

State of Minnesota



**Office of the State Auditor**

Julie Blaha  
State Auditor

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**Wilkin County  
Breckenridge, Minnesota**

Year Ended December 31, 2019

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

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

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

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

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

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

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

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

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

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

Office of the State Auditor  
525 Park Street, Suite 500  
Saint Paul, Minnesota 55103  
(651) 296-2551  
state.auditor@osa.state.mn.us  
www.auditor.state.mn.us

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# Wilkin County Breckenridge, Minnesota

Year Ended December 31, 2019



Audit Practice Division  
Office of the State Auditor  
State of Minnesota

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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BRECKENRIDGE, MINNESOTA**

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**ORGANIZATION SCHEDULE  
DECEMBER 31, 2019**

Office	Name	Term Expires
<b>Commissioners</b>		
1st District	Eric Klindt <sup>1</sup>	January 2021
2nd District	Jonathan Green	January 2023
3rd District	Lyle E. Hovland	January 2021
4th District	Neal Folstad	January 2023
5th District	Dennis Larson	January 2021
<b>Officials</b>		
<b>Elected</b>		
Attorney	Carl Thunem	January 2023
Auditor-Treasurer	Janelle Krump	January 2023
County Recorder	Renae Niemi	January 2023
Registrar of Titles	Renae Niemi	January 2023
Sheriff	Rick Fiedler	January 2023
<b>Appointed</b>		
Assessor	Michelle Snobl	January 2021
Highway Engineer	Brian Noetzelman	Indefinite
Medical Examiner	Dr. Kelly Mills	Indefinite
Veterans Service Officer	Russel Foster	Indefinite
Family Services Director	Dave Sayler	Indefinite
Emergency Management Officer	Breanna Koval	Indefinite

<sup>1</sup>Chair

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JULIE BLAHA  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Wilkin County  
Breckenridge, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wilkin 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, each major fund, and the aggregate remaining fund information of Wilkin County as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 1.E. to the financial statements, in 2019, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilkin County's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial



statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2020, on our consideration of Wilkin 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 Wilkin 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 Wilkin County’s internal control over financial reporting and compliance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA 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 SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 5, 2020

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

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

Wilkin County's Management's Discussion and Analysis (MD&A) provides an overview of County financial activities for the fiscal year ended December 31, 2019. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Wilkin County's financial statements and the notes to the financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of Wilkin County exceeded its liabilities and deferred inflows of resources by \$55,485,272 at the close of 2019. Of this amount, \$1,313,444 (unrestricted net position) may be used to meet Wilkin County's ongoing obligations to citizens and creditors.

The County's net position increased by \$1,515,976 for the year ended December 31, 2019.

The net cost of Wilkin County's governmental activities for the year ended December 31, 2019, was \$7,227,907. The net cost was funded by general revenues of \$8,743,883.

Wilkin County's fund balances of the governmental funds decreased by \$34,794 in 2019. This net decrease consisted of an increase of \$237,642 in the General Fund, an increase of \$225,712 in the Road and Bridge Special Revenue Fund, a decrease of \$471,542 in the Human Services Special Revenue Fund, a decrease of \$149,500 in the Public Health Special Revenue Fund, and an increase of \$122,894 in other governmental funds.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to Wilkin County's basic financial statements. The County's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and is included as required supplementary information. This report also contains other required supplementary information in addition to the basic financial statements themselves.

## **Government-Wide Financial Statements**

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

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

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

The County's government-wide financial statements report functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Wilkin County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, economic development, and interest. Property taxes and state and federal grants finance most of these activities. Wilkin County has no business-type activities or component units for which the County is legally accountable.

The government-wide statements can be found as Exhibits 1 and 2 of this report.

## **Fund Level Statements**

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

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

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

Wilkin County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Environmental Special Revenue Fund, Public Health Nurse Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with this budget.

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

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit 7 and Statement of Changes in Fiduciary Net Position on Exhibit 8.

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

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

Other information is provided as supplementary information regarding Wilkin County's budgeted funds, deposits and investments, intergovernmental revenues, and federal award programs.

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

Over time, net position serves as a useful indicator of the County's financial position. Wilkin County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$55,485,272 at the close of 2019. The largest portion of the County's net position (93 percent) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges), less any related debt used to acquire those assets. However, it should be noted that these assets are not for future spending or for liquidating any remaining debt.

**Net Position**

	2019	2018
Assets		
Current and other assets	\$ 13,070,449	\$ 12,662,139
Capital assets	52,208,848	49,085,615
Total Assets	\$ 65,279,297	\$ 61,747,754
Deferred Outflows of Resources		
Deferred pension outflows	\$ 969,187	\$ 1,621,032
Deferred OPEB outflows	17,418	12,066
Total Deferred Outflows of Resources	\$ 986,605	\$ 1,633,098
Liabilities		
Long-term liabilities	\$ 7,739,547	\$ 6,091,211
Other liabilities	1,021,762	687,723
Total Liabilities	\$ 8,761,309	\$ 6,778,934
Deferred Inflows of Resources		
Deferred pension inflows	\$ 1,834,370	\$ 2,530,591
Prepaid taxes	184,951	102,031
Total Deferred Inflows of Resources	\$ 2,019,321	\$ 2,632,622
Net Position		
Net investment in capital assets	\$ 51,588,663	\$ 48,161,028
Restricted	2,583,165	2,564,702
Unrestricted	1,313,444	3,243,566
Total Net Position, as reported	\$ 55,485,272	\$ 53,969,296

The unrestricted net position amount of \$1,313,444, 2.4 percent of the net position, as of December 31, 2019, may be used to meet the County’s ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.



## Governmental Activities

Wilkin County's activities increased net position during 2019 by 2.81 percent. The net position for 2019 was \$55,485,272 compared to \$53,969,296 in 2018. Key elements in this increase in net position are as follows.

	2019	2018
<b>Revenues</b>		
Program revenues		
Fees, charges, fines, and other	\$ 1,252,991	\$ 1,362,843
Operating grants and contributions	9,508,834	6,720,008
Capital grants and contributions	229,001	843,690
General revenues		
Property taxes	7,557,688	7,352,106
Other taxes	15,687	13,268
Grants and contributions not restricted	844,774	844,785
Other general revenues	325,734	232,950
<b>Total Revenues</b>	<b>\$ 19,734,709</b>	<b>\$ 17,369,650</b>
<b>Expenses</b>		
Program expenses		
General government	\$ 2,638,294	\$ 2,598,461
Public safety	2,772,054	2,461,899
Highways and streets	6,044,945	5,389,845
Sanitation	326,061	378,402
Human services	3,060,791	2,898,970
Health	926,848	911,445
Culture and recreation	72,809	71,490
Conservation of natural resources	2,251,057	1,235,610
Economic development	7,126	13,155
Interest	118,748	53,293
<b>Total Expenses</b>	<b>\$ 18,218,733</b>	<b>\$ 16,012,570</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 1,515,973</b>	<b>\$ 1,357,080</b>
<b>Net Position – January 1</b>	<b>53,969,296</b>	<b>52,612,216</b>
<b>Net Position – December 31</b>	<b>\$ 55,485,272</b>	<b>\$ 53,969,296</b>

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

### **Governmental funds**

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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 the current fiscal year, governmental funds reported combined ending fund balances of \$9,592,613, a decrease of \$34,794 in comparison with the prior year. Of the ending fund balance, \$8,317,343 represents unrestricted (committed, assigned, and unassigned) fund balance, which is available for spending at the County's discretion. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, or bond covenants, or is nonspendable.

The General Fund is a main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$2,355,769. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 31.18 percent of total General Fund expenditures. In 2019, ending fund balance in the General Fund decreased by \$237,642 due to excess expenditures over revenues of \$1,571,982 and a net bond issuance of \$1,809,624.

The Road and Bridge Special Revenue Fund's unrestricted fund balance of \$3,704,430 at year-end represents 39.97 percent of expenditures. The ending fund balance increased \$225,712 due to excess revenues over expenditure of \$329,652 and a decrease in inventory of \$103,940.

The Human Services Special Revenue Fund's unrestricted fund balance of \$1,387,191 at year-end represents 45.72 percent of the fund's annual expenditures. The ending fund balance decreased \$471,542 during 2019, which was a planned reduction due to a lower levy amount in order to spend down excess funds.

The Public Health Nurse Special Revenue Fund's unrestricted fund balance of \$728,840 at year-end represents 79.34 percent of the fund's annual expenditures. The ending fund balance decreased \$149,500 during 2019, which was a planned reduction due to a lower levy amount in order to spend down excess funds.

All Other Governmental Funds' unrestricted fund balance of \$141,113 at year-end represents 21.40 percent of the funds' annual expenditures. The ending fund balances increased \$122,894 during 2019 due to excess revenues over expenditures.

## Governmental Activities

The County's total revenues were \$19,734,709. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2019.

**Table 1**  
**Total County Revenues**

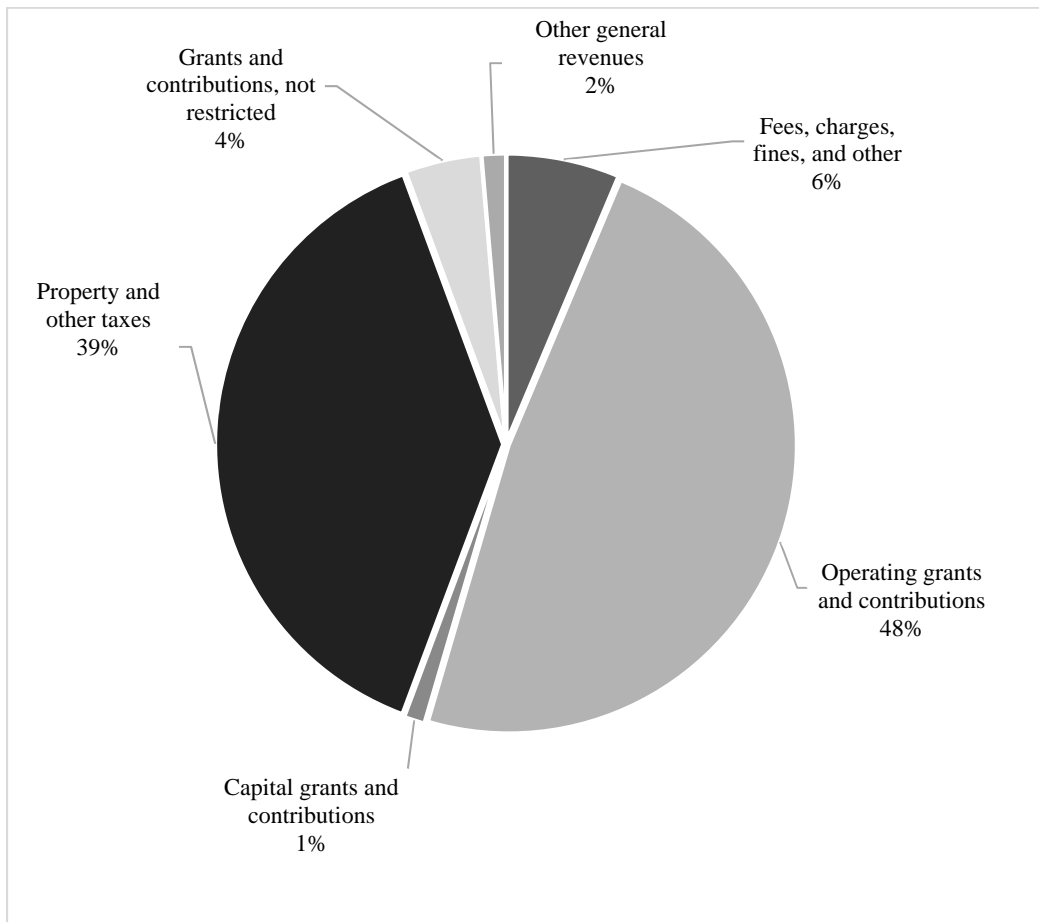


Table 2 presents the cost and revenue of each program, as well as the County's general revenues.

Total program and general revenues for the County were \$19,734,709, while total expenses were \$18,218,733. This reflects a \$1,515,973 increase in net position for the year ended December 31, 2019.

