>
<b>(401,454)</b>	<b>14,860,806</b>	<b>18,743,650</b>	<b>6,173,901</b>
<b>\$ (493,111)</b>	<b>\$ 15,887,783</b>	<b>\$ 23,168,441</b>	<b>\$ 6,596,392</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and users	\$ 1,380,328	\$ 7,773,852
Payments to suppliers	(710,110)	(924,819)
Payments to employees	(438,929)	(3,452,474)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 231,289</b>	<b>\$ 3,396,559</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Special assessments	\$ -	\$ -
Intergovernmental	587	113,062
Advance to other funds	-	-
Transfers in	-	278,796
Transfers out	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ 587</b>	<b>\$ 391,858</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal paid on installment purchase	\$ -	\$ -
Interest paid on long-term debt	-	(289,311)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	(26,010)	(5,852,006)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>\$ (26,010)</b>	<b>\$ (6,141,317)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	21,474
<b>Net cash provided by (used in) investing activities</b>	<b>\$ -</b>	<b>\$ 21,474</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 205,866</b>	<b>\$ (2,331,426)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>757,334</b>	<b>6,067,781</b>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 963,200</b>	<b>\$ 3,736,355</b>

**EXHIBIT 9**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste Management</b>	<b>Totals</b>	
\$ 2,494,421 (1,088,004) (5,295,308)	\$ 2,107,910 (1,406,771) (635,086)	\$ 13,756,511 (4,129,704) (9,821,797)	\$ 1,719,294 (127,831) -
<b>\$ (3,888,891)</b>	<b>\$ 66,053</b>	<b>\$ (194,990)</b>	<b>\$ 1,591,463</b>
\$ - 2,685,070 - 938,779 -	\$ 1,296,404 183,727 50,000 - (120,000)	\$ 1,296,404 2,982,446 50,000 1,217,575 (120,000)	\$ - 107,765 - - -
<b>\$ 3,623,849</b>	<b>\$ 1,410,131</b>	<b>\$ 5,426,425</b>	<b>\$ 107,765</b>
\$ - - - -	\$ - - - (177,618)	\$ - (289,311) - (6,055,634)	\$ (41,850) (1,515) 74,260 (1,209,971)
<b>\$ -</b>	<b>\$ (177,618)</b>	<b>\$ (6,344,945)</b>	<b>\$ (1,179,076)</b>
\$ - -	\$ (108,840) 99,327	\$ (108,840) 120,801	\$ - -
<b>\$ -</b>	<b>\$ (9,513)</b>	<b>\$ 11,961</b>	<b>\$ -</b>
\$ (265,042) <b>2,546,424</b>	\$ 1,289,053 <b>8,143,757</b>	\$ (1,101,549) <b>17,515,296</b>	\$ 520,152 <b>1,937,462</b>
<b>\$ 2,281,382</b>	<b>\$ 9,432,810</b>	<b>\$ 16,413,747</b>	<b>\$ 2,457,614</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
Increase (Decrease) in Cash and Cash Equivalents**

	<b>Business-Type</b>	
	<b>Family Service Center</b>	<b>Juvenile Center</b>
<b>Cash and Cash Equivalents - Exhibit 7</b>		
Cash and pooled investments	\$ 962,900	\$ 3,736,355
Undistributed cash in agency funds	-	-
Petty cash and change funds	300	-
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 963,200</u></b>	<b><u>\$ 3,736,355</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
<b>Operating income (loss)</b>	<b><u>\$ (120,839)</u></b>	<b><u>\$ 3,409,301</u></b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>		
Depreciation expense	\$ 365,325	\$ 171,430
(Increase) decrease in accounts receivable	(3,465)	111
(Increase) decrease in allowance for uncollectible account receivable	-	-
(Increase) decrease in OPEB outflows	(1,275)	(9,879)
(Increase) decrease in due from other governments	(737)	(381,647)
(Increase) decrease in due from other funds	(28,837)	(12,020)
(Increase) decrease in prepaid items	360	-
(Increase) decrease in deferred pension outflows	13,351	364,530
Increase (decrease) in accounts payable	(1,747)	40,127
Increase (decrease) in salaries payable	6,336	50,245
Increase (decrease) in compensated absences - current	(1,043)	9,616
Increase (decrease) in compensated absences - long-term	5,787	12,334
Increase (decrease) in due to other funds	185	33,722
Increase (decrease) in due to other governments	243	8,266
Increase (decrease) in unearned revenue	6,050	-
Increase (decrease) in net OPEB liability	(105)	(815)
Increase (decrease) in landfill closure and postclosure payable	-	-
Increase (decrease) in deferred pension inflows	1,961	(280,183)
Increase (decrease) in OPEB inflows	387	2,999
Increase (decrease) in net pension liability	(10,648)	(21,578)
<b>Total adjustments</b>	<b><u>\$ 352,128</u></b>	<b><u>\$ (12,742)</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ 231,289</u></b>	<b><u>\$ 3,396,559</u></b>

**EXHIBIT 9**  
**(Continued)**

<b>Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
<b>Public Health</b>	<b>Solid Waste Management</b>	<b>Totals</b>	
\$ 2,281,212	\$ 9,380,321	\$ 16,360,788	\$ 2,457,614
-	51,789	51,789	-
170	700	1,170	-
<b><u>\$ 2,281,382</u></b>	<b><u>\$ 9,432,810</u></b>	<b><u>\$ 16,413,747</u></b>	<b><u>\$ 2,457,614</u></b>
<b><u>\$ (3,898,941)</u></b>	<b><u>\$ (478,467)</u></b>	<b><u>\$ (1,088,946)</u></b>	<b><u>\$ 367,711</u></b>
\$ 9,460	\$ 602,737	\$ 1,148,952	\$ 1,181,271
(252,525)	(55,107)	(310,986)	7,855
277,909	-	277,909	-
(17,527)	(2,231)	(30,912)	-
(156,165)	(6,187)	(544,736)	50,668
110,304	-	69,447	(2,534)
(1,873)	-	(1,513)	-
77,749	11,025	466,655	-
(34,338)	41	4,083	(13,508)
41,484	1,978	100,043	-
(12,911)	(1,135)	(5,473)	-
(37,555)	(13,735)	(33,169)	-
(71,643)	(25)	(37,761)	-
30,345	35,370	74,224	-
72,547	-	78,597	-
(1,447)	(184)	(2,551)	-
-	(24,819)	(24,819)	-
81,945	12,425	(183,852)	-
5,321	677	9,384	-
(111,030)	(16,310)	(159,566)	-
<b><u>\$ 10,050</u></b>	<b><u>\$ 544,520</u></b>	<b><u>\$ 893,956</u></b>	<b><u>\$ 1,223,752</u></b>
<b><u>\$ (3,888,891)</u></b>	<b><u>\$ 66,053</u></b>	<b><u>\$ (194,990)</u></b>	<b><u>\$ 1,591,463</u></b>

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**FIDUCIARY FUNDS**

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT 10**

**STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
DECEMBER 31, 2019**

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash and pooled investments	\$ 2,091,128
Accounts receivable	25,000
Due from other funds	194,968
Due from other governments	<u>936,471</u>
<b>Total Assets</b>	<b><u>\$ 3,247,567</u></b>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 68,864
Due to other funds	480,329
Due to other governments	<u>2,698,374</u>
<b>Total Liabilities</b>	<b><u>\$ 3,247,567</u></b>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

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1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 2019. 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

Clay County was established March 8, 1862, and organized April 14, 1872; it has the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures

The County participates in several joint ventures which are described in Note 7.B. The County also participates in jointly-governed organizations and related organizations described in Notes 7.C. and 7.D., respectively.

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. 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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

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In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) 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 and different business-type activities are offset by program revenues. Direct expenses are those that are 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 that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

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

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The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Social Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Ditch Debt Service Fund is used to account for the accumulation of resources and the payment of principal and interest of ditch bond issues.

The Jail/Law Enforcement Construction Capital Projects Fund is used to account for financial resources to be used for the construction of the jail and law enforcement facilities.

The County reports the following major enterprise funds:

The Family Service Center Fund is used to account for the financing of the Family Service Center, which provides rental space to other departments and agencies.

The Juvenile Center Fund is used to account for the financial transactions of the Juvenile Center, which provides housing for juveniles and rental space to other departments and agencies.

The Public Health Fund is used to account for providing nursing service care to the elderly and other residents of the County. All activities necessary to provide such services are accounted for in this fund. Financing is provided by a health service grant and user service charges.

The Solid Waste Management Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

Additionally, the County reports the following fund types:

The Internal Service Fund is used to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis.

Debt service funds account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

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Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary 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. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Clay County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed, unless the County Board takes specific action to appropriate those unrestricted resources.

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

1. Cash and Cash Equivalents

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.

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2. 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. Pooled and fund investments are reported at their fair value at December 31, 2019. 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.

Clay 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.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2019 were \$1,696,468.

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 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 a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectibles.

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

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December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments payable in the years 2013 through 2019. No allowances for special assessments are shown because such amounts are not expected to be material.

5. Inventories and Prepaid Items

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

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

6. 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, applicable laws and regulations limit their use.

7. Long-Term Receivable

Clay County and the City of Moorhead established the Moorhead-Clay County Joint Powers Authority (MCCJPA) on July 1, 2019. The purpose of the agreement is to allow the member entities to work collaboratively to maximize efficiencies with respect to the acquisition of project properties. Financing is provided by Metro Flood Diversion Authority and the State of Minnesota. Clay County has contributed \$300,000 in the form of a long-term receivable, to cover expenses incurred but not yet reimbursed.

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8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value entry price at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment.

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. During the current period, the County did not have any capitalized interest.

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	15 - 75
Land improvements	5 - 30
Public domain infrastructure	20 - 50
Furniture, equipment, and vehicles	3 - 15

The County landfill is depreciated based on capacity.

9. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual 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. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these

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amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both the current and noncurrent portion of compensated absences. The current portion consists of an amount based on the vacation each employee accrues in one year.

10. Unearned Revenue

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

11. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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 recognized as an expense in the period incurred.

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

12. Deferred Outflows/Inflows of Resources

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

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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 so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of deferred inflows, unavailable revenue, deferred pension inflows and other postemployment benefits (OPEB), that qualify for reporting in this category. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent special assessments and liens receivable, and for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reported deferred inflows of resources associated with pensions. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

13. 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 pension liability is liquidated through the General Fund and other governmental funds that have personal services. For the business-type activities, the pension liability is liquidated by the enterprise funds.

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

15. Classification of Fund Balances

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

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

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

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

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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 that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer, who has been delegated that authority by Board resolution.

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

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

16. Minimum Fund Balance

Clay County has adopted a minimum fund balance policy to address cash flow or working capital needs for the General Fund, which is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined the County needs to maintain a minimum unrestricted fund balance in the General Fund and has set the year-end minimum fund balance amount for the General Fund equal to 16 percent of the total General Fund annual expenditures. At December 31, 2019, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

17. 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 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

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reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Deficit Net Position and Fund Balance

The Public Health Enterprise Fund had a deficit net position of \$493,111 as of December 31, 2019. The net position deficit will be eliminated by future interfund transfers from the General Fund.

The Government Center Construction Capital Projects Fund had a deficit fund balance of \$24,277. This deficit will be eliminated by future interfund transfers from the General Fund.

B. Excess of Expenditures Over Budget

The following is a table of the individual nonmajor funds with expenditures in excess of budget for the year ended December 31, 2019.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Courthouse Expansion Debt Service Fund	\$ 308,418	\$ 308,363	\$ 55
Joint Highway Facility Debt Service Fund	2,246,395	2,245,900	495
Law Enforcement Expansion Debt Service Fund	3,048,650	3,048,225	425

C. Tax Abatements

The County offers tax abatements through two programs – a Business Assistance Abatement Program and a Two-year Property Tax Abatement Program.