**Table 2**  
**General Revenues, Program Revenues, and Expenses**

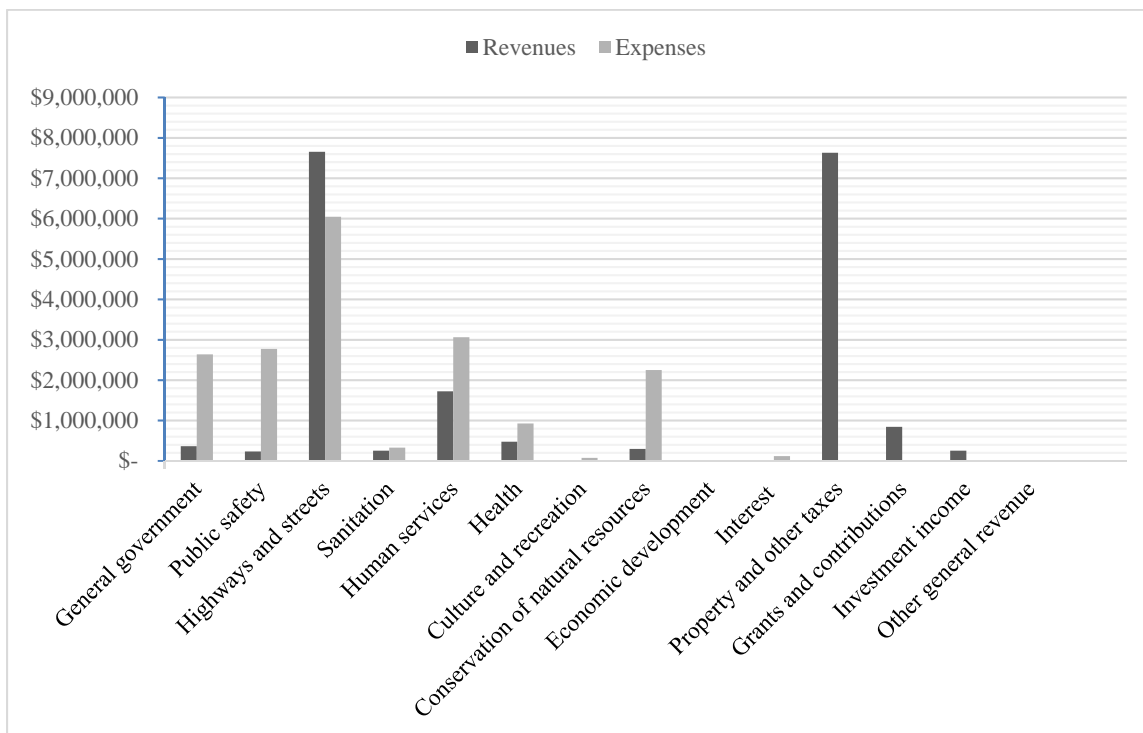


Table 3 presents the cost of each of the County’s four largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden that was placed on the County’s taxpayers by each of these functions.

**Table 3**  
**Governmental Activities**

	Total Cost of Services 2019	Net Cost of Services 2019
General government	\$ 2,638,294	\$ 2,274,940
Public safety	2,772,054	2,540,827
Highways and streets	6,044,945	(1,610,539)
Human services	3,060,791	1,340,154
All others	3,702,649	2,682,525
<b>Totals</b>	<b>\$ 18,218,733</b>	<b>\$ 7,227,907</b>

## General Fund Budgetary Highlights

The Wilkin County Board of Commissioners, over the course of the year, may amend/revise the County's budget. These budget amendments usually will fall into one of two categories: new information changing original budget estimations and greater than anticipated revenues or costs. During 2019, the County did not make any significant budgetary amendments/revisions.

Actual revenues were greater than budgeted revenues by \$651,402, primarily due to intergovernmental transactions.

Actual expenditures were more than budgeted expenditures by \$2,066,556, due to a remittance of revenues received for another governmental entity.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Wilkin County's capital assets for its governmental activities at December 31, 2019, totaled \$52,208,848 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The investments in capital assets increased \$3,123,233, or 6.4 percent, from the previous year.

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

	2019	2018
Land	\$ 1,224,023	\$ 1,224,023
Infrastructure	41,531,602	38,288,998
Buildings	5,558,510	5,623,179
Improvements other than buildings	64,348	74,823
Machinery and equipment	2,281,707	2,322,669
Software	108,119	121,633
Construction in progress	1,440,539	1,430,290
Total	<u>\$ 52,208,848</u>	<u>\$ 49,085,615</u>

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

## Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$3,280,000.

	<u>2019</u>	<u>2018</u>
General obligation refunding bonds	\$ 610,000	\$ 905,000
General obligation drainage bonds	<u>2,670,000</u>	<u>865,000</u>
Total	<u>\$ 3,280,000</u>	<u>\$ 1,770,000</u>

The County's debt related to general obligation bonds increased by \$1,510,000 during the fiscal year.

Additional information on the County's long-term debt can be found in Notes 3.C.2. to 3.C.4. to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Wilkin County's elected and appointed officials considered many factors when setting the 2020 budget and tax levy. These factors include state-aid levels, increasing input costs, appropriate fund balances, being mindful of the burden on County taxpayers, and a need to provide a certain level of services to Wilkin County residents/taxpayers.

- The unemployment rate for Wilkin County at the end of 2019 was 3.5 percent. This is comparable with the state unemployment rate of 3.5 percent. This is the same rate from one year ago.
- The County's expenditures for 2020 are budgeted to decrease 5.35 percent (\$1,034,791) over the 2019 original budget. The 2020 anticipated revenues, other than tax levy and special assessments, are budgeted to decrease 13.14 percent (\$1,297,744) over the 2019 original budget.
- The net tax levy (the amount spread to taxpayers) increased 7.64 percent (\$595,514) from 2019.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Wilkin County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to: Wilkin County Auditor-Treasurer, Janelle Krump, Wilkin County Courthouse, 300 South 5th Street, PO Box 409, Breckenridge, Minnesota 56520.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**EXHIBIT 1**

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

**Assets**

Cash and pooled investments	\$	9,936,193
Taxes receivable – delinquent		58,884
Accounts receivable – net		291,310
Accrued interest receivable		22,384
Due from other governments		2,393,620
Inventories		368,058
Capital assets		
Non-depreciable		2,664,562
Depreciable – net of accumulated depreciation		49,544,286
		65,279,297
<b>Total Assets</b>	<b>\$</b>	<b>65,279,297</b>

**Deferred Outflows of Resources**

Deferred pension outflows	\$	969,187
Deferred other postemployment benefits outflows		17,418
		986,605
<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b>986,605</b>

**Liabilities**

Accounts payable	\$	364,256
Salaries payable		294,668
Due to other governments		326,637
Accrued interest payable		36,201
Long-term liabilities		
Due within one year		617,448
Due in more than one year		3,027,133
Other postemployment benefits		247,712
Net pension liability		3,847,254
		8,761,309
<b>Total Liabilities</b>	<b>\$</b>	<b>8,761,309</b>

**Deferred Inflows of Resources**

Deferred pension inflows	\$	1,834,370
Prepaid taxes		184,951
		2,019,321
<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b>2,019,321</b>

**Net Position**

Net investment in capital assets	\$	51,588,663
Restricted for		
General government		204,322
Public safety		142,603
Highways and streets		2,136,240
Economic development		100,000
Unrestricted		1,313,444
		55,485,272
<b>Total Net Position</b>	<b>\$</b>	<b>55,485,272</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**EXHIBIT 2**

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

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b><u>Functions/Programs</u></b>					
<b>Governmental activities</b>					
General government	\$ 2,638,294	\$ 295,481	\$ 67,873	\$ -	\$ (2,274,940)
Public safety	2,772,054	97,438	133,789	-	(2,540,827)
Highways and streets	6,044,945	185,273	7,241,210	229,001	1,610,539
Sanitation	326,061	126,761	124,262	-	(75,038)
Human services	3,060,791	195,596	1,525,041	-	(1,340,154)
Health	926,848	193,421	281,240	-	(452,187)
Culture and recreation	72,809	-	-	-	(72,809)
Conservation of natural resources	2,251,057	159,021	135,419	-	(1,956,617)
Economic development	7,126	-	-	-	(7,126)
Interest	118,748	-	-	-	(118,748)
<b>Total Governmental Activities</b>	<b>\$ 18,218,733</b>	<b>\$ 1,252,991</b>	<b>\$ 9,508,834</b>	<b>\$ 229,001</b>	<b>\$ (7,227,907)</b>
<b>General Revenues</b>					
Property taxes				\$ 7,557,688	
Taxes – other				15,687	
Payments in lieu of tax				57,835	
Grants and contributions not restricted to specific programs				844,774	
Investment income				252,089	
Miscellaneous				15,810	
<b>Total general revenues</b>				<b>\$ 8,743,883</b>	
<b>Change in net position</b>				<b>\$ 1,515,976</b>	
<b>Net Position – Beginning</b>				<b>53,969,296</b>	
<b>Net Position – Ending</b>				<b>\$ 55,485,272</b>	

**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**WILKIN COUNTY  
BRECKENRIDGE, 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	\$ 3,251,230	\$ 4,039,330
Petty cash and change funds	2,250	100
Taxes receivable – delinquent	33,403	14,680
Accounts receivable	20,582	2,773
Accrued interest receivable	22,384	-
Due from other funds	13,968	16,446
Due from other governments	30,359	1,988,593
Inventories	-	368,058
	<b>\$ 3,374,176</b>	<b>\$ 6,429,980</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 94,889	\$ 156,884
Salaries payable	130,693	67,487
Due to other funds	16,554	44,595
Due to other governments	265,579	140
	<b>\$ 507,715</b>	<b>\$ 269,106</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 43,268	\$ 1,999,132
Prepaid taxes	16,895	6,775
	<b>\$ 60,163</b>	<b>\$ 2,005,907</b>



**EXHIBIT 3**

<b>Human Services</b>	<b>Public Health Nurse</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,323,164	\$ 687,190	\$ 627,929	\$ 9,928,843
-	-	5,000	7,350
6,196	1,960	2,645	58,884
191,024	61,815	15,116	291,310
-	-	-	22,384
353	6,687	43,299	80,753
236,083	138,585	-	2,393,620
-	-	-	368,058
<b>\$ 1,756,820</b>	<b>\$ 896,237</b>	<b>\$ 693,989</b>	<b>\$ 13,151,202</b>
\$ 102,547	\$ 4,149	\$ 5,787	\$ 364,256
62,425	31,352	2,711	294,668
26,273	1,449	568	89,439
34,726	11,840	5,666	317,951
<b>\$ 225,971</b>	<b>\$ 48,790</b>	<b>\$ 14,732</b>	<b>\$ 1,066,314</b>
\$ 140,624	\$ 117,574	\$ 6,726	\$ 2,307,324
3,034	1,033	157,214	184,951
<b>\$ 143,658</b>	<b>\$ 118,607</b>	<b>\$ 163,940</b>	<b>\$ 2,492,275</b>

**WILKIN COUNTY  
BRECKENRIDGE, 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>Fund Balances</b>		
Nonspendable		
Inventories	\$ -	\$ 368,058
Missing heirs	3,604	-
Restricted		
Debt service	-	-
Real estate tax shortfall	21,330	-
Law library	39,930	-
Recorder's technology equipment	87,800	-
Enhanced 911	138,040	-
Recorder's compliance fund	55,262	-
Economic development	100,000	-
Gravel pit restoration	-	-
County state-aid highway system	-	82,479
Investigating and securing evidence	4,563	-
Committed		
Future aggregate	-	256,750
Assigned		
Highways and streets	-	3,447,680
Human services	-	-
Sanitation	-	-
Public health	-	-
Unassigned	2,355,769	-
<b>Total Fund Balances</b>	<b>\$ 2,806,298</b>	<b>\$ 4,154,967</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,374,176</b>	<b>\$ 6,429,980</b>