Business Assistance Abatement

The property tax abatement is authorized under Minnesota Statute § 469.1813 subd. 1, and is available for new construction or substantial expansion/rehabilitation of an existing building to promote economic development in the County. The project must meet minimum project requirements as approved by the County Board, for new building value and/or jobs. Land and existing values prior to the project remain taxable. The term of abatement is five years with tiered amounts based on a percentage of the

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county tax, that ranges from 20 to 100 percent of County taxes. There is no provision for recapturing abated taxes.

Two-year Property Tax Abatement Program

To promote new residential construction within the County, the County offers a property tax abatement (rebate) program to individuals constructing new residential homes in Clay County (only where the city participates), pursuant to Minnesota Statutes §§ 469.1813 – 469.1815. The property taxes are paid when due and the county/city/school district tax capacity taxes are subsequently rebated to the homeowner in December. This rebate is available for the first two years of property taxes.

The following is information relevant to the disclosure of these programs for the fiscal year ended December 31, 2019:

Tax Abatement Program	Amount of Taxes Abated
Business Assistance Abatement	\$ 11,957
Two-year Property Tax Abatement	314,403

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County’s total cash and investments are reported as follows:

Governmental and business-type activities totals	
Cash and pooled investments	\$ 48,867,287
Investments	2,466,990
Permanently restricted assets	
Investments	4,030,246
Fiduciary funds	
Cash and pooled investments	
Agency funds	2,091,128
Total Cash and Investments	\$ 57,455,651

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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.

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. As of December 31, 2019, 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

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states provided such obligations have certain specified bond ratings by a national bond rating service;

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

Interest Rate Risk

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirement set by state statute.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a policy to minimize investment custodial credit risk. At December 31, 2019, the County's investments were not exposed to custodial credit risk.

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Concentration of Credit Risk

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

The following table presents the County's deposit and investment balances at December 31, 2019, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
Federal Home Loan Mortgage Corp.	Aaa	Moody's		05/26/21	\$ 499,995
Federal Home Loan Mortgage Corp.	AAA	Moody's		10/17/22	249,477
Federal Home Loan Mortgage Corp.	AAA	Moody's		10/27/23	1,549,690
Federal Home Loan Mortgage Corp.	AAA	Moody's		10/30/23	549,060
Federal Home Loan Mortgage Corp.	AAA	Moody's		10/30/23	997,590
Federal Home Loan Mortgage Corp.	AAA	Moody's		02/20/24	1,500,000
Federal Home Loan Mortgage Corp.	AAA	Moody's		03/27/24	997,940
Federal Home Loan Mortgage Corp.	AAA	Moody's		05/20/24	1,000,000
Federal Home Loan Mortgage Corp.	AAA	Moody's		10/30/24	498,880
Federal Home Loan Mortgage Corp.	AAA	Moody's		11/25/24	1,500,105
Federal Home Loan Mortgage Corp.	AAA	Moody's		12/06/24	1,500,135
Federal Home Loan Mortgage Corp.	AAA	Moody's		12/23/24	499,705
Total Federal Home Loan Mortgage Corp.			21%		\$ 11,342,577
Federal Home Loan Bank	AAA	Moody's	<5%		\$ 299,316
Federal Farm Credit Bank	AAA	Moody's		09/12/22	\$ 895,725
Federal Farm Credit Bank	Aaa	Moody's		08/28/23	1,200,048
Federal Farm Credit Bank	AAA	Moody's		10/30/23	1,497,045
Federal Farm Credit Bank	AAA	Moody's		01/23/24	492,268
Federal Farm Credit Bank	AAA	Moody's		07/15/24	1,490,895
Federal Farm Credit Bank	AAA	Moody's		12/02/24	997,160
Federal Farm Credit Bank	AAA	Moody's		12/26/24	499,770
Total Federal Farm Credit Bank			13%		\$ 7,072,911
Investment pools					
MAGIC Fund - General Revenue					\$ 8,285,851
MAGIC Fund - Solid Waste Long-Term					2,365,722
MAGIC Fund - Solid Waste Management					1,279,949
MAGIC Fund - Road and Bridge					1,000,000
Total investment pools	N/R	N/A	N/A	N/A	\$ 12,931,522

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Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Negotiable certificates of deposit					\$ 11,420,706
Money market					\$ (1,268)
Repurchase Agreement					\$ 10,012,803
Total investments					\$ 53,078,567
Deposits					4,365,189
Change funds					11,895
Total Cash and Investments					\$ 57,455,651

N/A - Not Applicable  
N/R - Not Rated

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

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

At December 31, 2019, the County had the following recurring fair value measurements.

	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Agencies	\$ 18,714,804	\$ -	\$ 18,714,804	-
Negotiable certificates of deposit	11,420,706	-	11,420,706	-
Total Investments Included in the Fair Value Hierarchy	\$ 30,135,510	\$ -	\$ 30,135,510	\$ -

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	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at the net asset value (NAV)				
Repurchase agreement	\$ 10,012,803			
Money market funds	(1,268)			
MAGIC Portfolio	<u>12,931,522</u>			
Total Investments Measured at the NAV	<u>\$ 22,943,057</u>			

All Level 2 debt securities are valued using a market approach based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at a net asset value (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.

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 net asset value not reasonably practical.

The County invests in money market funds for the benefit of liquid investments that can be readily reinvested or made available for use. Money market funds held by the County seek a constant net asset value (NAV) of \$1.00 per share. The money market fund reserves the right to require one or more days prior notice before permitting withdrawals. The County invests in repurchase agreements through the banks sweep accounts. These accounts have daily liquidity and funds can be accessed any time.

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2. Receivables

Receivables as of December 31, 2019, for the County's governmental activities and business-type activities are as follows:

	Total Receivables	Less: Allowance for Uncollectibles	Total Receivables - Net	Amounts Not Scheduled for Collection During the Subsequent Year
<b>Governmental Activities</b>				
Taxes	\$ 544,358	\$ -	\$ 544,358	\$ -
Special assessments	581,185	-	581,185	516,014
Accounts	2,121,318	(1,806,813)	314,505	-
Accrued interest receivable	120,525	-	120,525	-
Due from other governments	9,025,821	-	9,025,821	1,026,116
Long-term receivable	300,000	-	300,000	300,000
<b>Total Receivables</b>	<b>\$ 12,693,207</b>	<b>\$ (1,806,813)</b>	<b>\$ 10,886,394</b>	<b>\$ 1,842,130</b>
<b>Business-Type Activities</b>				
Special assessments	\$ 56,478	\$ -	\$ 56,478	\$ -
Accounts	586,948	(277,909)	309,039	-
Accrued interest receivable	2,519	-	2,519	-
Due from other governments	2,026,789	-	2,026,789	-
<b>Total Receivables</b>	<b>\$ 2,672,734</b>	<b>\$ (277,909)</b>	<b>\$ 2,394,825</b>	<b>\$ -</b>

3. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
<b>Capital assets not depreciated</b>				
Land	\$ 3,889,090	\$ -	\$ -	\$ 3,889,090
Construction in progress	30,450,629	7,092,060	-	37,542,689
<b>Total capital assets not depreciated</b>	<b>\$ 34,339,719</b>	<b>\$ 7,092,060</b>	<b>\$ -</b>	<b>\$ 41,431,779</b>

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	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Land improvements	\$ 2,024,346	\$ 36,426	\$ -	\$ 2,060,772
Buildings	28,357,387	63,167	893,150	27,527,404
Machinery, furniture, and equipment	11,610,343	1,444,054	971,722	12,082,675
Infrastructure	140,617,987	-	-	140,617,987
Total capital assets depreciated	<u>\$ 182,610,063</u>	<u>\$ 1,543,647</u>	<u>\$ 1,864,872</u>	<u>\$ 182,288,838</u>
Less: accumulated depreciation for				
Land improvements	\$ 187,279	\$ 88,032	\$ -	\$ 275,311
Buildings	5,595,467	603,353	-	6,198,820
Machinery, furniture, and equipment	7,172,548	1,277,639	958,077	7,492,110
Infrastructure	63,424,633	3,774,995	-	67,199,628
Total accumulated depreciation	<u>\$ 76,379,927</u>	<u>\$ 5,744,019</u>	<u>\$ 958,077</u>	<u>\$ 81,165,869</u>
Total capital assets depreciated, net	<u>\$ 106,230,136</u>	<u>\$ (4,200,372)</u>	<u>\$ 906,795</u>	<u>\$ 101,122,969</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 140,569,855</u>	<u>\$ 2,891,688</u>	<u>\$ 906,795</u>	<u>\$ 142,554,748</u>

**Business-Type Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,084,851	\$ -	\$ -	\$ 1,084,851
Construction in progress	4,881,476	5,801,941	52,019	10,631,398
Total capital assets not depreciated	<u>\$ 5,966,327</u>	<u>\$ 5,801,941</u>	<u>\$ 52,019</u>	<u>\$ 11,716,249</u>
Capital assets depreciated				
Buildings	\$ 15,309,366	\$ 52,019	\$ -	\$ 15,361,385
Landfill	9,801,522	-	-	9,801,522
Improvements other than building	583,039	-	-	583,039
Machinery, furniture, and equipment	1,937,814	25,666	6,045	1,957,435
Infrastructure	1,564,858	-	-	1,564,858
Total capital assets depreciated	<u>\$ 29,196,599</u>	<u>\$ 77,685</u>	<u>\$ 6,045</u>	<u>\$ 29,268,239</u>
Less: accumulated depreciation for				
Buildings	\$ 10,236,663	\$ 546,096	\$ -	\$ 10,782,759
Landfill	8,571,759	108,793	-	8,680,552
Improvements other than building	254,845	12,219	-	267,064
Machinery, furniture, and equipment	978,805	191,522	5,037	1,165,290
Infrastructure	936,176	290,322	-	1,226,498
Total accumulated depreciation	<u>\$ 20,978,248</u>	<u>\$ 1,148,952</u>	<u>\$ 5,037</u>	<u>\$ 22,122,163</u>
Total capital assets depreciated, net	<u>\$ 8,218,351</u>	<u>\$ (1,071,267)</u>	<u>\$ 1,008</u>	<u>\$ 7,146,076</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 14,184,678</u>	<u>\$ 4,730,674</u>	<u>\$ 53,027</u>	<u>\$ 18,862,325</u>

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

Governmental Activities		
General government	\$	290,967
Public safety		330,549
Conservation		29,200
Highways and streets, including depreciation of infrastructure assets		3,912,032
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		1,181,271
Total Depreciation Expense - Governmental Activities	\$	5,744,019
Business-Type Activities		
Family Service Center	\$	365,325
Juvenile Center		171,430
Public Health		9,460
Solid Waste		602,737
Total Depreciation Expense - Business-Type Activities	\$	1,148,952

**B. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of December 31, 2019, is as follows:

**1. Due To/From Other Funds**

Receivable Fund	Payable Fund	Amount
General	Road and Bridge Social Services Public Health Family Service Center Juvenile Center	\$ 275 268,633 610 300 380
Total due to General Fund		\$ 270,198
Social Services	Public Health	\$ 79,088
County Building	Social Services	\$ 1,261
Gravel Removal Tax Reserve	Road and Bridge	\$ 48,396
Jail/Law Enforcement Construction Capital Projects	General Fund	\$ 83,799
Ditch Debt Service	Agency Funds	\$ 11

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Receivable Fund	Payable Fund	Amount
Family Service Center	Social Services Juvenile Center	\$ 4,868 59,534
Total due to Family Service Center Fund		\$ 64,402
Juvenile Center	General Fund Social Services	\$ 52,815 65,302
Total due to Juvenile Center Fund		\$ 118,117
Public Health	General Social Services Agency Funds	\$ 5,120 1,550 468,493
Total due to Public Health Fund		\$ 475,163
Internal Service Fund	Public Health	\$ 2,534
Agency Funds	Agency Funds Social Services Public Health	\$ 11,825 64,372 118,771
Total due to Agency Funds		\$ 194,968
Total Due To/From Other Funds		\$ 1,337,937

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**2. Advances From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General	Family Service Center Juvenile Center	\$ 1,495,000 350,000
Total General Fund		\$ 1,845,000
Solid Waste Management	Road and Bridge	\$ 379,796
Total Advances From/To Other Funds		\$ 2,224,796

The purpose of the advances from the General Fund was to cover negative cash balances. The advances will be repaid when cash is available. Advances have also been made to the Road and Bridge Special Revenue Fund from the Solid Waste

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Enterprise Fund for the Road and Bridge Fund's share of construction costs of the new shared facility. The advance will be repaid over the next 2 years.