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

<b>Human Services</b>	<b>Public Health Nurse</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 368,058
-	-	-	3,604
-	-	372,106	372,106
-	-	-	21,330
-	-	-	39,930
-	-	-	87,800
-	-	-	138,040
-	-	-	55,262
-	-	-	100,000
-	-	2,098	2,098
-	-	-	82,479
-	-	-	4,563
-	-	-	256,750
-	-	-	3,447,680
1,387,191	-	-	1,387,191
-	-	141,113	141,113
-	728,840	-	728,840
-	-	-	2,355,769
<b>\$ 1,387,191</b>	<b>\$ 728,840</b>	<b>\$ 515,317</b>	<b>\$ 9,592,613</b>
<b>\$ 1,756,820</b>	<b>\$ 896,237</b>	<b>\$ 693,989</b>	<b>\$ 13,151,202</b>

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**EXHIBIT 4**

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

<b>Fund balances – total governmental funds (Exhibit 3)</b>		<b>\$ 9,592,613</b>
Amounts reported for governmental activities in the statement of net assets 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.		52,208,848
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		969,187
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		2,307,324
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	\$ (3,280,000)	
Bond premium	(14,661)	
Accrued interest payable	(36,201)	
Compensated absences	(349,920)	
Net other postemployment benefits liability	(247,712)	
Net pension liability	<u>(3,847,254)</u>	(7,775,748)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(1,834,370)
Deferred outflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.		<u>17,418</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>		<b><u><u>\$ 55,485,272</u></u></b>

**WILKIN COUNTY  
BRECKENRIDGE, 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>Revenues</b>		
Taxes	\$ 4,390,552	\$ 1,859,812
Special assessments	-	-
Licenses and permits	4,915	-
Intergovernmental	910,685	7,553,371
Charges for services	326,777	127,261
Fines and forfeits	5,431	-
Gifts and contributions	25	-
Investment earnings	257,721	-
Miscellaneous	86,116	56,467
	<b>\$ 5,982,222</b>	<b>\$ 9,596,911</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 2,643,504	\$ -
Public safety	2,545,944	-
Highways and streets	-	8,812,121
Sanitation	-	-
Human services	-	-
Health	2,204	-
Culture and recreation	69,023	1,793
Conservation of natural resources	2,240,701	-
Economic development	7,126	-
<b>Intergovernmental</b>		
Highways and streets	-	453,345
<b>Debt service</b>		
Principal	-	-
Interest	3,646	-
Bond issuance costs	17,531	-
Administrative (fiscal) charges	24,525	-
	<b>\$ 7,554,204</b>	<b>\$ 9,267,259</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (1,571,982)</b>	<b>\$ 329,652</b>
<b>Other Financing Sources (Uses)</b>		
Bonds issued	\$ 1,805,000	\$ -
Premium on bonds issued	4,624	-
	<b>\$ 1,809,624</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ 237,642</b>	<b>\$ 329,652</b>
<b>Fund Balance – January 1</b>	<b>2,568,656</b>	<b>3,929,255</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(103,940)</b>
<b>Fund Balance – December 31</b>	<b>\$ 2,806,298</b>	<b>\$ 4,154,967</b>

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

**EXHIBIT 5**

<u>Human Services</u>	<u>Public Health Nurse</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 734,529	\$ 227,754	\$ 350,682	\$ 7,563,329
-	-	134,236	134,236
-	-	1,450	6,365
1,610,902	324,385	160,263	10,559,606
196,286	205,133	80,599	936,056
-	-	-	5,431
-	4,725	-	4,750
23	-	-	257,744
20,887	7,182	54,962	225,614
<b>\$ 2,562,627</b>	<b>\$ 769,179</b>	<b>\$ 782,192</b>	<b>\$ 19,693,131</b>
\$ -	\$ -	\$ -	\$ 2,643,504
-	-	-	2,545,944
-	-	-	8,812,121
-	-	253,479	253,479
3,034,169	-	-	3,034,169
-	918,679	-	920,883
-	-	-	70,816
-	-	55,531	2,296,232
-	-	-	7,126
-	-	-	453,345
-	-	295,000	295,000
-	-	44,309	47,955
-	-	-	17,531
-	-	10,979	35,504
<b>\$ 3,034,169</b>	<b>\$ 918,679</b>	<b>\$ 659,298</b>	<b>\$ 21,433,609</b>
<b>\$ (471,542)</b>	<b>\$ (149,500)</b>	<b>\$ 122,894</b>	<b>\$ (1,740,478)</b>
\$ -	\$ -	\$ -	\$ 1,805,000
-	-	-	4,624
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,809,624</b>
\$ (471,542)	\$ (149,500)	\$ 122,894	\$ 69,146
1,858,733	878,340	392,423	9,627,407
-	-	-	(103,940)
<b>\$ 1,387,191</b>	<b>\$ 728,840</b>	<b>\$ 515,317</b>	<b>\$ 9,592,613</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT 6*

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

**Net change in fund balance – total governmental funds (Exhibit 5) \$ 69,146**

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 revenues between the fund statements and the statement of activities is the increase or decrease in revenues deferred as unavailable.

Unavailable revenue – December 31	\$ 2,307,324	
Unavailable revenue – January 1	<u>(2,265,746)</u>	41,578

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, the net book value of assets disposed of is expensed, while not reported in the fund statements.

Expenditures for general capital assets and infrastructure	\$ 6,066,210	
Current year depreciation	<u>(2,942,977)</u>	3,123,233

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		
General obligation bonds issued	\$ (1,805,000)	
Premium on bonds issued	<u>(4,624)</u>	(1,809,624)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bonds		295,000
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Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.		(2,325)
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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

***EXHIBIT 6  
(Continued)***

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

Change in accrued interest payable	\$	(15,433)	
Change in compensated absences		(21,065)	
Change in other postemployment benefits liability		(13,639)	
Change in net pension liability		(96,683)	
Change in deferred pension outflows of resources		(651,845)	
Change in deferred pension inflows of resources		696,221	
Change in deferred other postemployment benefits outflows		5,352	
Change in inventories		(103,940)	(201,032)
<b>Change in Net Position of Governmental Activities (Exhibit 2)</b>			<b><u>\$ 1,515,976</u></b>

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**FIDUCIARY FUNDS**

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT 7*

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

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 40,491	\$ 178,658
Taxes receivable for other governments	-	123,193
Accounts receivable	-	4,646
Due from other funds	-	14,207
Due from other governments	-	163
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 40,491</b>	<b>\$ 320,867</b>
<b><u>Liabilities</u></b>		
Due to other governments	\$ -	\$ 140,054
Due to other funds	-	5,521
Due to others	3,732	1,874
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 3,732</b>	<b>\$ 147,449</b>
<b><u>Net Position</u></b>		
Restricted for		
Individuals, organizations, other governments	<u>\$ 36,759</u>	<u>\$ 173,418</u>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT 8*

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2019**

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<b>Additions</b>		
Contributions		
Individuals	\$ 495,270	\$ 61,575
Investment earnings		
Interest, dividends, and other	-	809
Property tax collections for other governments	-	6,809,345
Contributions from participants	-	51,104
License and fees collected for the state	-	194,226
Miscellaneous	-	40,245
	<hr/>	<hr/>
<b>Total Additions</b>	<b>\$ 495,270</b>	<b>\$ 7,157,304</b>
<b>Deductions</b>		
Beneficiary payments to individuals	\$ 491,184	\$ -
Payments of property tax to other governments	-	6,821,714
Payments to the state	-	255,840
Administrative expense	-	6,521
Distribution to participants	-	42,965
Payments to other entities	-	40,179
	<hr/>	<hr/>
<b>Total Deductions</b>	<b>\$ 491,184</b>	<b>\$ 7,167,219</b>
<b>Change in net position</b>	<b>\$ 4,086</b>	<b>\$ (9,915)</b>
<b>Net Position – January 1, as restated (Note 1.E.)</b>	<hr/> <b>32,673</b>	<hr/> <b>183,333</b>
<b>Net Position – December 31</b>	<hr/> <b>\$ 36,759</b>	<hr/> <b>\$ 173,418</b>

**WILKIN COUNTY  
BRECKENRIDGE, 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 accounting principles generally accepted in the United States of America (GAAP) 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

Wilkin County was established March 6, 1868, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Joint Ventures, Jointly-Governed Organizations, and Related Organization

The County participates in joint ventures, jointly-governed organizations, and a related organization, which are described in Notes 5.B., 5.C., and 5.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 County. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

1. Government-Wide Statements (Continued)

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

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

2. Fund Financial Statements

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

The County reports the following major governmental funds:

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



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

The Public Health Nurse Special Revenue Fund is used to account for providing nursing service care to the elderly and other residents of the County. Financing is provided by health care service grants, County contributions, and user service charges.

Additionally, the County reports the following fund types:

The Debt Service Fund accounts for the resources accumulated and payments made for the principal and interest on long-term debt of the government.

The Private-Purpose Trust Fund accounts for funds held in trust that the County acts on behalf of individuals as representative payee.

Custodial funds are custodial in nature. These funds account for activity that the County holds for others in an agent capacity.

C. Measurement Focus and Basis of Accounting

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

C. Measurement Focus and Basis of Accounting (Continued)

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. Wilkin County considers all revenue as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied, provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2019. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

1. Deposits and Investments (Continued)

Wilkin 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 \$257,721.

2. Receivables and Payables

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

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

3. Inventories

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than the capitalization threshold 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. The County's capitalization threshold for capital assets is as follows:

Assets	Capitalization Threshold
Land	\$ 1
Buildings	5,000
Building improvements	5,000
Public domain infrastructure	5,000
Furniture, equipment, and vehicles	5,000

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

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

Assets	Years
Buildings	25 - 40
Improvements other than buildings	20 - 35
Infrastructure	15 - 75
Machinery, furniture, and equipment	3 - 15

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

5. Compensated Absences

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

6. Long-Term Obligations

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

In the fund financial statements, governmental funds 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

7. Pension Plan

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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.

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. Currently, the County has three types of deferred inflows—unavailable revenue, prepaid property taxes, and deferred pension inflows—that qualify for reporting in this category. The governmental

**WILKIN COUNTY  
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1. Summary of Significant Accounting Policies

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

8. Deferred Outflows/Inflows of Resources (Continued)

funds report unavailable revenue from delinquent taxes 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 amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Prepaid property taxes arise under both the modified accrual and the full accrual basis of accounting and, accordingly, are reported in the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

9. Classification of Net Position

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

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

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

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

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

Committed – amounts that can be used only for the specific purposes imposed by formal action (ordinance or 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 (ordinance or resolution) it employed to previously commit those amounts.

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

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



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

10. Classification of Fund Balances (Continued)

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.

11. Minimum Fund Balance

Wilkin County is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Wilkin County has adopted a minimum fund balance policy to address cash flow or working capital needs. The County 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 will maintain an unrestricted fund balance level of no less than five months of operating expenditures.

12. 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, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

E. Restatement of Net Position

Change in Accounting Principles

During the year ended December 31, 2019, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by recording the Social Welfare Private-Purpose Trust Fund that was not previously reported and including accruals and ending net position to custodial funds not previously required. Beginning net position has been restated to reflect this change.

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2019, as previously reported	\$ -	\$ -
Change in accounting principles	32,673	183,333
Net Position, January 1, 2019, as restated	\$ 32,673	\$ 183,333

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following nonmajor individual funds had expenditures in excess of budget for the year ended December 31, 2019:

	Expenditures	Budget	Excess
Environmental Special Revenue Fund	\$ 298,721	\$ 284,913	\$ 13,808
Debt Service Fund	350,288	326,083	24,205

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Governmental activities	
Cash and pooled investments	\$ 9,936,193
Fiduciary funds	
Cash and pooled investments	<u>219,149</u>
 Total Cash and Investments	 <u><u>\$ 10,155,342</u></u>

a. Deposits

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

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

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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

b. Investments

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

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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 in the possession of an outside party. The County does not have a policy on custodial credit risk. As of December 31, 2019, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal Home Loan Mortgage Corporation	AA+	S&P		10/27/2023	\$ 239,952
Investment pools/mutual funds					
MAGIC Fund			N/A		1,397,367
Negotiable certificates of deposit			N/A		2,836,722
Money market with broker			N/A		205,000
Total investments					\$ 4,679,041
Deposits					5,468,951
Change funds					7,350
Total Cash and Investments					<u>\$ 10,155,342</u>

N/A – Not Applicable  
S&P – Standard & Poor’s

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:

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- *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	\$ 239,952	\$ -	\$ 239,952	\$ -
Negotiable certificates of deposit	2,836,722	-	2,836,722	-
Total Investments Included in the Fair Value Hierarchy	\$ 3,076,674	\$ -	\$ 3,076,674	\$ -
Investments measured at the net asset value (NAV)				
Money market with broker	\$ 205,000			
MAGIC Portfolio	1,397,367			
Total investments measured at the NAV	\$ 1,602,367			
Total Investments	\$ 4,679,041			

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

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 Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

The County invests in money market funds for the benefit of liquid investments that can be readily re-invested. Money market funds held by the County seek a constant NAV of \$1.00 per share. The money market fund reserves the right to require one or more day's prior notice before permitting withdrawals.