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following:

Transfers to General Fund from Solid Waste Management Enterprise Fund	\$ 120,000	To transfer funds as a reimbursement of services
Transfers to Joint Highway Facility Debt Service Fund from Road and Bridge Fund	2,080,750	To transfer funds for principal and interest payments on 2013 State-Aid Road Bonds
Transfers to Law Enforcement Debt Service Fund from Building Fund	300,000	To transfer funds for jail funding
Transfers to Law Enforcement Debt Service Fund from General Fund	857,738	To transfer funds for jail funding
Transfers to General Fund from Law Enforcement Debt Service Fund	15,000	To transfer funds for prior year cash flow purposes
Transfers to Juvenile Center Enterprise Fund from General Fund	278,796	To transfer funds to cover shelter care deficit
Transfers to Public Health Enterprise Fund from General Fund	<u>938,779</u>	Budgeted transfer
Total Interfund Transfers	<u>\$ 4,591,063</u>	

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2019, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 959,162	\$ 198,134
Salaries	1,374,081	459,519
Contracts	1,969,210	507,138
Due to other governments	<u>1,926,748</u>	<u>441,534</u>
Total Payables	<u>\$ 6,229,201</u>	<u>\$ 1,606,325</u>

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2. Construction and Other Significant Commitments

The County has active construction projects and other commitments as of December 31, 2019. The projects and commitments include the following:

	Spent-to-Date	Remaining Commitment
Clay County Jail Construction – Jail/Law Enforcement Capital Projects Fund	\$ 30,381,603	\$ 345,512
Clay County Law Enforcement Center Construction – Jail/Law Enforcement Capital Projects Fund	12,925,851	-
Juvenile Center Construction – Juvenile Center Enterprise Fund	9,024,977	319,336
Total Commitments	\$ 52,332,431	\$ 664,848

3. Unearned Revenue

Unearned revenue as of December 31, 2019, was as follows:

	Governmental Activities	Business-Type Activities
Charges for services	\$ -	\$ 316,280
Grants	-	4,767
Rent	-	25,871
Miscellaneous	6,615	32,500
Expenditure offset	1,549	-
Total Unearned Revenue	\$ 8,164	\$ 379,418

4. Leases

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of

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their future minimum lease payments as of the inception date. These capital leases consist of the following at December 31, 2019:

Lease	Maturity	Installment	Payment Amount	Original	Balance
Governmental Activities					
2015 Ford Fusion	2020	Monthly	\$ 4,077	\$ 19,857	\$ 1,501
2016 Ford Fusion	2021	Monthly	3,816	18,692	4,294
2016 Ford Fusion	2021	Monthly	3,816	18,692	4,294
2016 Dodge Grand Caravan	2021	Monthly	4,371	21,423	4,667
2016 Ford Fusion	2021	Monthly	3,816	18,692	4,295
2017 Ford Fusion	2022	Monthly	1,743	7,573	4,054
2019 Dodge Grand Caravan	2023	Monthly	4,896	22,275	17,606
2019 Ford Fusion	2023	Monthly	4,400	18,096	13,815
2019 Ford Fusion	2023	Monthly	4,440	18,096	13,815
Total Governmental Activities					\$ 68,341

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

Year Ending December 31	Governmental Activities
2020	\$ 33,166
2021	17,667
2022	14,964
2023	4,666
Total minimum lease payments	\$ 70,463
Less: amount representing interest	(2,122)
Present Value of Minimum Lease Payments	\$ 68,341

5. Long-Term Debt

Governmental Activities

The payments on the 2013 & 2019 G.O. Watershed Improvement Bonds are being made from the Ditch Debt Service Fund. The payments on the 2008 G.O. Capital Improvement Plan Bonds are being paid out of the Joint Highway Facility and Courthouse Expansion Debt Service Funds. The payments for the 2016 & 2017 G.O. Jail Bonds and 2017 G.O. Capital Improvement Bonds are being paid out of the Law Enforcement Expansion Debt Service Fund.

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Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
General obligation bonds					
2008 G.O. Capital Improvement Plan Bonds	2022	\$110,000 - \$305,000	3.5350	\$ 5,135,000	\$ 1,205,000
2013 G.O. Watershed Improvement Bonds	2021	\$265,000 - \$310,000	2.0680	2,000,000	610,000
2016 G.O. Jail Bonds	2036	\$425,000 - \$620,000	1.982	9,770,000	8,910,000
2017 G.O. Jail Bonds	2036	\$115,000 - \$2,085,000	3.248	26,380,000	25,760,000
2017 G.O. Capital Improvement Bonds	2036	\$375,000 - \$1,165,000	2.698	15,440,000	15,065,000
2019 G.O. Watershed Improvement Bonds	2035	\$100,000 - \$135,000	2.4385	1,720,000	1,720,000
Total general obligation bonds				<u>\$ 60,445,000</u>	\$ 53,270,000
Add: unamortized premiums					<u>2,463,746</u>
Total General Obligation Bonds, Net					<u>\$ 55,733,746</u>

**Business-Type Activities**

The payments on the 2018 G.O. Jail Bonds are being paid out of the Juvenile Center Enterprise Fund.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
General obligation bonds					
2018 G.O. Jail Bonds	2039	\$270,000- \$505,000	3.147	<u>\$ 7,495,000</u>	\$ 7,495,000
Add: unamortized premiums					<u>198,618</u>
Total General Obligation Bonds, Net					<u>\$ 7,693,618</u>

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6. Debt Service Requirements

Debt service requirements at December 31, 2019, were as follows:

Governmental Activities

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,460,000	\$ 1,785,904
2021	2,645,000	1,692,604
2022	2,565,000	1,607,360
2023	2,565,000	1,516,492
2024	2,665,000	1,419,892
2025 – 2029	14,920,000	5,457,991
2030 – 2034	17,695,000	2,677,876
2035 – 2039	7,755,000	247,049
Total	<u>\$ 53,270,000</u>	<u>\$ 16,405,168</u>

Business-Type Activities

<u>Year Ending December 31</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 270,000	\$ 245,763
2021	280,000	236,162
2022	290,000	227,612
2023	295,000	218,837
2024	305,000	209,837
2025 – 2029	1,705,000	867,963
2030 – 2034	1,995,000	570,869
2035 – 2039	2,355,000	211,113
Total	<u>\$ 7,495,000</u>	<u>\$ 2,788,156</u>

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7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
General obligation bonds	\$ 55,630,000	\$ 1,720,000	\$ 4,080,000	\$ 53,270,000	\$ 2,460,000
Add: deferred amounts for issuance premiums	<u>2,653,706</u>	<u>3,841</u>	<u>193,801</u>	<u>2,463,746</u>	<u>-</u>
Total bonds payable	\$ 58,283,706	\$ 1,723,841	\$ 4,273,801	\$ 55,733,746	\$ 2,460,000
Capital leases	73,998	36,193	41,850	68,341	32,110
Compensated absences	<u>2,600,537</u>	<u>1,797,851</u>	<u>1,685,480</u>	<u>2,712,908</u>	<u>775,058</u>
Governmental Activities Long-Term Liabilities	<u>\$ 60,958,241</u>	<u>\$ 3,557,885</u>	<u>\$ 6,001,131</u>	<u>\$ 58,514,995</u>	<u>\$ 3,267,168</u>

Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
General obligation bonds	\$ 7,495,000	\$ -	\$ -	\$ 7,495,000	\$ 270,000
Add: deferred amounts for issuance discounts	<u>209,026</u>	<u>-</u>	<u>10,408</u>	<u>198,618</u>	<u>-</u>
Total bonds payable	\$ 7,704,026	\$ -	\$ 10,408	\$ 7,693,618	\$ 270,000
Estimated liability for landfill closure/postclosure	3,307,957	-	24,819	3,283,138	-
Compensated absences	<u>724,836</u>	<u>474,200</u>	<u>512,842</u>	<u>686,194</u>	<u>217,874</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 11,736,819</u>	<u>\$ 474,200</u>	<u>\$ 548,069</u>	<u>\$ 11,662,950</u>	<u>\$ 487,874</u>

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$68,341 of lease purchases payable are included in the amounts for the governmental activities at year-end. Annual liquidation of the capital lease liability is reported in the Internal Service Fund.

For the governmental activities, compensated absences are liquidated through the General Fund, and other governmental funds that have personal services. For the

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business-type activities, compensated absences are liquidated by the enterprise funds.

**8. Deferred Inflows - Unavailable Revenue**

Deferred inflows of resources - unavailable revenue consists of taxes, special assessments, state and/or federal grants, and state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period.

	<u>Taxes</u>	<u>Special Assessments</u>	<u>Grants and Allotments</u>	<u>Other</u>	<u>Total</u>
Major governmental funds					
General	\$ 248,285	\$ -	\$ -	\$ 90,330	\$ 338,615
Road and Bridge	42,274	-	645,519	691,420	1,379,213
Social Services	123,066	-	229,754	90,952	443,772
Ditch	-	2,080,020	-	-	2,080,020
Nonmajor governmental funds					
County Building	3,591	-	-	-	3,591
Joint Highway Facility	2,431	-	-	-	2,431
Law Enforcement Expansion	562	-	-	-	562
County Projects	2,298	-	-	-	2,298
Courthouse Expansion	<u>4,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,525</u>
Total	<u>\$ 427,032</u>	<u>\$ 2,080,020</u>	<u>\$ 875,273</u>	<u>\$ 872,702</u>	<u>\$ 4,255,027</u>

**D. Other Postemployment Benefits (OPEB)**

**Plan Description**

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

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

As of the January 1, 2018, actuarial valuation, the following employees were covered by the benefit terms:

Retirees or spouses currently receiving benefit payments	12
Active plan participants	<u>402</u>
Total	<u><u>414</u></u>

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Total OPEB Liability

The County's total OPEB liability of \$1,533,715 was determined by an actuarial valuation as of January 1, 2018, and was rolled forward to a measurement date of January 1, 2019. For governmental activities, the OPEB liability is liquidated through the General Fund and other governmental funds that have personal services. For the business-type activities, the OPEB liability is liquidated by the enterprise funds.

The total OPEB liability in the fiscal year-end December 31, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.00 percent, average wage inflation plus merit/productivity increases
Health care cost trend	6.25 percent, decreasing 0.25 percent per year to an ultimate rate of 5.00 percent

The current year discount rate is 3.8 percent, which is a change from the prior year rate of 3.30 percent. For the current valuation, the discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Mortality rates are based on RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).