2. Receivables

Receivables as of December 31, 2019, are as follows:

Governmental Activities	
Taxes	\$ 58,884
Accounts – net	291,310
Interest	22,384
Due from other governments	<u>2,393,620</u>
Total Governmental Activities	<u>\$ 2,766,198</u>

The County had no receivables scheduled to be collected beyond one year.



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,224,023	\$ -	\$ -	\$ 1,224,023
Construction in progress	1,430,290	5,435,323	5,425,074	1,440,539
Total capital assets not depreciated	\$ 2,654,313	\$ 5,435,323	\$ 5,425,074	\$ 2,664,562
Capital assets depreciated				
Improvements other than buildings	\$ 174,350	\$ -	\$ -	\$ 174,350
Buildings	8,752,421	163,052	-	8,915,473
Machinery, furniture, and equipment	6,611,163	467,835	213,097	6,865,901
Software	202,715	-	-	202,715
Infrastructure	69,746,175	5,425,074	-	75,171,249
Total capital assets depreciated	\$ 85,486,824	\$ 6,055,961	\$ 213,097	\$ 91,329,688
Less: accumulated depreciation for				
Improvements other than buildings	\$ 99,527	\$ 10,475	\$ -	\$ 110,002
Buildings	3,129,242	227,721	-	3,356,963
Machinery, furniture, and equipment	4,288,494	508,797	213,097	4,584,194
Software	81,082	13,514	-	94,596
Infrastructure	31,457,177	2,182,470	-	33,639,647
Total accumulated depreciation	\$ 39,055,522	\$ 2,942,977	\$ 213,097	\$ 41,785,402
Total capital assets depreciated, net	\$ 46,431,302	\$ 3,112,984	\$ -	\$ 49,544,286
Governmental Activities Capital Assets, Net	\$ 49,085,615	\$ 8,548,307	\$ 5,425,074	\$ 52,208,848

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

General government	\$ 62,758
Public safety	205,706
Highways and streets, including depreciation of infrastructure assets	2,638,866
Human services	5,151
Health	2,364
Sanitation	26,139
Culture and recreation	1,993
Total Depreciation Expense	\$ 2,942,977

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables and Payables

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Road and Bridge Special Revenue Fund	\$ 1,296
	Human Services Special Revenue Fund	5,379
	Environmental Special Revenue Fund	345
	Public Health Nurse Special Revenue Fund	1,427
	State Revenue Custodial Fund	<u>5,521</u>
Total due to General Fund		<u>\$ 13,968</u>
Road and Bridge Special Revenue Fund	General Fund	\$ 16,223
	Environmental Special Revenue Fund	<u>223</u>
Total due to Road and Bridge Special Revenue Fund		<u>\$ 16,446</u>
Human Services Special Revenue Fund	General Fund	\$ 331
	Public Health Nurse Special Revenue Fund	<u>22</u>
Total due to Human Services Special Revenue Fund		<u>\$ 353</u>
Public Health Nurse Special Revenue Fund	Human Services Special Revenue Fund	<u>\$ 6,687</u>
Courthouse Improvement Debt Service Fund	Road and Bridge Special Revenue Fund	<u>\$ 43,299</u>
Children's Collaborative Custodial Fund	Human Services Special Revenue Fund	<u>\$ 14,207</u>
Total Due To/From Other Funds		<u><u>\$ 94,960</u></u>

The outstanding balances between the 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2019, were as follows:

	Governmental Activities
Accounts	\$ 364,256
Salaries	294,668
Due to other governments	326,637
Total Payables	\$ 985,561

2. Long-Term Debt

Bond payments are made from the Debt Service Fund. Information on individual bonds payable was as follows:

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
General obligation bonds					
2013 G.O. Refunding Bonds	2021	\$300,000 - \$310,000	1.215	\$ 2,015,000	\$ 610,000
2018 G.O. Drainage Bonds	2034	\$50,000 - \$70,000	3.2693	865,000	865,000
2019 G.O. Drainage Bonds	2035	\$100,000 - \$145,000	2.50	1,805,000	1,805,000
Total general obligation bonds				\$ 4,685,000	\$ 3,280,000
Add: Unamortized premium					14,661
Total General Obligation Bonds, Net					\$ 3,294,661

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

3. Debt Service Requirements

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

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2020	\$ 350,000	\$ 79,795
2021	460,000	67,858
2022	155,000	61,208
2023	155,000	57,608
2024	165,000	53,883
2025 - 2029	860,000	210,337
2030 - 2034	990,000	90,675
2035	145,000	1,921
Total	<u>\$ 3,280,000</u>	<u>\$ 623,285</u>

4. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Bonds payable					
General obligation bonds	\$ 1,770,000	\$ 1,805,000	\$ 295,000	\$ 3,280,000	\$ 350,000
Add: Unamortized premium	19,586	4,624	9,549	14,661	-
Less: Unamortized discount	(11,874)	-	(11,874)	-	-
Total bonds payable	<u>\$ 1,777,712</u>	<u>\$ 1,809,624</u>	<u>\$ 292,675</u>	<u>\$ 3,294,661</u>	<u>\$ 350,000</u>
Compensated absences	328,855	319,724	298,659	349,920	267,448
Total Long-Term Liabilities	<u>\$ 2,106,567</u>	<u>\$ 2,129,348</u>	<u>\$ 591,334</u>	<u>\$ 3,644,581</u>	<u>\$ 617,448</u>

Compensated absences are liquidated by the General Fund and other funds that have personal services.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

5. Deferred Inflows of Resources – Unavailable Revenues/Prepaid Property Taxes

Unavailable revenue consists of taxes, special assessments, state and/or federal grants and highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. Prepaid property taxes consist of the County's share of property taxes and special assessments collected in advance. Deferred inflows of resources at December 31, 2019, are summarized below by fund.

	<u>Taxes</u>	<u>Grants and Allotments</u>	<u>Other</u>	<u>Total</u>
Major governmental funds				
General	\$ 43,243	\$ 1,511	\$ 15,409	\$ 60,163
Road and Bridge Special Revenue	18,437	1,969,184	18,286	2,005,907
Human Services Special Revenue	8,036	39,719	95,903	143,658
Public Health Nurse Special Revenue	2,623	15,045	100,939	118,607
Nonmajor governmental funds				
Environmental Special Revenue	5,288	-	-	5,288
Debt Service	158,652	-	-	158,652
Total	<u>\$ 236,279</u>	<u>\$ 2,025,459</u>	<u>\$ 230,537</u>	<u>\$ 2,492,275</u>
Deferred inflows of resources				
Unavailable revenue	\$ 51,328	\$ 2,025,459	\$ 230,537	\$ 2,307,324
Prepaid taxes	184,951	-	-	184,951
Total	<u>\$ 236,279</u>	<u>\$ 2,025,459</u>	<u>\$ 230,537</u>	<u>\$ 2,492,275</u>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

D. Other Postemployment Benefits (OPEB)

Plan Description

Wilkin 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 Statement 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:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active plan participants	98
Total	99

Total OPEB Liability

The County's total OPEB liability of \$247,712 was determined by an actuarial valuation as of January 1, 2018 and was rolled forward to a measurement date of January 1, 2019. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services expenditures.

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 3.30 percent based on the estimated yield of 20-year AA-rated municipal bonds.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

Total OPEB Liability (Continued)

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.

The method to develop starting claims costs, by age adjusting the premium information, was done under the alternative measurement method.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2019	\$ 234,073
Changes for the year	
Service cost	\$ 17,597
Interest	8,108
Benefit payments	(12,066)
Net change	\$ 13,639
Balance at December 31, 2019	\$ 247,712

OPEB Liability Sensitivity

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

3. Detailed Notes on All Funds

D. Other Postemployment Benefits (OPEB)

OPEB Liability Sensitivity (Continued)

	<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	2.30%	\$ 263,081
Current	3.30	247,712
1% Increase	4.30	233,074

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

	<u>Health Care Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	5.25% Decreasing to 4.00%	\$ 224,090
Current	6.25% Decreasing to 5.00%	247,712
1% Increase	7.25% Decreasing to 6.00%	275,384

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of \$8,287. The County reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Contributions made subsequent to the measurement date	\$ 17,418

The \$17,418 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020.



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds (Continued)

E. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of Wilkin 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 Wilkin County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

1. Plan Description (Continued)

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

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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

2. Benefits Provided (Continued)

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

2. Benefits Provided (Continued)

and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

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

3. 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

3. Contributions (Continued)

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

General Employees Plan	\$	316,370
Police and Fire Plan		103,366
Correctional Plan		51,040

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

4. Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of \$3,212,219 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 0.0581 percent. It was 0.0576 percent measured as of June 30, 2018. The County recognized pension expense of \$350,225 for its proportionate share of the General Employees Plan's pension expense.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

4. Pension Costs

General Employees Plan (Continued)

The County also recognized \$7,476 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.

The County's proportionate share of the net pension liability	\$	3,212,219
State of Minnesota's proportionate share of the net pension liability associated with the County		99,829
Total		\$ 3,312,048

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	\$ 90,332	\$ -
Changes in actuarial assumptions	-	255,879
Difference between projected and actual investment earnings	-	328,877
Changes in proportion	22,833	76,607
Contributions paid to PERA subsequent to the measurement date	159,074	-
Total	\$ 272,239	\$ 661,363

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

4. Pension Costs

General Employees Plan (Continued)

The \$159,074 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	\$ (202,394)
2021	(294,188)
2022	(56,794)
2023	5,178

Police and Fire Plan

At December 31, 2019, the County reported a liability of \$599,370 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 0.056 percent. It was 0.048 percent measured as of June 30, 2018. The County recognized pension expense of \$105,648 for its proportionate share of the Police and Fire Plan's pension expense.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

4. Pension Costs

Police and Fire Plan (Continued)

The County also recognized \$7,600 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 23,101	\$ 70,196
Changes in actuarial assumptions	388,718	598,140
Difference between projected and actual investment earnings	-	114,462
Changes in proportion	203,706	16,202
Contributions paid to PERA subsequent to the measurement date	<u>53,052</u>	<u>-</u>
Total	<u>\$ 668,577</u>	<u>\$ 799,000</u>



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

4. Pension Costs

Police and Fire Plan (Continued)

The \$53,052 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	\$ (5,561)
2021	(41,481)
2022	(160,429)
2023	10,116
2024	13,880

Correctional Plan

At December 31, 2019, the County reported a liability of \$35,665 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 0.260 percent. It was 0.252 percent measured as of June 30, 2018. The County recognized pension expense of \$67,210 for its proportionate share of the Correctional Plan's pension expense.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

4. Pension Costs

Correctional Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,278	\$ 5,848
Changes in actuarial assumptions	-	310,857
Difference between projected and actual investment earnings	-	45,474
Changes in proportion	729	11,828
Contributions paid to PERA subsequent to the measurement date	26,364	-
Total	\$ 28,371	\$ 374,007

The \$26,364 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	\$ (193,268)
2021	(168,390)
2022	(10,686)
2023	344

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

4. Pension Costs (Continued)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$523,083.

5. 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 the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	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

6. 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans (Continued)

7. Changes in Actuarial Assumptions and Plan Provisions

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.

8. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.50%	\$ 5,280,715	6.50%	\$ 1,310,112	6.50%	\$ 380,112
Current	7.50	3,212,219	7.50	599,370	7.50	35,665
1% Increase	8.50	1,504,264	8.50	11,598	8.50	(239,949)

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Detailed Notes on All Funds

E. Defined Benefit Pension Plans (Continued)

9. 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

The five Board members of Wilkin 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 Wilkin County during the year ended December 31, 2019, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 4,727	\$ 4,727
Percentage of covered payroll	5.00%	5.00%

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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4. Risk Management

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

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.

5. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, is involved in various judgements, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

B. Joint Ventures

Central Minnesota Emergency Services Board

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

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

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

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2019, Wilkin County did not contribute any funds to the Board.

Complete financial information can be obtained from:

Central Minnesota Emergency Services Board  
City of St. Cloud  
Office of the Mayor, City Hall  
400 Second Street South  
St. Cloud, Minnesota 56303



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Counties Providing Technology

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

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

Financing is primarily from county member contributions. During 2019, Wilkin County did not contribute to CPT.

Current financial information can be obtained from:

Stevens County Auditor/Treasurer  
400 Colorado Avenue  
Suite 303  
Morris, Minnesota 56267

Lakes to River Drug and Violent Crimes Task Force

The Lakes to River Drug and Violent Crimes Task Force was established in 2016 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Clay and Wilkin Counties and the Cities of Breckenridge and Moorhead. The Task Force's objectives are to investigate and prosecute criminal activity, including narcotics trafficking related to violent crimes and gang activity.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Lakes to River Drug and Violent Crimes Task Force (Continued)

Control of the Task Force is vested in a Board of Directors. The Board consists of the chief law enforcement officer from each participating agency, or their designee. Any participating agency may withdraw from the Task Force by written notification to the Executive Director. In the event of dissolution, after all financial obligations are met, any remaining funds will be equally distributed to the participating agencies based upon their level of participation.

Fiscal agent responsibilities for the Task Force are with the City of Moorhead Police Department. During 2019, Wilkin County did not contribute any funds to the Task Force.

Separate financial information can be obtained from:

Moorhead Law Enforcement Center  
911 – 11th Street North  
Moorhead, Minnesota 56560

Wilkin County Children’s Collaborative

The Wilkin County Children’s Collaborative was established in 1997, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Wilkin County; Wilkin County Family Service Agency; Wilkin County Public Health Nursing Service; Wilkin County Court Services; Independent School District Nos. 846, 850, and 852; St. Mary School; St. Francis Medical Center/Hope Unit; and Clay-Wilkin Opportunity Council/Head Start. The purpose of the Collaborative is to provide coordinated family services and to commit resources to an integrated fund.

Control of the Wilkin County Children’s Collaborative is vested in a Board of Directors, which is composed of one member appointed by each member party.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Wilkin County Children's Collaborative (Continued)

In the event of a withdrawal from the Wilkin County Children's Collaborative, the withdrawing party shall give a 90-day notice. The withdrawing party shall not be entitled to a refund of monies contributed to the Collaborative prior to the effective date of withdrawal. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Board's debts and liabilities, settling its affairs, and disposing of its remaining property.

Financing is provided by state grants and appropriations and contributions from its member parties. Wilkin County, in an agent capacity, reports the cash transactions of the Wilkin County Children's Collaborative as a custodial fund on its financial statements. During 2019, Wilkin County did not contribute to the Collaborative.

Rural Minnesota Concentrated Employment Program, Inc. (WIOA – Rural Minnesota Workforce Service Area 2)

The Rural Minnesota Concentrated Employment Program, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in North Central and West Central Minnesota. The agency was incorporated in 1968 to operate employment and training programs, which include Workforce Innovation Act services. The RMCEP was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

The RMCEP is governed by a Board of Directors, which is comprised of representatives from a wide variety of industry sectors, education, and human services. During 2019, Wilkin County did not contribute any funds to this organization.

Lake Agassiz Regional Library

The Lake Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1961, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties, as well as the cities of Breckenridge, Crookston, Detroit Lakes, Mahnomen, and Moorhead. Control of the Library is vested in the Agassiz Regional Library Board of Trustees, with 23 members with staggered terms made up of the following: one member appointed by each Board of County

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Lake Agassiz Regional Library (Continued)

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.

In 2019, Wilkin County provided \$54,350 in the form of an appropriation.

Financial information can be obtained from:

Lake Agassiz Regional Library Regional Office  
118 – 5th Street South  
Moorhead, Minnesota 56560

Court Services – Big Stone, Grant, Stevens, Traverse, and Wilkin Counties

Big Stone, Grant, Stevens, Traverse, and Wilkin Counties participate in a joint venture to provide corrections services to the five-county area. The joint powers agreement was effective June 1, 1962.

Court services are headquartered in Wheaton, Minnesota, with office locations at the county seats of the member counties.

The two probation officers for the five-county area are appointed by three area judges, who also set the probation officer salaries. The Minnesota Department of Corrections reimburses Traverse County for a portion of the probation officer salaries. The remaining expenses are allocated to each participating county based on population. During 2019, Wilkin County contributed \$54,192 to the entity.

Traverse County acts as fiscal agent. Traverse County reports the probation activity in a separate department within the General Fund.

Financial information can be obtained from:

Traverse County Auditor/Treasurer  
PO Box 428  
Wheaton, Minnesota 56296

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Partnership4Health Community Health Board

Partnership4Health Community Health Board was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Otter Tail, 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, 2015. 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.

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Southern Valley Economic Development Authority

The Southern Valley Economic Development Authority was formed pursuant to North Dakota Century Code Chapters 40.05 and 54-40.3, along with Article VII, Section 10 of the North Dakota Constitution, and Minn. Stat. § 471.59, effective November 22, 2017, and includes Richland County Jobs Development Authority (North Dakota); Wilkin County; and the Cities of Wahpeton, North Dakota, and Breckenridge, Minnesota. The purpose of the Economic Development Authority is to aid, assist, and promote economic development, new wealth creation, and job growth within the Economic Development Authority's geographic area. Each entity is responsible for its proportionate share of the annual budget. Control is vested in a Joint Powers Board consisting of eight members, with two members appointed by each member agency.

In the event of termination of the agreement, the Joint Powers Board may sell and liquidate any and all non-monetary assets prior to distribution that are not otherwise owned by a member. Upon dissolution, the entities will have 120 days to agree upon a division of the assets among themselves, otherwise the proceeds will be distributed in proportion to the members' respective contributions. Any remaining funds and assets shall be divided and distributed to the members in proportion to the percentage of annual contribution. During 2019, Wilkin County contributed \$21,728 to the Southern Valley Economic Development Authority.

C. Jointly-Governed Organizations

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

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, Otter Tail 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 seven members

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Buffalo-Red River Watershed District (Continued)

having staggered terms of three years each, with one appointed by the Becker County Board, three appointed by the Clay County Board, one appointed by the Otter Tail County Board, and two appointed by the Wilkin County Board.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Wilkin County made no payments to the joint powers.

District IV Transportation Planning

Wilkin County and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to develop a multi-modal transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

Minnesota Red River Basin of the North Joint Powers Board

The Minnesota Red River Basin of the North Joint Powers Board was established November 29, 1999, by an agreement between Wilkin County and 17 other counties. The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for its proportionate share of the administrative budget.

Control is vested in a Joint Powers Board comprised of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county he or she represents.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Minnesota Red River Basin of the North Joint Powers Board (Continued)

In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties. During 2019, Wilkin County contributed \$178 to the Joint Powers Board.

Complete financial statements can be obtained from:

The International Coalition for Land – Water  
Stewardship in the Red River Basin  
119 – 5th Street South  
Moorhead, Minnesota 56560

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Wilkin County did not contribute to the SW-MIIC during 2019.

Richland-Wilkin Joint Powers Authority

Wilkin County, Minnesota, and Richland County, North Dakota, entered into a joint powers agreement for the purpose of protecting the citizens and properties of these two counties and to oppose the planned construction of dams on the Wild Rice and Red Rivers as currently proposed in the Fargo Metropolitan Area Flood and Risk Management Project. This agreement is established pursuant to Minn. Stat § 471.59 and under North Dakota Century Code. Control is vested in the Board, which is composed of two members appointed by the Wilkin County Board and two members appointed by the Richland County Board. Wilkin County contributed \$50,690 to the Authority in 2019.



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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5. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Beltrami, Big Stone, Clay, Clearwater, Cottonwood, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnommen, Marshall, McLeod, Mille Lacs, Morrison, Norman, Pennington, Polk, Pope, Red Lake, Renville, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, and Wilkin Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each County also appoints a delegate and alternate to the Board of Directors. The County's responsibility does not extend beyond making these appointments.

D. Related Organization

Bois de Sioux Watershed District

Effective November 19, 1991, and authorized under Minn. Stat. § 103D.335, subs. 2 and 21, Wilkin County and the Bois de Sioux Watershed District entered into a joint powers agreement for the purpose of providing for the repair and maintenance of Wilkin County Ditch No. 8. Ditch No. 8 lies outside the present boundaries of the Bois de Sioux Watershed District.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**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	\$ 4,823,385	\$ 4,823,385	\$ 4,390,552	\$ (432,833)
Licenses and permits	6,575	6,575	4,915	(1,660)
Intergovernmental	210,300	210,300	910,685	700,385
Charges for services	235,000	235,000	326,777	91,777
Fines and forfeits	-	-	5,431	5,431
Gifts and contributions	-	-	25	25
Investment earnings	50,000	50,000	257,721	207,721
Miscellaneous	5,560	5,560	86,116	80,556
<b>Total Revenues</b>	<b>\$ 5,330,820</b>	<b>\$ 5,330,820</b>	<b>\$ 5,982,222</b>	<b>\$ 651,402</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 186,821	\$ 186,821	\$ 196,517	\$ (9,696)
Courts	100,000	100,000	90,088	9,912
County auditor-treasurer	542,753	542,753	525,715	17,038
County assessor	294,040	294,040	267,224	26,816
Human resources	125,269	125,269	136,484	(11,215)
Elections	10,525	10,525	5,523	5,002
Data processing	135,537	135,537	161,038	(25,501)
Attorney	226,166	226,166	211,026	15,140
Law library	-	-	1,839	(1,839)
Recorder	244,160	244,160	270,738	(26,578)
Planning and zoning	6,000	6,000	1,900	4,100
Buildings and plant	261,481	261,481	236,264	25,217
Veterans service officer	90,558	90,558	97,066	(6,508)
Geographic information systems	69,500	69,500	76,004	(6,504)
Unallocated	308,935	308,935	366,078	(57,143)
<b>Total general government</b>	<b>\$ 2,601,745</b>	<b>\$ 2,601,745</b>	<b>\$ 2,643,504</b>	<b>\$ (41,759)</b>
<b>Public safety</b>				
Sheriff	\$ 1,204,795	\$ 1,204,795	\$ 1,316,729	\$ (111,934)
K-9 unit	-	-	4,049	(4,049)
Communications	425,732	425,732	426,339	(607)
Coroner	13,000	13,000	14,495	(1,495)
E-911 system	61,250	61,250	22,781	38,469
County jail	705,454	705,454	717,703	(12,249)
Emergency management	45,738	45,738	43,848	1,890
Sheriff's contingent	2,000	2,000	-	2,000
<b>Total public safety</b>	<b>\$ 2,457,969</b>	<b>\$ 2,457,969</b>	<b>\$ 2,545,944</b>	<b>\$ (87,975)</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**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>Health</b>				
Land of the Dancing Sky	\$ 1,204	\$ 1,204	\$ 1,204	\$ -
Rothsay Partners	1,000	1,000	1,000	-
<b>Total health</b>	<b>\$ 2,204</b>	<b>\$ 2,204</b>	<b>\$ 2,204</b>	<b>\$ -</b>
<b>Culture and recreation</b>				
Historical society	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Regional library	54,350	54,350	54,350	-
Memorial celebrations	400	400	400	-
Heartland tourism	295	295	295	-
Red River Valley Emerging Leaders	800	800	800	-
Red River Basin Commission	178	178	178	-
Senior citizens	3,000	3,000	3,000	-
<b>Total culture and recreation</b>	<b>\$ 69,023</b>	<b>\$ 69,023</b>	<b>\$ 69,023</b>	<b>\$ -</b>
<b>Conservation of natural resources</b>				
County extension	\$ 154,612	\$ 154,612	\$ 152,301	\$ 2,311
Soil and water conservation	112,750	112,750	112,750	-
Aquatic invasive species	-	-	8,201	(8,201)
Riparian protection	67,010	67,010	152,521	(85,511)
Agricultural society/County fair	10,000	10,000	10,000	-
Weed control	10,335	10,335	10,447	(112)
Forfeited lands	-	-	2,388	(2,388)
Remittance of revenue	-	-	1,792,093	(1,792,093)
<b>Total conservation of natural resources</b>	<b>\$ 354,707</b>	<b>\$ 354,707</b>	<b>\$ 2,240,701</b>	<b>\$ (1,885,994)</b>
<b>Economic development</b>				
Economic development	\$ -	\$ -	\$ 5,126	\$ (5,126)
Community development	2,000	2,000	2,000	-
<b>Total economic development</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 7,126</b>	<b>\$ (5,126)</b>
<b>Debt service</b>				
Interest	\$ -	\$ -	\$ 3,646	\$ (3,646)
Bond issuance costs	-	-	17,531	(17,531)
Administrative (fiscal) charges	-	-	24,525	(24,525)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,702</b>	<b>\$ (45,702)</b>
<b>Total Expenditures</b>	<b>\$ 5,487,648</b>	<b>\$ 5,487,648</b>	<b>\$ 7,554,204</b>	<b>\$ (2,066,556)</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