The actuarial assumptions are currently based on a combination of historical information, projected future data, and the most recent actuarial experience studies for PERA.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2019	\$ 1,544,289
Changes for the year	
Service cost	\$ 90,281
Interest	52,179
Assumption changes	(45,372)
Benefit payments	(107,662)
Net change	\$ (10,574)
Balance at December 31, 2019	<u>\$ 1,533,715</u>

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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 1.00 percentage point lower or one percentage point higher than the current discount rate:

	<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	2.8%	\$ 1,642,907
Current	3.8	1,533,715
1% Increase	4.8	1,432,564

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 1.00 percentage point lower or one percentage point higher than the current health care cost trend rate:

	<u>Health Care Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	5.25% Decreasing to 4.00%	\$ 1,386,081
Current	6.25% Decreasing to 5.00%	1,533,715
1% Increase	7.25% Decreasing to 6.00%	1,707,613

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

For the year ended December 31, 2019, the County recognized OPEB expense of \$(10,574). The County reported \$38,890 in deferred inflows of resources resulting from changes in actuarial assumptions, and \$235,765 in deferred outflows of resources resulting from County contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019.

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Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	OPEB Expense Amount
2020	\$ (6,482)
2021	(6,482)
2022	(6,482)
2023	(6,482)
2024	(6,482)
Thereafter	(6,480)

E. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of Clay 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 Clay 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,

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benefits vest on a prorated basis starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

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

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

2. 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.

Beginning January 1, 2019, 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. 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. 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.

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Beginning January 1, 2019, 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.

Beginning January 1, 2019, 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. 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

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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.

2. 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 2019. Police and Fire Plan members were required to contribute 11.30 percent of their annual covered salary in 2019. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2019.

In 2019, 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	16.95
Correctional Plan	8.75

The Police and Fire Plan member and employer contribution rates increased 0.50 percent and 0.75 percent, respectively, from 2018.

The County's contributions for the year ended December 31, 2019, to the pension plans were:

General Employees Plan	\$ 1,436,905
Police and Fire Plan	440,870
Correctional Plan	349,289

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

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3. Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of \$14,584,911 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.2638 percent. It was 0.274 percent measured as of June 30, 2018. The County recognized pension expense of \$1,731,306 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$33,949 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's 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.

County's proportionate share of the net pension liability	\$ 14,584,911
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>453,314</u>
Total	<u>\$ 15,038,225</u>

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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	\$ 413,691	\$ (2)
Changes in actuarial assumptions	-	1,187,276
Difference between projected and actual investment earnings	-	1,566,392
Changes in proportion	142,092	510,573
Contributions paid to PERA subsequent to the measurement date	727,426	-
Total	\$ 1,283,209	\$ 3,264,239

The \$727,426 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
2020	\$ (874,922)
2021	(1,411,787)
2022	(445,250)
2023	23,503

Police and Fire Plan

At December 31, 2019, the County reported a liability of \$2,584,851 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.2428 percent. It was

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0.2435 percent measured as of June 30, 2018. The County recognized pension expense of \$361,799 for its proportionate share of the Police and Fire Plan's pension expense.

The County also recognized \$32,778 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. Legislation 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. In addition, the state will pay direct state aid of \$4.5 million on October 1, 2018, and October 1, 2019, and \$9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 110,078	\$ 407,240
Changes in actuarial assumptions	2,226,294	2,915,994
Difference between projected and actual investment earnings	-	531,224
Changes in proportion	14,964	171,245
Contributions paid to PERA subsequent to the measurement date	<u>220,242</u>	<u>-</u>
Total	<u>\$ 2,571,578</u>	<u>\$ 4,025,703</u>

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The \$220,242 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:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2020	\$ (186,106)
2021	(390,243)
2022	(1,090,000)
2023	(4,589)
2024	(3,429)

Correctional Plan

At December 31, 2019, the County reported a liability of \$254,263 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 1.8365 percent. It was 1.4924 percent measured as of June 30, 2018. The County recognized pension expense of \$493,877 for its proportionate share of the Correctional Plan's pension expense.

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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	\$ 7,584	\$ 36,139
Changes in actuarial assumptions	-	1,795,103
Difference between projected and actual investment earnings	-	242,960
Changes in proportion	439,747	-
Contributions paid to PERA subsequent to the measurement date	175,867	-
Total	\$ 623,198	\$ 2,074,202

\*The Governmental Activities reported a net deferred inflows of resources for the differences between projected and actual investment earnings of \$895,537, while the business-type activities and the proprietary funds reported a net deferred outflow of resources of \$652,577. These amounts have been presented in the table above as a net deferred inflows of \$242,960.

The \$175,867 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
2020	\$ (842,189)
2021	(733,766)
2022	(53,379)
2023	2,463

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$2,586,982.

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4. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, 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 Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. 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 dated June 27, 2019.

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:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	35.50%	5.10%
International equity	17.50	5.30
Fixed income	20.00	0.75
Private markets	25.00	5.90
Cash equivalents	2.00	0.00

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. 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.

6. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019:

General Employees Plan

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

Police and Fire Plan

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

Correctional Plan

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

7. 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

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calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 23,976,808	6.50%	\$ 5,650,005	6.50%	\$ 2,709,921
Current	7.50	14,584,911	7.50	2,584,851	7.50	254,263
1% Increase	8.50	6,830,033	8.50	50,019	8.50	(1,710,663)

**8. 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.

**F. Defined Contribution Plan**

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Clay County during the year ended December 31, 2019, were:

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	Employee	Employer
Contribution amount	\$ 10,393	\$ 10,393
Percentage of covered payroll	5%	5%

4. 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 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 these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,283,138 landfill closure and postclosure care liability at December 31, 2019, represents the cumulative amount reported to date based on the use of 50 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,549,705 as the remaining estimated capacity is filled and the date the landfill is expected to be filled to capacity (2072) due to a change in accounting estimates. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2019. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

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, 2019, investments of \$4,030,246 are held for these purposes. These are reported as restricted assets on the statement of net position. Clay 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.

5. 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. 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'

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Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2019 and 2020. 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.

6. Conduit Debt

The County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of educational facilities deemed to be in the public interest. The bonds are secured by the property financed through a series of loan agreements and are payable solely from the revenue of the entity. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Bonds issued and outstanding as of December 31, 2019, are as follows:

<u>Entity</u>	<u>Series</u>	<u>Principal Issued</u>	<u>Outstanding</u>
Minnesota State University Moorhead	2001	\$ 3,940,000	\$ 2,295,316
Eventide	2017	1,214,900	958,375
Eventide	2019	8,000,000	4,566,619

7. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims,

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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 judgments, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

**B. Joint Ventures**

**Prairie Lakes Municipal Solid Waste Authority**

The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board was established in 2010, under the authority conferred upon the member parties by Minn. Stat. § 471.59 and chs. 115A and 400, and includes the Counties of Becker, Otter Tail, Todd and Wadena. The original Joint Powers Agreement was amended effective October 21, 2014, to include Clay County

The purpose of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is to jointly exercise powers common to each participating party dealing with the ownership and operation of the Perham Resource Recovery Facility, as well as cooperation with efforts in other solid waste management activities that affect the operations of the Perham Resource Recovery Facility. The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is composed of one Commissioner each from Clay, Becker, Todd and Wadena Counties and two members from Otter Tail County. Each party may appoint alternate Board members and shall represent one vote on the Board.

In the event of dissolution of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board, all assets and liabilities of the Board shall be distributed and/or retired based on the contracted debt obligation of each of the parties of the agreement providing such entity is a party to the agreement at the time of the discharge of assets and liabilities. In 2019, the County did not contribute any funds to the Perham Resource Recovery Facility. Financial information can be obtained from its fiscal agent at 115 Tower Road North, Fergus Falls, Minnesota 56537.

**Fargo-Moorhead Metropolitan Council of Governments**

The Fargo-Moorhead Metropolitan Council of Governments was established in 1967 by a joint powers agreement between the Cities of Fargo, Horace and West Fargo, North

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Dakota; Moorhead and Dilworth, Minnesota; Cass County, North Dakota; and Clay County. The primary purpose of the Council is metropolitan area planning for the two-county area. The Council also serves as a coordinating agency for investigations and studies for improvement of government and services in the area.

The primary source of revenues is federal grants administered by the North Dakota and Minnesota Departments of Transportation, the Federal Transit Administration, and member support on a per capita basis. During 2019, Clay County contributed \$16,471 to the Fargo-Moorhead Metropolitan Council of Governments.

Control of the Council is vested in a 13-member Board of Directors, of which one member is an elected County Commissioner. The Council representatives to the Board are appointed by their respective governing bodies for a term determined by their governing bodies.

As of December 31, 2019, the total net position of the Fargo-Moorhead Metropolitan Council of Governments are \$501,316. Complete financial statements for the Council may be obtained from its administrative office at Case Plaza, One 2nd Street North, Suite 232, Fargo, North Dakota 58102.

Clay County Joint Powers Collaborative

The Clay County Joint Powers Collaborative was established March 4, 1997, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Clay County; Independent School Districts 152 (Moorhead), 146 (Barnesville), 2164 (Dilworth-Glyndon-Felton), 150 (Hawley), and 914 (Ulen-Hitterdal); the Clay-Wilkin Opportunity Council; Lakeland Mental Health; and Clay County Court Services. The purpose of the Collaborative is to provide services designed to enhance opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self-esteem, and develop general employment skills.

Control of the Clay County Joint Powers Collaborative is vested in a 20-member Board of Directors appointed by the member parties.

In the event of a withdrawal from the Clay County Joint Powers Collaborative, the withdrawing party shall give a 90-day notice. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Collaborative's debts and liabilities, settling its affairs, and disposing of its property.

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Financing is provided by state and federal grants and contributions from its member parties. Clay County, in an agent capacity, reports the cash transactions of the Clay County Joint Powers Collaborative as an agency fund on its financial statements. During 2019, the County did not contribute any funds to the Collaborative.

Clay County/MnDOT/City of Moorhead Jointly-Operated Public Works Facility

In 2002, Clay County entered into a Partnership Agreement with the City of Moorhead and the Minnesota Department of Transportation for the construction, ownership, and operation of a Public Works Facility. Ownership of the facility is in the following proportions: State - 38 percent, County - 46 percent, City - 16 percent. Ownership of the land is in equal shares. A Management Committee, comprised of one member from each entity, is responsible for the operation and resolution of issues pertaining to the complex.

Northwest Minnesota Regional Emergency Communication Board

The Northwest Minnesota Regional Emergency Communication Board (formerly known as the Northwest Minnesota Regional Radio Board) was formed in 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau; and the White Earth Reservation

The purpose of the Northwest Minnesota Regional Emergency Communications 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 and to enhance and improve interoperable public safety communications along with coordination of 911 and public safety broadband data services within the region.

The Northwest Minnesota Regional Emergency Communications Board is composed of one Commissioner of each county appointed by their respective County Board, one City Council member from the city appointed by their City Council, and one representative appointed by the Tribal Council from each tribal entity party to the agreement, as provided in the Northwest Minnesota Regional Emergency Communications Board's bylaws.

In the event of dissolution of the Northwest Minnesota Regional Emergency Communications 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

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participation and contribution. Any city, county or tribal entity 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 they shared in the original expense.

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Clay County's contribution for 2019 was \$2,500.

Complete financial information can be obtained from the Headwaters Regional Development Commission, 403 - 4th Street Northwest, Suite 310, Bemidji, Minnesota 56601.

Partnership4Health Community Health Board

Partnership4Health Community Health Board was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Ottertail, and Wilkin Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. The Community Health Board became operational as of January 1, 2016. The joint powers agreement remains in force until any single county provides a resolution of withdrawal, duly passed by its governing board, to the County Boards and the auditor of the other counties participating in the agreement, and the Commissioner of Health for the State of Minnesota, at least one year before the beginning of the calendar year in which it takes effect.

Partnership4Health's purpose is to engage in activities designed to protect and promote the health of the general population within a community health service area by emphasizing the prevention of disease, injury, disability, and preventable death through the promotion of effective coordination and use of community resources, and by extending health services into the community.

Control is vested in Partnership4Health's Board, which consists of five members comprised of four County Commissioners and one community member. Members of the Board serve an annual term, with no term limit.

The financial activities of Partnership4Health are accounted for in an agency fund by Clay County. The individuals who administer the activities of Partnership4Health are considered to be employees of Clay County Public Health and Wilkin County Public Health.

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During 2019, Clay County did not contribute to Partnership4Health Community Health Board.

Moorhead-Clay County Joint Powers Authority

The Moorhead-Clay County Joint Powers Authority (MCCJPA) was established July 1, 2019, under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59 and includes the City of Moorhead and Clay County. The purpose of this agreement is to authorize the Member Entities to work collaboratively to maximize efficiencies with respect to the acquisition of Project Property in Minnesota and to foster cooperation between the Member Entities' employees, engineers, attorneys, and professional consultants. The Moorhead-Clay County Joint Powers Board consists of two members of the Clay County Commission, three members appointed by the City and one member of the Buffalo Red River Watershed District.

This agreement may only be terminated by the mutual consent of the Parties, evidenced by identical resolutions adopted by the Governing Bodies of each Party.

Financing is provided by budgeted funds from the Metro Flood Diversion Authority (DA) and the State of Minnesota. In the event that the County and City approved expenditures outside of budgeted funds and the Diversion Authority has not approved the increased budget the City and County will each pay fifty percent of the additional cost.

The County shall maintain the accounts and manage the disbursements on behalf of the MCCJPA.

In the event of dissolution of the MCCJPA distribution of assets in the following manner: (a) Project Property acquired during the term of the MCCJPA shall be transferred to and titled in the name of the City if the City remains a DA Party or transferred to and title in the name of the Diversion Authority if the City is no longer a DA Party; (b) any remaining Project Property which is deemed by the Diversion Authority to be unnecessary for the Project may be sold or liquidated prior to distribution; (c) remaining Budgeted Funds shall be returned to the Diversion Authority; and (d) any remaining assets shall be divided equally between the County and City.

During 2019, Clay County did contribute \$300,000, in the form of a long-term receivable to cover expenses made that have not been reimbursed, to the Moorhead-Clay County Joint Powers Authority.

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C. Jointly-Governed Organizations

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

Western Area City/County Co-op

Clay County and 24 other cities and counties entered into a joint powers agreement to establish the Western Area City/County Co-op (WACCO) Joint Powers Board, effective September 5, 1995, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to establish a resource network that identifies common needs of the individual governmental units and reduces the financial burden on each of its members through the cooperative sharing of existing resources.

The management and control of WACCO is vested in a Board of Directors composed of a representative appointed by each member city and county.

Agassiz Regional Library

The Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1981, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties.

Control of the Library is vested in the Agassiz Regional Library Board, which is composed of 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. Clay County contributed \$292,175 to the Agassiz Regional Library during 2019.

Red River Regional Dispatch Center

In 2001, a Joint Powers Agreement was entered into by the cities of Moorhead, Minnesota; Fargo, North Dakota; and the Counties of Cass, North Dakota; and Clay, Minnesota, for the joint operation of 911/Dispatch functions to reduce and/or eliminate duplication of equipment and staff time. The agreement was amended in 2008 to include the City of West Fargo, North Dakota. The agreement was amended in 2016 to reflect changes wherein Cass County, North Dakota, now receives all of the 911 funds from phones for the county. The cities of Fargo and West Fargo, North Dakota no longer collect 911 fees and thus no longer will be responsible for costs associated with

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the RRRDC. A joint board, comprised of members appointed by the governing bodies, is responsible for administering the joint dispatch center.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. Clay County is a member of this organization.

Sentence to Service

Clay County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Serve (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program.

D. Related Organizations

Clay County Housing and Redevelopment Authority

The Clay County Housing and Redevelopment Authority (HRA) has its own governing board which is appointed by the Clay County Board of Commissioners. Clay County has no other financial, operational, or managerial control over this organization.

Buffalo-Red River Watershed District

The Buffalo-Red River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective June 17, 1963, and includes land within Becker, Clay, and Wilkin Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. Control of the District is vested in the Buffalo-Red River Watershed District Board of Managers, which is composed of five members having staggered terms of three years each, with three appointed by the Clay County Board, one appointed by the Becker County Board, and one appointed by the Wilkin County Board.

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Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Wild Rice Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Norman County appoints three members, Clay County appoints two members, and Mahnomen and Becker Counties each appoint one member.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Clay County paid \$1,563,183 in 2019 for services purchased through Lakeland Mental Health Center.

8. Subsequent Event

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortage of personnel. Management believes the County is taking

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appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

**REQUIRED SUPPLEMENTARY INFORMATION**

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*EXHIBIT A-1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 17,618,665	\$ 17,618,665	\$ 17,627,250	\$ 8,585
Licenses and permits	121,360	121,360	78,695	(42,665)
Intergovernmental	5,753,225	5,753,225	6,067,513	314,288
Charges for services	1,584,738	1,584,738	1,413,445	(171,293)
Fines and forfeits	5,000	5,000	114,904	109,904
Investment earnings	200,000	200,000	1,500,778	1,300,778
Miscellaneous	754,256	754,256	796,554	42,298
<b>Total Revenues</b>	<b>\$ 26,037,244</b>	<b>\$ 26,037,244</b>	<b>\$ 27,599,139</b>	<b>\$ 1,561,895</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 355,723	\$ 355,723	\$ 350,970	\$ 4,753
Courts	190,000	190,000	177,821	12,179
Public defender	90,000	90,000	93,645	(3,645)
Law library	106,395	106,395	103,302	3,093
County administration	258,014	258,014	263,846	(5,832)
County auditor	837,683	837,683	766,372	71,311
License bureau	704,874	704,874	731,703	(26,829)
County treasurer	208,848	208,848	189,264	19,584
County assessor	483,141	483,141	439,773	43,368
Elections	135,977	135,977	55,902	80,075
Internal audit	73,000	73,000	81,013	(8,013)
Technology services	1,432,999	1,432,999	1,408,046	24,953
Personnel	330,863	330,863	347,116	(16,253)
Information services	443,744	443,744	442,026	1,718
Attorney	1,313,363	1,313,363	1,354,963	(41,600)
Victim witness	216,576	216,576	174,424	42,152
Unanticipated trial costs	30,000	30,000	35,000	(5,000)
Recorder	384,057	384,057	386,308	(2,251)
Surveyor	42,000	42,000	43,205	(1,205)
Planning and zoning	328,151	328,151	205,814	122,337
Maintenance	837,438	837,438	1,047,976	(210,538)
Veterans service officer	220,989	220,989	236,318	(15,329)
Unallocated	561,561	561,561	529,926	31,635
<b>Total general government</b>	<b>\$ 9,585,396</b>	<b>\$ 9,585,396</b>	<b>\$ 9,464,733</b>	<b>\$ 120,663</b>

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**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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	\$ 4,653,623	\$ 4,653,623	\$ 4,872,374	\$ (218,751)
Safe and sober	11,261	11,261	9,764	1,497
US Marshals task force	-	-	5,972	(5,972)
Snowmobile	4,753	4,753	1,739	3,014
Law enforcement grant	37,886	37,886	33,036	4,850
ATV	-	-	350	(350)
Coroner	119,765	119,765	71,019	48,746
E-911 system	72,158	72,158	90,198	(18,040)
Community corrections	5,604,617	5,604,617	4,954,535	650,082
Dispatchers	516,933	516,933	344,353	172,580
Probation and parole	716,032	716,032	698,150	17,882
Juvenile detention	1,408,712	1,408,712	1,364,934	43,778
Civil defense	103,107	103,107	156,528	(53,421)
<b>Total public safety</b>	<b>\$ 13,248,847</b>	<b>\$ 13,248,847</b>	<b>\$ 12,602,952</b>	<b>\$ 645,895</b>
<b>Culture and recreation</b>				
Historical society	\$ 196,622	\$ 196,622	\$ 196,622	\$ -
Lake Agassiz regional library	292,175	292,175	292,175	-
<b>Total culture and recreation</b>	<b>\$ 488,797</b>	<b>\$ 488,797</b>	<b>\$ 488,797</b>	<b>\$ -</b>
<b>Conservation of natural resources</b>				
County extension	\$ 304,418	\$ 304,418	\$ 305,918	\$ (1,500)
Soil and water conservation	364,249	364,249	258,887	105,362
International coalition	1,300	1,300	1,281	19
Agricultural society/County fair	27,000	27,000	26,609	391
<b>Total conservation of natural resources</b>	<b>\$ 696,967</b>	<b>\$ 696,967</b>	<b>\$ 592,695</b>	<b>\$ 104,272</b>

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**EXHIBIT A-1  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<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>				
Metropolitan Council	\$ 17,910	\$ 17,910	\$ 20,220	\$ (2,310)
Red River winter shows	800	800	800	-
West Central Council on Aging	7,425	7,425	7,500	(75)
Chamber of Commerce	1,530	1,530	1,565	(35)
County-wide incentive program	561,165	561,165	414,403	146,762
West Central MN Initiative	8,000	8,000	-	8,000
Pew Partnership	5,557	5,557	6,113	(556)
Riverkeepers	1,000	1,000	1,000	-
Rural Minnesota Counties Caucus	2,100	2,100	-	2,100
Senior coordination program	46,818	46,818	58,975	(12,157)
Group workcamp	2,500	2,500	-	2,500
<b>Total economic development</b>	<b>\$ 654,805</b>	<b>\$ 654,805</b>	<b>\$ 510,576</b>	<b>\$ 144,229</b>
<b>Total Expenditures</b>	<b>\$ 24,674,812</b>	<b>\$ 24,674,812</b>	<b>\$ 23,659,753</b>	<b>\$ 1,015,059</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 1,362,432</b>	<b>\$ 1,362,432</b>	<b>\$ 3,939,386</b>	<b>\$ 2,576,954</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Transfers out	(2,132,429)	(2,132,429)	(2,090,313)	42,116
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (2,012,429)</b>	<b>\$ (2,012,429)</b>	<b>\$ (1,970,313)</b>	<b>\$ 42,116</b>
<b>Net Change in Fund Balance</b>	<b>\$ (649,997)</b>	<b>\$ (649,997)</b>	<b>\$ 1,969,073</b>	<b>\$ 2,619,070</b>
<b>Fund Balance - January 1</b>	<b>10,047,825</b>	<b>10,047,825</b>	<b>10,047,825</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 9,397,828</b>	<b>\$ 9,397,828</b>	<b>\$ 12,016,898</b>	<b>\$ 2,619,070</b>