***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>Net Change in Fund Balance</b>	<b>\$ (156,828)</b>	<b>\$ (156,828)</b>	<b>\$ (1,571,982)</b>	<b>\$ (1,415,154)</b>
<b>Other Financing Sources (Uses)</b>				
Bonds issued	\$ -	\$ -	\$ 1,805,000	\$ 1,805,000
Premium on bonds issued	-	-	4,624	4,624
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,809,624</b>	<b>\$ 1,809,624</b>
<b>Net Change in Fund Balance</b>	<b>\$ (156,828)</b>	<b>\$ (156,828)</b>	<b>\$ 237,642</b>	<b>\$ 394,470</b>
<b>Fund Balance – January 1</b>	<b>2,568,656</b>	<b>2,568,656</b>	<b>2,568,656</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 2,411,828</b>	<b>\$ 2,411,828</b>	<b>\$ 2,806,298</b>	<b>\$ 394,470</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*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	\$ 2,051,543	\$ 2,051,543	\$ 1,859,812	\$ (191,731)
Intergovernmental	7,059,263	7,059,263	7,553,371	494,108
Charges for services	206,500	206,500	127,261	(79,239)
Miscellaneous	34,500	34,500	56,467	21,967
<b>Total Revenues</b>	<b>\$ 9,351,806</b>	<b>\$ 9,351,806</b>	<b>\$ 9,596,911</b>	<b>\$ 245,105</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 282,740	\$ 282,740	\$ 362,937	\$ (80,197)
Maintenance	1,924,164	1,924,164	1,933,906	(9,742)
Construction	5,603,744	5,603,744	5,354,671	249,073
Equipment maintenance and shop	932,164	932,164	981,421	(49,257)
Unallocated – highways and streets	149,143	149,143	179,181	(30,038)
Flood costs	-	-	5	(5)
<b>Total highways and streets</b>	<b>\$ 8,891,955</b>	<b>\$ 8,891,955</b>	<b>\$ 8,812,121</b>	<b>\$ 79,834</b>
<b>Culture and recreation</b>				
Parks	3,750	3,750	1,793	1,957
<b>Intergovernmental</b>				
Highways and streets	456,101	456,101	453,345	2,756
<b>Total Expenditures</b>	<b>\$ 9,351,806</b>	<b>\$ 9,351,806</b>	<b>\$ 9,267,259</b>	<b>\$ 84,547</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 329,652</b>	<b>\$ 329,652</b>
<b>Fund Balance – January 1</b>	<b>3,929,255</b>	<b>3,929,255</b>	<b>3,929,255</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(103,940)</b>	<b>(103,940)</b>
<b>Fund Balance – December 31</b>	<b>\$ 3,929,255</b>	<b>\$ 3,929,255</b>	<b>\$ 4,154,967</b>	<b>\$ 225,712</b>



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN 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	\$ 809,642	\$ 809,642	\$ 734,529	\$ (75,113)
Intergovernmental	1,175,710	1,175,710	1,610,902	435,192
Charges for services	104,953	104,953	196,286	91,333
Investment earnings	6	6	23	17
Miscellaneous	14,724	14,724	20,887	6,163
<b>Total Revenues</b>	<b>\$ 2,105,035</b>	<b>\$ 2,105,035</b>	<b>\$ 2,562,627</b>	<b>\$ 457,592</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 954,877	\$ 954,877	\$ 958,496	\$ (3,619)
Social services	1,905,380	1,905,380	2,075,673	(170,293)
<b>Total Expenditures</b>	<b>\$ 2,860,257</b>	<b>\$ 2,860,257</b>	<b>\$ 3,034,169</b>	<b>\$ (173,912)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (755,222)</b>	<b>\$ (755,222)</b>	<b>\$ (471,542)</b>	<b>\$ 283,680</b>
<b>Fund Balance – January 1</b>	<b>1,858,733</b>	<b>1,858,733</b>	<b>1,858,733</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 1,103,511</b>	<b>\$ 1,103,511</b>	<b>\$ 1,387,191</b>	<b>\$ 283,680</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-4*

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC HEALTH NURSE 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	\$ 251,197	\$ 251,197	\$ 227,754	\$ (23,443)
Intergovernmental	192,984	192,984	324,385	131,401
Charges for services	220,079	220,079	205,133	(14,946)
Gifts and contributions	-	-	4,725	4,725
Miscellaneous	-	-	7,182	7,182
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Revenues</b>	<b>\$ 664,260</b>	<b>\$ 664,260</b>	<b>\$ 769,179</b>	<b>\$ 104,919</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Health</b>				
Nursing service	914,260	914,260	918,679	(4,419)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Change in Fund Balance</b>	<b>\$ (250,000)</b>	<b>\$ (250,000)</b>	<b>\$ (149,500)</b>	<b>\$ 100,500</b>
<b>Fund Balance – January 1</b>	<b>878,340</b>	<b>878,340</b>	<b>878,340</b>	<b>-</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balance – December 31</b>	<b>\$ 628,340</b>	<b>\$ 628,340</b>	<b>\$ 728,840</b>	<b>\$ 100,500</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-5*

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

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 17,597	\$ 17,084
Interest	8,108	8,092
Benefit payments	<u>(12,066)</u>	<u>(38,171)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 13,639</b>	<b>\$ (12,995)</b>
<b>Total OPEB Liability – Beginning, as restated</b>	<u>234,073</u>	<u>247,068</u>
<b>Total OPEB Liability – Ending</b>	<u><b>\$ 247,712</b></u>	<u><b>\$ 234,073</b></u>
Covered-employee payroll	\$ 5,205,424	\$ 5,053,810
Total OPEB liability (asset) as a percentage of covered-employee payroll	4.76%	4.63%

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-6*

**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 Wilkin 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	0.0581%	\$ 3,212,219	\$ 99,829	\$ 3,312,048	\$ 4,149,937	77.40%	80.23%
2018	0.0576	3,195,412	104,834	3,300,246	3,831,770	83.39	79.53
2017	0.0600	3,830,360	48,194	3,878,554	3,770,074	101.60	75.90
2016	0.0599	4,863,583	63,539	4,927,122	3,717,541	130.83	68.91
2015	0.0620	3,213,162	N/A	3,213,162	3,647,074	88.10	78.20

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-7*

**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	\$ 316,370	\$ 316,370	\$ -	\$ 4,218,269	7.50%
2018	293,995	293,995	-	3,919,930	7.50
2017	291,553	291,553	-	3,887,374	7.50
2016	286,140	286,140	-	3,815,203	7.50
2015	273,724	273,724	-	3,649,653	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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-8*

**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	0.056%	\$ 599,370	\$ 594,204	100.87%	89.26%
2018	0.048	513,762	508,013	101.13	88.84
2017	0.050	675,060	463,127	145.76	85.43
2016	0.044	1,765,797	427,232	413.31	63.88
2015	0.041	465,856	374,631	124.35	86.60

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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-9*

**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	\$ 103,366	\$ 103,366	\$ -	\$ 609,828	16.95%
2018	87,497	87,497	-	540,105	16.20
2017	84,851	84,851	-	523,770	16.20
2016	77,330	77,330	-	477,342	16.20
2015	62,192	62,192	-	383,901	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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-10*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE 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>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	0.260%	\$ 35,665	\$ 549,477	6.49%	98.17%
2018	0.252	41,397	514,087	8.05	97.64
2017	0.260	741,003	497,051	149.08	67.89
2016	0.260	949,816	486,463	195.25	58.16
2015	0.250	38,650	374,631	10.32	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.



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT A-11*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES LOCAL GOVERNMENT CORRECTIONAL SERVICE 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	\$ 51,040	\$ 51,040	\$ -	\$ 583,309	8.75%
2018	44,365	44,365	-	507,034	8.75
2017	46,555	46,555	-	532,058	8.75
2016	43,867	43,867	-	501,334	8.75
2015	40,214	40,214	-	459,589	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.

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Tax Reserve Special Revenue 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 Wilkin 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. Excess of Expenditures Over Budget

The following is a summary of individual major funds that had expenditures in excess of budget for the year ended December 31, 2019.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund	\$ 7,554,204	\$ 5,487,648	\$ 2,066,556
Human Services Special Revenue Fund	3,034,169	2,860,257	173,912
Public Health Nurse Special Revenue Fund	918,679	914,260	4,419

3. Other Postemployment Benefits Funding Status

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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4. Employer Contributions to Other Postemployment Benefits

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

5. 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 (PERA) 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.
- Contribution stabilizer provisions were repealed.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

General Employees Retirement Plan

2018 (Continued)

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

2017

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

General Employees Retirement Plan (Continued)

2016

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

Public Employees Police and Fire Plan

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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

Public Employees Police and Fire Plan

2018 (Continued)

- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

Public Employees Police and Fire Plan

2017 (Continued)

- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

Public Employees Police and Fire Plan

2016 (Continued)

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

Public Employees Correctional Service Retirement 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.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

Public Employees Correctional Service Retirement Plan

2018 (Continued)

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

2017

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

Public Employees Correctional Service Retirement Plan (Continued)

2016

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

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**SUPPLEMENTARY INFORMATION**

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Environmental Fund – to account for the financial transactions of providing environmental services. Financing is provided by special assessments, charges for services, and intergovernmental revenues designated for environmental purposes.

Gravel Tax Reserve Fund – to account for the proceeds of a special gravel removal or occupation tax restricted to expenditures for the restoration of abandoned gravel pits.

DEBT SERVICE FUND

Debt Service Fund – to account for the resources accumulated and payments made for principal and interest on long-term debt of the government.