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*EXHIBIT A-2*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 3,602,761	\$ 3,602,761	\$ 3,506,170	\$ (96,591)
Licenses and permits	76,600	76,600	93,880	17,280
Intergovernmental	10,842,844	10,842,844	10,030,366	(812,478)
Charges for services	591,415	591,415	555,236	(36,179)
Investment earnings	-	-	23,048	23,048
Miscellaneous	140,000	140,000	109,245	(30,755)
<b>Total Revenues</b>	<b>\$ 15,253,620</b>	<b>\$ 15,253,620</b>	<b>\$ 14,317,945</b>	<b>\$ (935,675)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 663,524	\$ 663,524	\$ 624,367	\$ 39,157
Maintenance	3,453,166	3,453,166	3,416,072	37,094
Construction	6,610,991	6,610,991	4,495,646	2,115,345
Equipment, maintenance, and shop	1,825,441	1,825,441	1,910,133	(84,692)
<b>Total highways and streets</b>	<b>\$ 12,553,122</b>	<b>\$ 12,553,122</b>	<b>\$ 10,446,218</b>	<b>\$ 2,106,904</b>
<b>Intergovernmental</b>	<b>619,747</b>	<b>619,747</b>	<b>612,601</b>	<b>7,146</b>
Highways and streets	619,747	619,747	612,601	7,146
<b>Total Expenditures</b>	<b>\$ 13,172,869</b>	<b>\$ 13,172,869</b>	<b>\$ 11,058,819</b>	<b>\$ 2,114,050</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 2,080,751</b>	<b>\$ 2,080,751</b>	<b>\$ 3,259,126</b>	<b>\$ 1,178,375</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(2,080,750)	(2,080,750)	(2,080,750)	-
<b>Net Change in Fund Balance</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1,178,376</b>	<b>\$ 1,178,375</b>
<b>Fund Balance - January 1</b>	<b>4,935,783</b>	<b>4,935,783</b>	<b>4,935,783</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(111,053)</b>	<b>(111,053)</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,935,784</b>	<b>\$ 4,935,784</b>	<b>\$ 6,003,106</b>	<b>\$ 1,067,322</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 8,289,389	\$ 8,289,389	\$ 8,230,492	\$ (58,897)
Intergovernmental	12,833,256	12,833,256	13,442,298	609,042
Fines and forfeits	-	-	9,858	9,858
Miscellaneous	777,390	777,390	1,069,982	292,592
<b>Total Revenues</b>	<b>\$ 21,900,035</b>	<b>\$ 21,900,035</b>	<b>\$ 22,752,630</b>	<b>\$ 852,595</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 5,970,583	\$ 5,970,583	\$ 5,751,994	\$ 218,589
Social services	16,029,452	16,029,452	16,372,083	(342,631)
<b>Total Expenditures</b>	<b>\$ 22,000,035</b>	<b>\$ 22,000,035</b>	<b>\$ 22,124,077</b>	<b>\$ (124,042)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ 628,553</b>	<b>\$ 728,553</b>
<b>Fund Balance - January 1</b>	<b>7,429,704</b>	<b>7,429,704</b>	<b>7,429,704</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 7,329,704</b>	<b>\$ 7,329,704</b>	<b>\$ 8,058,257</b>	<b>\$ 728,553</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-4**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 90,281	\$ 95,379
Interest	52,179	51,657
Changes of assumptions	(45,372)	-
Benefit payments	(107,662)	(144,263)
	<b>\$ (10,574)</b>	<b>\$ 2,773</b>
<b>Net change in total OPEB liability</b>		
	<b>\$ (10,574)</b>	<b>\$ 2,773</b>
<b>Total OPEB Liability - Beginning, as restated</b>	<b>1,544,289</b>	<b>1,541,516</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 1,533,715</b>	<b>\$ 1,544,289</b>
Covered-employee payroll	\$ 23,338,878	\$ 22,659,105
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.57%	6.82%

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

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-5**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2019**

<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 Clay 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>
2019	0.2638%	\$ 14,584,911	\$ 453,314	\$ 15,038,225	\$ 18,664,733	78.14%	80.23%
2018	0.2740	15,200,397	498,622	15,699,019	18,565,693	81.87	75.53
2017	0.2767	17,664,345	222,111	17,886,456	17,825,413	99.10	75.90
2016	0.2697	21,898,302	285,977	22,184,279	16,715,453	131.01	68.91
2015	0.2710	14,044,626	N/A	14,044,626	15,926,030	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

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT A-6*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2019**

<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>
2019	\$ 1,436,905	\$ 1,436,905	\$ -	\$ 19,158,733	7.50%
2018	1,397,139	1,397,139	-	18,628,520	7.50
2017	1,368,808	1,368,808	-	18,250,773	7.50
2016	1,292,983	1,292,983	-	17,239,773	7.50
2015	1,222,172	1,222,172	-	16,295,627	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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-7**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2019**

<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>
2019	0.243%	\$ 2,584,851	\$ 2,560,461	100.95%	89.26%
2018	0.244	2,595,459	2,566,006	101.15	88.84
2017	0.244	3,294,290	2,509,475	131.27	85.43
2016	0.252	10,113,198	2,423,586	417.28	63.88
2015	0.249	2,829,223	2,280,322	124.07	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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT A-8*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN  
DECEMBER 31, 2019**

<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>
2019	\$ 440,870	\$ 440,870	\$ -	\$ 2,601,003	16.95%
2018	413,513	413,513	-	2,552,549	16.20
2017	411,828	411,828	-	2,542,148	16.20
2016	400,796	400,796	-	2,474,049	16.20
2015	380,304	380,304	-	2,347,556	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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT A-9**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN  
DECEMBER 31, 2019**

<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>
2019	1.837%	\$ 254,263	\$ 3,917,223	6.49%	98.17%
2018	1.492	245,455	2,898,926	8.47	97.64
2017	1.220	3,477,012	2,443,886	142.27	67.89
2016	1.210	4,420,299	2,279,749	193.89	58.16
2015	1.190	183,974	2,139,223	8.60	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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT A-10*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN  
DECEMBER 31, 2019**

<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>
2019	\$ 349,289	\$ 349,289	\$ -	\$ 3,991,874	8.75%
2018	306,205	306,205	-	3,499,486	8.75
2017	228,722	228,722	-	2,613,966	8.75
2016	202,653	202,653	-	2,316,034	8.75
2015	196,852	196,852	-	2,249,737	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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Removal Tax Special Revenue Fund, Jail/Law Enforcement Construction Capital Projects Fund, Government Center Construction Capital Projects Fund, Americana Estates Debt Service Fund, County Projects Debt Service Fund and Ditch Debt Service Fund. All annual appropriations lapse at fiscal year-end.

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

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no budgetary amendments.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following major fund had expenditures in excess of budget for the year ended December 31, 2019.

	Expenditures	Final Budget	Excess
Special Revenue Fund			
Social Services	\$ 22,124,077	\$ 22,000,035	\$ 124,042

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.

**CLAY COUNTY  
MOORHEAD, 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.

Since the most recent valuation, the following assumption change has been made:

2019

- The discount rate was changed from 3.30% to 3.80%.

5. 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

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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

2017

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

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

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.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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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 Correctional Plan

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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

2017

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

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

County Building - to account for the acquisition or repair of buildings used in County administration.

Gravel Removal Tax Reserve - to account for ten percent of gravel removal tax collections used for the rehabilitation of exhausted gravel pits.

DEBT SERVICE FUNDS

Americana Estates - to account for the financial transactions of the Americana Estates project for the City of Moorhead sewer and water hook-up. Financing is provided by issuing bonds and will be paid back through special assessments levied against the Americana Estates' residents.

County Projects - to account for the retirement of bonds issued for the capital projects.

Courthouse Expansion - to account for the retirement of bonds issued for the courthouse expansion.

Joint Highway Facility - to account for the retirement of bonds issued for the Joint Highway Facility and the State-Aid Road bonds.

Law Enforcement Expansion - to account for the retirement of bonds issued for the Law Enforcement expansion.

CAPITAL PROJECTS FUND

Government Center Construction Capital Projects – is used to account for financial resources to be used for the construction of the government center facility.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<b>Special Revenue (Exhibit B-3)</b>	<b>Debt Service (Exhibit B-5)</b>	<b>Government Center Construction Capital Projects</b>	<b>Total (Exhibit 3)</b>
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 797,758	\$ 2,660,273	\$ 3,679	\$ 3,461,710
Undistributed cash in agency funds	5,057	8,031	-	13,088
Taxes receivable delinquent	4,617	11,965	-	16,582
Due from other funds	49,657	-	-	49,657
Due from other governments	-	250,336	-	250,336
	<b>\$ 857,089</b>	<b>\$ 2,930,605</b>	<b>\$ 3,679</b>	<b>\$ 3,791,373</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 27,956	\$ 27,956
 <b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ 3,591	\$ 9,816	\$ -	\$ 13,407
 <b>Fund Balances</b>				
Restricted for				
Debt service	\$ -	\$ 2,920,789	\$ -	\$ 2,920,789
Gravel pit restoration	736,498	-	-	736,498
Assigned to				
County building projects	117,000	-	-	117,000
Unassigned	-	-	(24,277)	(24,277)
	<b>\$ 853,498</b>	<b>\$ 2,920,789</b>	<b>\$ (24,277)</b>	<b>\$ 3,750,010</b>
 <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 857,089</b>	<b>\$ 2,930,605</b>	<b>\$ 3,679</b>	<b>\$ 3,791,373</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Special Revenue (Exhibit B-4)</b>	<b>Debt Service (Exhibit B-6)</b>	<b>Government Center Construction Capital Projects</b>	<b>Total (Exhibit 5)</b>
<b>Revenues</b>				
Taxes	\$ 327,368	\$ 3,397,119	\$ -	\$ 3,724,487
Intergovernmental	70,351	59,419	-	129,770
Miscellaneous	-	36	-	36
	<b>\$ 397,719</b>	<b>\$ 3,456,574</b>	<b>\$ -</b>	<b>\$ 3,854,293</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	\$ 13,294	\$ -	\$ -	\$ 13,294
Conservation of natural resources	272,530	-	-	272,530
<b>Capital outlay</b>				
General government	-	-	39,277	39,277
<b>Debt service</b>				
Principal	-	3,785,000	-	3,785,000
Interest	-	1,816,038	-	1,816,038
Administrative (fiscal) charges	-	2,425	-	2,425
	<b>\$ 285,824</b>	<b>\$ 5,603,463</b>	<b>\$ 39,277</b>	<b>\$ 5,928,564</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ 111,895</b>	<b>\$ (2,146,889)</b>	<b>\$ (39,277)</b>	<b>\$ (2,074,271)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ 3,238,488	\$ 15,000	\$ 3,253,488
Transfers out	(300,000)	-	-	(300,000)
	<b>\$ (300,000)</b>	<b>\$ 3,238,488</b>	<b>\$ 15,000</b>	<b>\$ 2,953,488</b>
<b>Net Change in Fund Balance</b>	<b>\$ (188,105)</b>	<b>\$ 1,091,599</b>	<b>\$ (24,277)</b>	<b>\$ 879,217</b>
<b>Fund Balance - January 1</b>	<b>1,041,603</b>	<b>1,829,190</b>	<b>-</b>	<b>2,870,793</b>
<b>Fund Balance - December 31</b>	<b>\$ 853,498</b>	<b>\$ 2,920,789</b>	<b>\$ (24,277)</b>	<b>\$ 3,750,010</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-3*

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2019**

	<b>County Building</b>	<b>Gravel Removal Tax Reserve</b>	<b>Total (Exhibit B-1)</b>
<u><b>Assets</b></u>			
Cash and pooled investments	\$ 109,656	\$ 688,102	\$ 797,758
Undistributed cash in agency funds	5,057	-	5,057
Taxes receivable delinquent	4,617	-	4,617
Due from other funds	1,261	48,396	49,657
<b>Total Assets</b>	<b>\$ 120,591</b>	<b>\$ 736,498</b>	<b>\$ 857,089</b>
<u><b>Deferred Inflows of Resources, and Fund Balances</b></u>			
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	<b>\$ 3,591</b>	<b>\$ -</b>	<b>\$ 3,591</b>
<b>Fund Balances</b>			
Restricted for			
Gravel pit restoration	\$ -	\$ 736,498	\$ 736,498
Assigned to			
County building projects	117,000	-	117,000
<b>Total Fund Balances</b>	<b>\$ 117,000</b>	<b>\$ 736,498</b>	<b>\$ 853,498</b>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 120,591</b>	<b>\$ 736,498</b>	<b>\$ 857,089</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-4*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>County Building</b>	<b>Gravel Removal Tax Reserve</b>	<b>Total (Exhibit B-2)</b>
<b>Revenues</b>			
Taxes	\$ 278,971	\$ 48,397	\$ 327,368
Intergovernmental	70,351	-	70,351
<b>Total Revenues</b>	<b>\$ 349,322</b>	<b>\$ 48,397</b>	<b>\$ 397,719</b>
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 13,294	\$ -	\$ 13,294
Conservation of natural resources	-	272,530	272,530
<b>Total Expenditures</b>	<b>\$ 13,294</b>	<b>\$ 272,530</b>	<b>\$ 285,824</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 336,028</b>	<b>\$ (224,133)</b>	<b>\$ 111,895</b>
<b>Other Financing Sources (Uses)</b>			
Transfers out	(300,000)	-	(300,000)
<b>Net Change in Fund Balance</b>	<b>\$ 36,028</b>	<b>\$ (224,133)</b>	<b>\$ (188,105)</b>
<b>Fund Balance - January 1</b>	<b>80,972</b>	<b>960,631</b>	<b>1,041,603</b>
<b>Fund Balance - December 31</b>	<b>\$ 117,000</b>	<b>\$ 736,498</b>	<b>\$ 853,498</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
DECEMBER 31, 2019**

	<u>Americana Estates</u>	<u>County Projects</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 41,847	\$ 122,911
Undistributed cash in agency funds	-	59
Taxes receivable delinquent	-	2,618
Due from other governments	-	-
	<hr/>	<hr/>
<b>Total Assets</b>	<b><u>\$ 41,847</u></b>	<b><u>\$ 125,588</u></b>
 <b><u>Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ -	\$ 2,298
 <b>Fund Balances</b>		
Restricted		
Restricted for debt service	<hr/> 41,847	<hr/> 123,290
	<hr/>	<hr/>
<b>Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 41,847</u></b>	<b><u>\$ 125,588</u></b>

**EXHIBIT B-5**

<b>Courthouse Expansion</b>	<b>Joint Highway Facility</b>	<b>Law Enforcement Expansion</b>	<b>Total (Exhibit B-1)</b>
\$ 300,485	\$ 188,860	\$ 2,006,170	\$ 2,660,273
5,177	2,774	21	8,031
5,662	3,040	645	11,965
-	-	250,336	250,336
<b>\$ 311,324</b>	<b>\$ 194,674</b>	<b>\$ 2,257,172</b>	<b>\$ 2,930,605</b>
\$ 4,525	\$ 2,431	\$ 562	\$ 9,816
306,799	192,243	2,256,610	2,920,789
<b>\$ 311,324</b>	<b>\$ 194,674</b>	<b>\$ 2,257,172</b>	<b>\$ 2,930,605</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Americana Estates</b>	<b>County Projects</b>
<b>Revenues</b>		
Taxes	\$ -	\$ 3,437
Intergovernmental	-	-
Miscellaneous	36	-
<b>Total Revenues</b>	<b>\$ 36</b>	<b>\$ 3,437</b>
<b>Expenditures</b>		
<b>Debt service</b>		
Principal	\$ -	\$ -
Interest	-	-
Administrative (fiscal) charges	-	-
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 36</b>	<b>\$ 3,437</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	-	-
<b>Net Change in Fund Balance</b>	<b>\$ 36</b>	<b>\$ 3,437</b>
<b>Fund Balance - January 1</b>	<b>41,811</b>	<b>119,853</b>
<b>Fund Balance - December 31</b>	<b>\$ 41,847</b>	<b>\$ 123,290</b>

**EXHIBIT B-6**

<b>Courthouse Expansion</b>	<b>Joint Highway Facility</b>	<b>Law Enforcement Expansion</b>	<b>Total (Exhibit B-2)</b>
\$ 284,822	\$ 152,548	\$ 2,956,312	\$ 3,397,119
38,687	20,732	-	59,419
-	-	-	36
<b>\$ 323,509</b>	<b>\$ 173,280</b>	<b>\$ 2,956,312</b>	<b>\$ 3,456,574</b>
\$ 270,000	\$ 2,200,000	\$ 1,315,000	\$ 3,785,000
38,063	45,750	1,732,225	1,816,038
355	645	1,425	2,425
<b>\$ 308,418</b>	<b>\$ 2,246,395</b>	<b>\$ 3,048,650</b>	<b>\$ 5,603,463</b>
\$ 15,091	\$ (2,073,115)	\$ (92,338)	\$ (2,146,889)
-	2,080,750	1,157,738	3,238,488
\$ 15,091	\$ 7,635	\$ 1,065,400	\$ 1,091,599
291,708	184,608	1,191,210	1,829,190
<b>\$ 306,799</b>	<b>\$ 192,243</b>	<b>\$ 2,256,610</b>	<b>\$ 2,920,789</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-7*

**BUDGETARY COMPARISON SCHEDULE  
COUNTY BUILDING SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 279,936	\$ 279,936	\$ 278,971	\$ (965)
Intergovernmental	70,064	70,064	70,351	287
<b>Total Revenues</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>	<b>\$ 349,322</b>	<b>\$ (678)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Other general government	50,000	50,000	13,294	36,706
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 336,028</b>	<b>\$ 36,028</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(300,000)	(300,000)	(300,000)	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,028</b>	<b>\$ 36,028</b>
<b>Fund Balance - January 1</b>	<b>80,972</b>	<b>80,972</b>	<b>80,972</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 80,972</b>	<b>\$ 80,972</b>	<b>\$ 117,000</b>	<b>\$ 36,028</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-8*

**BUDGETARY COMPARISON SCHEDULE  
COURTHOUSE EXPANSION DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 285,072	\$ 285,072	\$ 284,822	\$ (250)
Intergovernmental	38,394	38,394	38,687	293
<b>Total Revenues</b>	<b>\$ 323,466</b>	<b>\$ 323,466</b>	<b>\$ 323,509</b>	<b>\$ 43</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 270,000	\$ 270,000	\$ 270,000	\$ -
Interest	38,063	38,063	38,063	-
Administrative (fiscal) charges	300	300	355	(55)
<b>Total Expenditures</b>	<b>\$ 308,363</b>	<b>\$ 308,363</b>	<b>\$ 308,418</b>	<b>\$ (55)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 15,103</b>	<b>\$ 15,103</b>	<b>\$ 15,091</b>	<b>\$ (12)</b>
<b>Fund Balance - January 1</b>	<b>291,708</b>	<b>291,708</b>	<b>291,708</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 306,811</b>	<b>\$ 306,811</b>	<b>\$ 306,799</b>	<b>\$ (12)</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT B-9*

**BUDGETARY COMPARISON SCHEDULE  
JOINT HIGHWAY FACILITY DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 152,674	\$ 152,674	\$ 152,548	\$ (126)
Intergovernmental	20,576	20,576	20,732	156
<b>Total Revenues</b>	<b>\$ 173,250</b>	<b>\$ 173,250</b>	<b>\$ 173,280</b>	<b>\$ 30</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ -
Interest	45,750	45,750	45,750	-
Administrative (fiscal) charges	150	150	645	(495)
<b>Total Expenditures</b>	<b>\$ 2,245,900</b>	<b>\$ 2,245,900</b>	<b>\$ 2,246,395</b>	<b>\$ (495)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (2,072,650)</b>	<b>\$ (2,072,650)</b>	<b>\$ (2,073,115)</b>	<b>\$ (465)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,080,750	2,080,750	2,080,750	-
<b>Net Change in Fund Balance</b>	<b>\$ 8,100</b>	<b>\$ 8,100</b>	<b>\$ 7,635</b>	<b>\$ (465)</b>
<b>Fund Balance - January 1</b>	<b>184,608</b>	<b>184,608</b>	<b>184,608</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 192,708</b>	<b>\$ 192,708</b>	<b>\$ 192,243</b>	<b>\$ (465)</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT B-10**

**BUDGETARY COMPARISON SCHEDULE  
LAW ENFORCEMENT EXPANSION DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,956,312	\$ 856,312
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 1,315,000	\$ 1,315,000	\$ 1,315,000	\$ -
Interest	1,732,225	1,732,225	1,732,225	-
Administrative (fiscal) charges	-	-	1,425	(1,425)
<b>Total Expenditures</b>	<b>\$ 3,047,225</b>	<b>\$ 3,047,225</b>	<b>\$ 3,048,650</b>	<b>\$ (1,425)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (947,225)</b>	<b>\$ (947,225)</b>	<b>\$ (92,338)</b>	<b>\$ 854,887</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,393,650	1,393,650	1,157,738	(235,912)
<b>Net Change in Fund Balance</b>	<b>\$ 446,425</b>	<b>\$ 446,425</b>	<b>\$ 1,065,400</b>	<b>\$ 618,975</b>
<b>Fund Balance - January 1</b>	<b>1,191,210</b>	<b>1,191,210</b>	<b>1,191,210</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,637,635</b>	<b>\$ 1,637,635</b>	<b>\$ 2,256,610</b>	<b>\$ 618,975</b>

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

FM Diversion Joint Powers – Moorhead-Clay County Joint Powers Authority (MCCJPA) – to account for the collection and disbursement of the MCCJPA.

Forfeited Tax - is used to account for proceeds from the sale or rental of lands forfeited to the State of Minnesota pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County.

Joint Powers Collaborative - to account for the collection and disbursement of funds for the local collaborative.

Partnership4Health – to account for the collection and disbursement of funds for the Community Health Board which consists of Becker, Clay, Ottertail and Wilkin Counties.

State Revenue - to account for the collection and disbursement of the state's share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Taxes and Penalties - to account for the collection of taxes and penalties and their distribution to the various funds and governmental units.

Watershed Districts - to account for the collection and disbursement of funds for the maintenance of ditches.