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT B-1*

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

	<b>Special Revenue (Exhibit C-1)</b>	<b>Debt Service</b>	<b>Total (Exhibit 3)</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 142,854	\$ 485,075	\$ 627,929
Petty cash and change funds	5,000	-	5,000
Taxes receivable – delinquent	261	2,384	2,645
Accounts receivable	15,116	-	15,116
Due from other funds	-	43,299	43,299
	<b>\$ 163,231</b>	<b>\$ 530,758</b>	<b>\$ 693,989</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,787	\$ -	\$ 5,787
Salaries payable	2,711	-	2,711
Due to other funds	568	-	568
Due to other governments	5,666	-	5,666
	<b>\$ 14,732</b>	<b>\$ -</b>	<b>\$ 14,732</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 4,823	\$ 1,903	\$ 6,726
Prepaid taxes	465	156,749	157,214
	<b>\$ 5,288</b>	<b>\$ 158,652</b>	<b>\$ 163,940</b>
<b>Fund Balances</b>			
Restricted			
Debt service	\$ -	\$ 372,106	\$ 372,106
Gravel pit restoration	2,098	-	2,098
Assigned			
Sanitation	141,113	-	141,113
	<b>\$ 143,211</b>	<b>\$ 372,106</b>	<b>\$ 515,317</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 163,231</b>	<b>\$ 530,758</b>	<b>\$ 693,989</b>

**WILKIN COUNTY  
BRECKENRIDGE, 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 C-2)</b>	<b>Debt Service</b>	<b>Total (Exhibit 5)</b>
<b>Revenues</b>			
Taxes	\$ 46,775	\$ 303,907	\$ 350,682
Special assessments	-	134,236	134,236
Licenses and permits	1,450	-	1,450
Intergovernmental	129,071	31,192	160,263
Charges for services	80,599	-	80,599
Miscellaneous	44,712	10,250	54,962
	<b>\$ 302,607</b>	<b>\$ 479,585</b>	<b>\$ 782,192</b>
<b>Expenditures</b>			
<b>Current</b>			
Sanitation	\$ 253,479	\$ -	\$ 253,479
Conservation of natural resources	55,531	-	55,531
<b>Debt service</b>			
Principal	-	295,000	295,000
Interest	-	44,309	44,309
Administrative (fiscal) fees	-	10,979	10,979
	<b>\$ 309,010</b>	<b>\$ 350,288</b>	<b>\$ 659,298</b>
<b>Net Change in Fund Balance</b>	<b>\$ (6,403)</b>	<b>\$ 129,297</b>	<b>\$ 122,894</b>
<b>Fund Balance – January 1</b>	<b>149,614</b>	<b>242,809</b>	<b>392,423</b>
<b>Fund Balance – December 31</b>	<b>\$ 143,211</b>	<b>\$ 372,106</b>	<b>\$ 515,317</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT C-1*

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

	<u>Environmental</u>	<u>Gravel Tax Reserve</u>	<u>Total (Exhibit B-1)</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 142,621	\$ 233	\$ 142,854
Petty cash and change funds	5,000	-	5,000
Taxes receivable – delinquent	261	-	261
Accounts receivable	11,463	3,653	15,116
<b>Total Assets</b>	<b>\$ 159,345</b>	<b>\$ 3,886</b>	<b>\$ 163,231</b>
 <b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,787	\$ -	\$ 5,787
Salaries payable	2,711	-	2,711
Due to other funds	568	-	568
Due to other governments	3,878	1,788	5,666
<b>Total Liabilities</b>	<b>\$ 12,944</b>	<b>\$ 1,788</b>	<b>\$ 14,732</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 4,823	\$ -	\$ 4,823
Prepaid taxes	465	-	465
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,288</b>	<b>\$ -</b>	<b>\$ 5,288</b>
<b>Fund Balances</b>			
Restricted			
Gravel pit restoration	\$ -	\$ 2,098	\$ 2,098
Assigned			
Sanitation	141,113	-	141,113
<b>Total Fund Balances</b>	<b>\$ 141,113</b>	<b>\$ 2,098</b>	<b>\$ 143,211</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 159,345</b>	<b>\$ 3,886</b>	<b>\$ 163,231</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT C-2*

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

	<u>Environmental</u>	<u>Gravel Tax Reserve</u>	<u>Total (Exhibit B-2)</u>
<b>Revenues</b>			
Taxes	\$ 44,676	\$ 2,099	\$ 46,775
Licenses and permits	1,450	-	1,450
Intergovernmental	129,071	-	129,071
Charges for services	80,599	-	80,599
Miscellaneous	<u>44,712</u>	<u>-</u>	<u>44,712</u>
<b>Total Revenues</b>	<b><u>\$ 300,508</u></b>	<b><u>\$ 2,099</u></b>	<b><u>\$ 302,607</u></b>
<b>Expenditures</b>			
<b>Current</b>			
Sanitation	\$ 253,479	\$ -	\$ 253,479
Conservation of natural resources	<u>45,242</u>	<u>10,289</u>	<u>55,531</u>
<b>Total Expenditures</b>	<b><u>\$ 298,721</u></b>	<b><u>\$ 10,289</u></b>	<b><u>\$ 309,010</u></b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,787</b>	<b>\$ (8,190)</b>	<b>\$ (6,403)</b>
<b>Fund Balance – January 1</b>	<b><u>139,326</u></b>	<b><u>10,288</u></b>	<b><u>149,614</u></b>
<b>Fund Balance – December 31</b>	<b><u><u>\$ 141,113</u></u></b>	<b><u><u>\$ 2,098</u></u></b>	<b><u><u>\$ 143,211</u></u></b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT C-3*

**BUDGETARY COMPARISON SCHEDULE  
ENVIRONMENTAL 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	\$ 48,732	\$ 48,732	\$ 44,676	\$ (4,056)
Licenses and permits	1,650	1,650	1,450	(200)
Intergovernmental	70,632	70,632	129,071	58,439
Charges for services	80,000	80,000	80,599	599
Miscellaneous	70,000	70,000	44,712	(25,288)
<b>Total Revenues</b>	<b>\$ 271,014</b>	<b>\$ 271,014</b>	<b>\$ 300,508</b>	<b>\$ 29,494</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 176,268	\$ 176,268	\$ 170,444	\$ 5,824
Recycling	108,645	108,645	83,035	25,610
<b>Total sanitation</b>	<b>\$ 284,913</b>	<b>\$ 284,913</b>	<b>\$ 253,479</b>	<b>\$ 31,434</b>
<b>Conservation of natural resources</b>				
Water planning	\$ -	\$ -	\$ 15,232	\$ (15,232)
Shoreland	-	-	2,632	(2,632)
Wetland conservation	-	-	8,778	(8,778)
Subsurface sewage treatment	-	-	18,600	(18,600)
<b>Total conservation of natural resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,242</b>	<b>\$ (45,242)</b>
<b>Total Expenditures</b>	<b>\$ 284,913</b>	<b>\$ 284,913</b>	<b>\$ 298,721</b>	<b>\$ (13,808)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (13,899)</b>	<b>\$ (13,899)</b>	<b>\$ 1,787</b>	<b>\$ 15,686</b>
<b>Fund Balance – January 1</b>	<b>139,326</b>	<b>139,326</b>	<b>139,326</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 125,427</b>	<b>\$ 125,427</b>	<b>\$ 141,113</b>	<b>\$ 15,686</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT C-4*

**BUDGETARY COMPARISON SCHEDULE  
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	\$ 326,083	\$ 326,083	\$ 303,907	\$ (22,176)
Special assessments	-	-	134,236	134,236
Intergovernmental	-	-	31,192	31,192
Miscellaneous	-	-	10,250	10,250
<b>Total Revenues</b>	<b><u>\$ 326,083</u></b>	<b><u>\$ 326,083</u></b>	<b><u>\$ 479,585</u></b>	<b><u>\$ 153,502</u></b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 309,750	\$ 309,750	\$ 295,000	\$ 14,750
Interest	15,908	15,908	44,309	(28,401)
Administrative (fiscal) charges	425	425	10,979	(10,554)
<b>Total Expenditures</b>	<b><u>\$ 326,083</u></b>	<b><u>\$ 326,083</u></b>	<b><u>\$ 350,288</u></b>	<b><u>\$ (24,205)</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 129,297</u></b>	<b><u>\$ 129,297</u></b>
<b>Fund Balance – January 1</b>	<b><u>242,809</u></b>	<b><u>242,809</u></b>	<b><u>242,809</u></b>	<b><u>-</u></b>
<b>Fund Balance – December 31</b>	<b><u><u>\$ 242,809</u></u></b>	<b><u><u>\$ 242,809</u></u></b>	<b><u><u>\$ 372,106</u></u></b>	<b><u><u>\$ 129,297</u></u></b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**CUSTODIAL FUNDS**

Children's Collaborative – to account for the collection and disbursement of funds for the local collaborative.

Jail Inmate – to account for any funds collected from the jail inmates at the time of booking or other monies brought in for their personal use, and the disbursement of these funds for commissary purchases, bonds, booking fees, and other similar fees.

Recoveries – to account for the State of Minnesota's share of estate recoveries associated with the Medical Assistance Program, and MAXIS recoveries associated with Minnesota Family Investment Program/Temporary Assistance to Needy Families/Aid to Families with Dependent Children/General Assistance/General Assistance Medical Care and Group Residential Housing programs.

State Revenue – to account for the collection and payment of amounts due to the state.

Taxes and Penalties – to account for the collection of taxes and penalties and their payment to the various taxing districts.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
DECEMBER 31, 2019**

	<b>Children's Collaborative</b>	<b>Jail Inmate</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 35,728	\$ 2,001
Taxes receivable for other governments	-	-
Accounts receivable	-	-
Due from other funds	14,207	-
Due from other governments	163	-
	<b>\$ 50,098</b>	<b>\$ 2,001</b>
<b><u>Liabilities</u></b>		
Due to other governments	\$ -	\$ -
Due to other funds	-	-
Due to others	250	1,624
	<b>\$ 250</b>	<b>\$ 1,624</b>
<b><u>Net Position</u></b>		
Restricted for Individuals, organizations, other governments	<b>\$ 49,848</b>	<b>\$ 377</b>



**EXHIBIT D-1**

<u>Recoveries</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ 9,744	\$ 25,002	\$ 106,183	\$ 178,658
-	3,857	119,336	123,193
4,646	-	-	4,646
-	-	-	14,207
-	-	-	163
<u>\$ 14,390</u>	<u>\$ 28,859</u>	<u>\$ 225,519</u>	<u>\$ 320,867</u>
\$ 14,390	\$ 19,481	\$ 106,183	\$ 140,054
-	5,521	-	5,521
-	-	-	1,874
<u>\$ 14,390</u>	<u>\$ 25,002</u>	<u>\$ 106,183</u>	<u>\$ 147,449</u>
<u>\$ -</u>	<u>\$ 3,857</u>	<u>\$ 119,336</u>	<u>\$ 173,418</u>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS – CUSTODIAL FUNDS  
DECEMBER 31, 2019**

	<b>Children's Collaborative</b>	<b>Jail Inmate</b>
<b>Additions</b>		
Contributions		
Individuals	\$ -	\$ -
Investment earnings		
Interest, dividends, and other	809	-
Property tax collections for other governments	-	-
Contributions from participants	51,104	-
License and fees collected for the state	-	-
Miscellaneous	-	40,245
	<b>\$ 51,913</b>	<b>\$ 40,245</b>
<b>Deductions</b>		
Payments of property tax to other governments	\$ -	\$ -
Payments to state	-	-
Administrative expense	1,000	-
Distributions to participants	42,965	-
Payments to other entities	-	40,179
	<b>\$ 43,965</b>	<b>\$ 40,179</b>
<b>Change in net position</b>	<b>\$ 7,948</b>	<b>\$ 66</b>
<b>Net Position – January 1, restated</b>	<b>41,900</b>	<b>311</b>
<b>Net Position – December 31</b>	<b>\$ 49,848</b>	<b>\$ 377</b>

**EXHIBIT D-2**

<u>Recoveries</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ 61,575	\$ -	\$ -	\$ 61,575
-	-	-	809
-	566,281	6,243,064	6,809,345
-	-	-	51,104
-	194,226	-	194,226
-	-	-	40,245
<b>\$ 61,575</b>	<b>\$ 760,507</b>	<b>\$ 6,243,064</b>	<b>\$ 7,157,304</b>
\$ -	\$ 570,132	\$ 6,251,582	\$ 6,821,714
61,575	194,265	-	255,840
-	5,521	-	6,521
-	-	-	42,965
-	-	-	40,179
<b>\$ 61,575</b>	<b>\$ 769,918</b>	<b>\$ 6,251,582</b>	<b>\$ 7,167,219</b>
\$ -	\$ (9,411)	\$ (8,518)	\$ (9,915)
-	13,268	127,854	183,333
<b>\$ -</b>	<b>\$ 3,857</b>	<b>\$ 119,336</b>	<b>\$ 173,418</b>