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT C-1*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>FM Diversion Joint Powers - Moorhead- Clay County Joint Powers Authority (MCCJPA)</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ -	\$ 1,754	\$ -	\$ 1,754
Due from other governments	-	23,391	-	23,391
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 25,145</b>	<b>\$ -</b>	<b>\$ 25,145</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 23,391	\$ -	\$ 23,391
Due to other governments	-	1,754	-	1,754
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 25,145</b>	<b>\$ -</b>	<b>\$ 25,145</b>
 <b><u>FORFEITED TAX</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<b>\$ 123,529</b>	<b>\$ 44,846</b>	<b>\$ 123,529</b>	<b>\$ 44,846</b>
<b><u>Liabilities</u></b>				
Due to other funds	\$ 90,931	\$ 11,825	\$ 90,931	\$ 11,825
Due to other governments	32,598	33,021	32,598	33,021
<b>Total Liabilities</b>	<b>\$ 123,529</b>	<b>\$ 44,846</b>	<b>\$ 123,529</b>	<b>\$ 44,846</b>
 <b><u>JOINT POWERS COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 589,114	\$ 404,631	\$ 324,430	\$ 669,315
Due from other funds	73,368	64,372	73,368	64,372
<b>Total Assets</b>	<b>\$ 662,482</b>	<b>\$ 469,003</b>	<b>\$ 397,798</b>	<b>\$ 733,687</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 31,035	\$ 278,767	\$ 264,329	\$ 45,473
Due to other governments	631,447	190,236	133,469	688,214
<b>Total Liabilities</b>	<b>\$ 662,482</b>	<b>\$ 469,003</b>	<b>\$ 397,798</b>	<b>\$ 733,687</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT C-1  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<b><u>PARTNERSHIP4HEALTH</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 190,062	\$ 3,396,755	\$ 3,464,215	\$ 122,602
Accounts receivable	-	25,000	-	25,000
Due from other funds	-	118,771	-	118,771
Due from other governments	521,143	652,059	521,143	652,059
<b>Total Assets</b>	<b><u>\$ 711,205</u></b>	<b><u>\$ 4,192,585</u></b>	<b><u>\$ 3,985,358</u></b>	<b><u>\$ 918,432</u></b>
<b><u>Liabilities</u></b>				
Due to other funds	\$ 356,325	\$ 468,493	\$ 356,325	\$ 468,493
Due to other governments	354,880	3,724,092	3,629,033	449,939
<b>Total Liabilities</b>	<b><u>\$ 711,205</u></b>	<b><u>\$ 4,192,585</u></b>	<b><u>\$ 3,985,358</u></b>	<b><u>\$ 918,432</u></b>
<b><u>STATE REVENUE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ -	\$ 209,177	\$ 193,120	\$ 16,057
Accounts receivable	11,757	-	11,757	-
<b>Total Assets</b>	<b><u>\$ 11,757</u></b>	<b><u>\$ 209,177</u></b>	<b><u>\$ 204,877</u></b>	<b><u>\$ 16,057</u></b>
<b><u>Liabilities</u></b>				
Due to other governments	<b><u>\$ 11,757</u></b>	<b><u>\$ 209,177</u></b>	<b><u>\$ 204,877</u></b>	<b><u>\$ 16,057</u></b>
<b><u>TAXES AND PENALTIES</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,968,143	\$ 94,010,044	\$ 94,741,633	\$ 1,236,554
Due from other funds	90,931	11,825	90,931	11,825
Due from other governments	-	261,021	-	261,021
<b>Total Assets</b>	<b><u>\$ 2,059,074</u></b>	<b><u>\$ 94,282,890</u></b>	<b><u>\$ 94,832,564</u></b>	<b><u>\$ 1,509,400</u></b>
<b><u>Liabilities</u></b>				
Due to other funds	\$ 566	\$ 11	\$ 566	\$ 11
Due to other governments	2,058,508	94,282,879	94,831,998	1,509,389
<b>Total Liabilities</b>	<b><u>\$ 2,059,074</u></b>	<b><u>\$ 94,282,890</u></b>	<b><u>\$ 94,832,564</u></b>	<b><u>\$ 1,509,400</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT C-1  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>WATERSHED DISTRICTS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<u>\$ 390,894</u>	<u>\$ 768,165</u>	<u>\$ 1,159,059</u>	<u>\$ -</u>
<b><u>Liabilities</u></b>				
Due to other governments	<u>\$ 390,894</u>	<u>\$ 768,165</u>	<u>\$ 1,159,059</u>	<u>\$ -</u>
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 3,261,742	\$ 98,835,372	\$ 100,005,986	\$ 2,091,128
Accounts receivable	11,757	25,000	11,757	25,000
Due from other funds	164,299	194,968	164,299	194,968
Due from other governments	<u>521,143</u>	<u>936,471</u>	<u>521,143</u>	<u>936,471</u>
<b>Total Assets</b>	<b><u>\$ 3,958,941</u></b>	<b><u>\$ 99,991,811</u></b>	<b><u>\$ 100,703,185</u></b>	<b><u>\$ 3,247,567</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 31,035	\$ 302,158	\$ 264,329	\$ 68,864
Due to other funds	447,822	480,329	447,822	480,329
Due to other governments	<u>3,480,084</u>	<u>99,209,324</u>	<u>99,991,034</u>	<u>2,698,374</u>
<b>Total Liabilities</b>	<b><u>\$ 3,958,941</u></b>	<b><u>\$ 99,991,811</u></b>	<b><u>\$ 100,703,185</u></b>	<b><u>\$ 3,247,567</u></b>

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## **OTHER SCHEDULES**

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*EXHIBIT D-1*

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Total All Funds</b>
<b>Appropriations and Shared Revenue</b>			
<b>State</b>			
Highway users tax	\$ 8,208,162	\$ -	\$ 8,208,162
County program aid	3,280,453	-	3,280,453
PERA rate reimbursement	61,294	-	61,294
Disparity reduction credit	3,654,334	-	3,654,334
Police aid	296,922	-	296,922
Aquatic invasive species aid	17,099	-	17,099
Riparian protection aid	160,000	-	160,000
Out-of-home placement aid	151,431	-	151,431
Local government aid	8,955	-	8,955
Market value credit	257,511	-	257,511
Disparity reduction aid	13,136	-	13,136
Pension contribution	57,751	8,976	66,727
SCORE	-	181,605	181,605
	<b>\$ 16,167,048</b>	<b>\$ 190,581</b>	<b>\$ 16,357,629</b>
<b>Total appropriations and shared revenue</b>			
<b>Reimbursement for Services</b>			
<b>State</b>			
Minnesota Department of Human Services	<b>\$ 1,950,732</b>	<b>\$ 902,360</b>	<b>\$ 2,853,092</b>
<b>Payments</b>			
<b>Local</b>			
Local	\$ -	\$ 230,586	\$ 230,586
Payments in lieu of taxes	95,927	-	95,927
	<b>\$ 95,927</b>	<b>\$ 230,586</b>	<b>\$ 326,513</b>
<b>Total payments</b>			
<b>Grants</b>			
<b>State</b>			
Minnesota Department/Board of Agriculture	\$ -	\$ 292	\$ 292
Corrections	129,541	-	129,541
Trial Courts	1,266	-	1,266
Public Safety	337,390	-	337,390
Secretary of State	-	-	-
Transportation	400,043	930	400,973
Education	-	1,864	1,864

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total All Funds</u>
<b>Grants</b>			
<b>State (Continued)</b>			
Minnesota Department/Board of Health	-	797,539	797,539
State Colleges and Universities	-	5,866	5,866
Natural Resources	8,437	-	8,437
Human Services	3,600,071	104,282	3,704,353
Veterans Services	12,500	-	12,500
Water and Soil Resources	32,064	37,200	69,264
Pollution Control Agency	10,001	-	10,001
Peace Officer Standards and Training Board	35,790	-	35,790
<b>Total state</b>	<b>\$ 4,567,103</b>	<b>\$ 947,973</b>	<b>\$ 5,515,076</b>
<b>Grants</b>			
<b>Federal</b>			
Department of Agriculture	\$ 517,659	\$ 395,353	\$ 913,012
Justice	134,851	-	134,851
Transportation	660,284	-	660,284
Treasury	3,826	-	3,826
Education	-	1,660	1,660
Health and Human Services	5,467,856	505,208	5,973,064
Homeland Security	104,661	-	104,661
<b>Total federal</b>	<b>\$ 6,889,137</b>	<b>\$ 902,221</b>	<b>\$ 7,791,358</b>
<b>Total state and federal grants</b>	<b>\$ 11,456,240</b>	<b>\$ 1,850,194</b>	<b>\$ 13,306,434</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 29,669,947</b>	<b>\$ 3,173,721</b>	<b>\$ 32,843,668</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<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>U.S. Department of Agriculture</b>			
Passed Through Minnesota Department of Education Child Nutrition Cluster School Breakfast Program	10.553	Not Provided	\$ 31,367
National School Lunch Program	10.555	Not Provided	58,999
Passed Through Partnership4Health Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	293,426
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN101S2514	517,659
Passed Through Minnesota Department of Education Child Nutrition Discretionary Grants Limited Availability	10.579	201818N1810342	<u>11,561</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 913,012</u></b>
<b>U.S. Department of Justice</b>			
Direct Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16.579 \$61,243)	16.579		\$ 25,243
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2018-CLAYAO- 00124	57,087
Crime Victim Assistance (Total Crime Victim Assistance 16.575 \$73,608)	16.575	A-CVS-2020-CLAYAO- 157	16,521
Passed Through City of Moorhead, Minnesota Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16.579 \$61,243)	16.579	A-VCET-2019- MOORHDPD-00018	<u>36,000</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 134,851</u></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	1030014	\$ 333,350
Passed Through City of Moorhead, Minnesota Highway Safety Cluster State and Community Highway Safety	20.600	A-ENFRC19-2019- MOORHDPD-00026	3,222
National Priority Safety Programs	20.616	A-ENFRC19-2019- MOORHDPD-00026	4,002
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019- MOORHDPD-00026	<u>2,316</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 342,890</u></b>
<b>U.S. Department of Treasury</b>			
Direct Joint Law Enforcement Operation Task Force Project	21.XXX		<b><u>\$ 3,826</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<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>U.S. Department of Education</b>			
Passed Through Partnership4Health Community Health Board			
Special Education - Grants for Infants and Families	84.181	8763	\$ 648
Special Education - Grants for Infants and Families (Total Special Education - Grants for Infants and Families 84.181 \$1,660)	84.181	B04MC32551	<u>1,012</u>
<b>Total U.S. Department of Education</b>			<b>\$ 1,660</b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through National Association of County and City Health Officials			
Medical Reserve Corps Small Grant Program	93.008	MRCSG101005-04-00	\$ 125
Passed Through Partnership4Health Community Health Board			
Public Health Emergency Preparedness	93.069	127897	102,704
Food and Drug Administration Research	93.103	G-T-1710-05923	119
Early Hearing Detection and Intervention	93.251	H61MC00035	450
Immunization Cooperative Agreements	93.268	147088	2,200
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	6NUR3DD000842-05-01	450
State Physical Activity and Nutrition (SPAN)	93.439	NU58DP006500	2,232
TANF Cluster			
Temporary Assistance for Needy Families	93.558	127394	45,226
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$982,232)	93.558	1801MNTANF	44,860
Maternal and Child Health Services Block Grant to the States	93.994	86860	57,341
Maternal and Child Health Services Block Grant to the States (Total Maternal and Child Health Services Block Grant to the States 93.994 \$72,341)	93.994	167316	15,000
Passed Through Polk-Norman-Mahnomen Community Health Board			
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	12-700-00106	76,893
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	G-1801MNFPS	11,476
TANF Cluster			
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$982,232)	93.558	1901MNTANF	892,146
Child Support Enforcement	93.563	1901MNCSES	199,403
Child Support Enforcement (Total Child Support Enforcement 93.563 \$1,173,524)	93.563	1901MNCES	974,121
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	1901MNRCA	519
Community-Based Child Abuse Prevention Grants	93.590	G-1801MNBCAP	5,903
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901MNCCDF	20,687
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	8,663
Foster Care Title IV-E	93.658	1801MNFOST	93,175
Foster Care Title IV-E (Total Foster Care Title IV-E 93.658 \$893,097)	93.658	1901MNFOST	799,922
Social Services Block Grant	93.667	G-1901MNSOSR	381,767
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1901MNCILP	12,500
Children's Health Insurance Program	93.767	1905MN5021	420
Medicaid Cluster			
Medical Assistance Program	93.778	1905MN5ADM	2,130,922
Medical Assistance Program (Total Medical Assistance Program 93.778 \$2,152,445)	93.778	1905MN5MAP	21,523
Opioid STR	93.788	130490	<u>31,897</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 5,932,644</b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**EXHIBIT D-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<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>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Not provided	\$ 104,159
Passed Through Headwaters Regional Development Commission Homeland Security Grant Program	97.067	A-DECN-SHSP-2018- NWECEB-005	<u>502</u>
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 104,661</b>
<b>Total Federal Awards</b>			<b>\$ 7,433,544</b>
<b>Totals by Cluster</b>			
Total expenditures for Child Nutrition Cluster			\$ 90,366
Total expenditures for SNAP Cluster			517,659
Total expenditures for Highway Planning and Construction Cluster			333,350
Total expenditures for Highway Safety Cluster			7,224
Total expenditures for TANF Cluster			982,232
Total expenditures for CCDF Cluster			20,687
Total expenditures for Medicaid Cluster			2,152,445

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County under programs of the federal government for the year ended December 31, 2019. 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 Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay County.

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

3. De Minimis Cost Rate

Clay County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	7,791,358
Grants received more than 60 days after year-end, deferred in 2019		
Highway Planning and Construction (CFDA No. 20.205)		16,723
Promoting Safe and Stable Families (CFDA No. 93.556)		175
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93.645)		525
Foster Care – Title IV-E (CFDA No. 93.658)		215,473
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)		8,329
Deferred in 2018, recognized as revenue in 2019		
Highway Planning and Construction (CFDA No. 20.205)		(334,117)
Promoting Safe and Stable Families (CFDA No. 93.556)		(13,210)
Temporary Assistance for Needy Families (CFDA No. 93.558)		(238,249)
Community-Based Child Abuse Prevention Grants (CFDA No. 93.590)		(1,460)
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93.645)		(8,878)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)		(3,125)
		<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	\$	<u>7,433,544</u>