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## **SCHEDULES**

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT E-1*

**SCHEDULE OF DEPOSITS AND INVESTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Number</u>	<u>Interest Rate (%)</u>	<u>Maturity Dates</u>	<u>Fair Value</u>
<b>Cash and Pooled Investments</b>				
Cash on hand	N/A	N/A	N/A	\$ 7,350
Noninterest-bearing checking	Two	N/A	Continuous	42,492
Interest-bearing checking	Two	Various	Continuous	860,010
Certificates of deposit	Four	0.45 to 1.65	February 22, 2020 to December 31, 2020	730,907
Money market savings	Three	Variable	Continuous	3,835,542
Brokerage certificates of deposit	Twelve	1.75 to 2.80	February 14, 2020 to November 1, 2021	2,836,722
Minnesota Association of Governments Investing for Counties Fund	N/A	Variable	Continuous	1,397,367
Money market with broker	One	Various	Continuous	205,000
Government bonds	One	2.00	October 27, 2023	<u>239,952</u>
<b>Total Cash and Pooled Investments</b>				<b><u>\$ 10,155,342</u></b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

*EXHIBIT E-2*

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

	<b>Governmental Funds</b>
<b>Appropriations and Shared Revenue</b>	
<b>State</b>	
Highway users tax	\$ 4,632,020
County program aid	485,426
PERA rate reimbursement	14,876
Disparity reduction credit	99,571
Pension contribution	15,076
Police aid	73,276
Market value credit	136,227
Disparity reduction aid	10,350
Border cities reimbursement	2,351
Aquatic invasive species aid	8,201
Riparian protection aid	145,729
	<b>\$ 5,623,103</b>
<b>Reimbursement for Services</b>	
<b>State</b>	
Human services	\$ 399,365
<b>Local</b>	
City of Breckenridge	28,232
	<b>\$ 427,597</b>
<b>Payments</b>	
<b>Local</b>	
Payments in lieu of taxes	\$ 57,835
<b>Grants</b>	
<b>State</b>	
Minnesota Department/Board of	
Corrections	\$ 9,563
Labor and Industry	2,755
Public Safety	76,791
Health	44,513
Human Services	440,094
Veterans Affairs	7,500
Transportation	115,720
Water and Soil Resources	55,552
Pollution Control Agency	68,710
Peace Officer Standards and Training Board	6,959
	<b>\$ 828,157</b>



**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

***EXHIBIT E-2  
(Continued)***

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

	<u>Governmental Funds</u>
<b>Grants (Continued)</b>	
<b>Federal</b>	
Department of	
Agriculture	\$ 204,362
Education	1,802
Health and Human Services	787,855
Homeland Security	43,884
Transportation	2,585,011
	<hr/>
<b>Total federal</b>	<b>\$ 3,622,914</b>
	<hr/>
<b>Total state and federal grants</b>	<b>\$ 4,451,071</b>
	<hr/>
<b>Total Intergovernmental Revenue</b>	<b>\$ 10,559,606</b>
	<hr/> <hr/>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**EXHIBIT E-3**

**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 Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed Through Partnership4Health Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	\$ 56,494
Passed Through Minnesota Department of Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN101S2520	1,359
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN127Q7503	42,570
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	192MN101S2514	<u>82,932</u>
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$126,861)			
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 183,355</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	1030084	\$ 2,536,600
Passed Through the City of Breckenridge, Minnesota			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019- BRECKRPD-074	2,731
Passed Through Minnesota Department of Public Safety			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$3,363)	20.608	A-ENFRC20-2020- WILKENS015	632
Passed Through the City of Breckenridge, Minnesota Highway Safety Cluster			
National Priority Safety Programs	20.616	A-ENFRC19-2019- BRECKRPD-074	2,616
Passed Through Minnesota Department of Public Safety Highway Safety Cluster			
National Priority Safety Programs (Total National Priority Safety Programs 20.616 \$2,792)	20.616	A-ENFRC20-2020- WILKENS015	<u>176</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 2,542,755</u></b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**EXHIBIT E-3  
(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 Number</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	87630	\$ 648
Special Education – Grants for Infants and Families	84.181	B04MC32551	1,012
(Total Special Education – Grants for Infants and Families 84.181 \$1,660)			<u>1,660</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 Northwest Regional Development Commission			
Aging Cluster			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Not provided	\$ 13,862
Passed Through Partnership4Health Community Health Board			
Public Health Emergency Preparedness	93.069	127897	724
TANF Cluster			
Temporary Assistance for Needy Families	93.558	127394	2,379
Temporary Assistance for Needy Families	93.558	157011	4,930
(Total Temporary Assistance for Needy Families 93.558 \$99,245)			
Maternal and Child Health Services Block Grant to the States	93.994	86860	8,982
Maternal and Child Health Services Block Grant to the States	93.994	167316	4,500
(Total Maternal and Child Health Services Block Grant to the States 93.994 \$13,482)			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	G-1801MNFPS	1,906
TANF Cluster			
Temporary Assistance for Needy Families	93.558	1901MNTANF	91,936
(Total Temporary Assistance for Needy Families 93.558 \$99,245)			
Child Support Enforcement	93.563	1901MNCES	150,597
Child Support Enforcement	93.563	1901MNCSES	20,288
(Total Child Support Enforcement 93.563 \$170,885)			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	1901MNRCA	95
Community-Based Child Abuse Prevention Grants	93.590	G-1801MNBCAP	2,417
CCDF Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G1901MNCDF	2,917
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	1,540
Foster Care Title IV-E	93.658	1901MNFOS	53,849
Foster Care Title IV-E	93.658	1801MNFOS	9,926
(Total Foster Care Title IV-E 93.658 \$63,775)			
Social Services Block Grant	93.667	G-1901MNSOSR	53,068
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1901MNCILP	4,672
Children's Health Insurance Program	93.767	1905MN5021	75
Medicaid Cluster			
Medical Assistance Program	93.778	1905MN5ADM	359,627
Medical Assistance Program	93.778	1905MN5MAP	2,278
(Total Medical Assistance Program 93.778 \$361,905)			<u>2,278</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 790,568</b>

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**EXHIBIT E-3  
(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 Number</b>	<b>Expenditures</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-2018- WILKINCO-2811	\$ 17,004
Passed Through the City of Saint Cloud, Minnesota			
Homeland Security Grant Program	97.067	A-DECN-SECB-2019- CMESB-7	26,880
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 43,884</b>
<b>Total Federal Awards</b>			<b>\$ 3,562,222</b>

Wilkin County did not pass any federal awards through to subrecipients in 2019.

**Totals by Cluster**

Total expenditures for SNAP Cluster	\$ 126,861
Total expenditures for Highway Planning and Construction Cluster	2,536,600
Total expenditures for Highway Safety Cluster	2,792
Total expenditures for Aging Cluster	13,862
Total expenditures for TANF Cluster	99,245
Total expenditures for CCDF Cluster	2,917
Total expenditures for Medicaid Cluster	361,905

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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

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1. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Wilkin 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 Wilkin County, it is not intended to and does not present the financial position or changes in net position, or cash flows of Wilkin County.

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

2. De Minimis Cost Rate

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

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3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	3,622,914
Grants received more than 60 days after year-end, deferred in 2019		
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)		8,791
Highway Planning and Construction (CFDA No. 20.205)		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (CFDA No. 20.608)		1,511
Special Education – Grants for Infants and Families (CFDA No. 84.181)		506
Public Health Emergency Preparedness (CFDA No. 93.069)		185
Promoting Safe and Stable Families (CFDA No. 93.556)		30
Temporary Assistance for Needy Families (CFDA No. 93.558)		22,138
Community-Based Child Abuse Prevention Grants (CFDA No. 93.590)		604
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA No. 93.596)		137
Stephanie Tubbs Jones Child Welfare Service Program (CFDA No. 93.645)		91
Foster Care Title IV-E (CFDA No. 93.658)		5,991
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)		1,147
Maternal and Child Health Services Block Grant to the States (CFDA No. 93.994)		1,500
Grants deferred in 2018, recognized as revenue in 2019		
WIC Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557)		(29,798)
Highway Planning and Construction (CFDA No. 20.205)		(42,256)
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (CFDA No. 20.608)		(1,511)
Special Education – Grants for Infants and Families (CFDA No. 84.181)		(648)
Public Health Emergency Preparedness (CFDA No. 93.069)		(182)
Promoting Safe and Stable Families (CFDA No. 93.556)		(680)
Temporary Assistance for Needy Families (CFDA No. 93.558)		(26,026)
Child Support Enforcement (CFDA No. 93.563)		
Community-Based Child Abuse Prevention Grants (CFDA No. 93.590)		(554)
Stephanie Tubbs Jones Child Welfare Service Program (CFDA No. 93.645)		(513)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (CFDA No. 93.674)		(1,117)
Maternal and Child Health Services Block Grant to the States (CFDA No. 93.994)		(38)
		(38)
Expenditures Per Schedule of Expenditures of Federal Awards	\$	3,562,222



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JULIE BLAHA  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

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

### Independent Auditor's Report

Board of County Commissioners  
Wilkin County  
Breckenridge, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wilkin 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, and have issued our report thereon dated August 5, 2020.

### **Internal Control Over Financial Reporting**

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

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2019-002 to be a material weakness and item 2019-001 to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Minnesota Legal Compliance**

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

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

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

## **Purpose of This Report**

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

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 5, 2020

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JULIE BLAHA  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

### Independent Auditor's Report

Board of County Commissioners  
Wilkin County  
Breckenridge, Minnesota

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

We have audited Wilkin County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2019. Wilkin County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

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

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

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

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

In our opinion, Wilkin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003. Our opinion on each major federal program is not modified with respect to this matter.

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

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-003, that we consider to be a significant deficiency.

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

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

*/s/Julie Blaha*

*/s/Greg Hierlinger*

JULIE BLAHA  
STATE AUDITOR

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 5, 2020

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**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

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

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

**Federal Awards**

Internal control over major programs:

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

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

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

Highway Planning and Construction Cluster  
Medicaid Cluster

CFDA No. 20.205  
CFDA No. 93.778

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

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

INTERNAL CONTROL

Finding Number: 2019-001

Prior Year Finding Number: 1996-004

Repeat Finding Since: 1996

Segregation of Duties

**Criteria:** Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect County assets, proper segregation of the record keeping, custody, and authorization functions should be in place, and where management decides segregation of duties may not be cost effective, compensating controls should be in place.

**Condition:** Due to the limited number of personnel within several Wilkin County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Context:** This is not unusual in operations the size of Wilkin County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an internal control point of view. The Wilkin County Auditor-Treasurer's office is in the process of establishing additional compensating controls such as site visits to the smaller fee offices to document controls and reconcile cash on hand to current receipts. They have also started preparing a schedule of fees collected for analysis on a quarterly basis; however, documentation is needed to verify any follow-up on unexpected variances.

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Cause:** The County informed us that collecting fees for services at a department level provides a convenience for its customers. Fee services are provided in several locations, so having customers paying at a single point of collection, such as the Treasurer's Office, would be very inconvenient. The staffing available in several of these smaller offices limits the potential for complete segregation of duties.

**Recommendation:** We recommend Wilkin County's elected officials and management continue to be mindful that limited staffing increases the risks in safeguarding the County's assets and the proper recording of its financial activity and, where possible, continue efforts to implement oversight procedures to ensure that internal control policies and procedures are being followed by staff.

**View of Responsible Official:** Concur

Finding Number: 2019-002

Prior Year Finding Number: 2016-001

Repeat Finding Since: 2016

Audit Adjustments

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

**Condition:** A material audit adjustment was identified that resulted in a significant change to Wilkin County's financial statements.

**Context:** The County provides a general ledger and supporting schedules necessary to adjust to the modified accrual basis for fund level financial statements and to the full accrual basis for the government-wide financial statements. The inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Effect:** The following audit adjustment was reviewed and approved by management and is reflected in the financial statements: in the General Fund, bonds issued was increased by \$1,782,978, miscellaneous revenues was increased by \$9,115, and conservation of natural resources expenditures was increased by \$1,792,093 for activity relating to the 2019A bond issuance and the subsequent pass-through to the Bois De Sioux Watershed District.

**Cause:** The \$1,805,000 General Obligation Drainage Bonds, Series 2019A, bond issuance and subsequent pass-through to the Bois de Sioux Watershed District were posted to the wrong accounts.

**Recommendation:** We recommend the County establish internal controls necessary to ensure the County's annual financial statements are reported in accordance with GAAP.

**View of Responsible Official:** Concur

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

Finding Number: 2019-003

Prior Year Finding Number: 2016-002

Repeat Finding Since: 2016

Eligibility – Intake Function

**Program:** U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778), Award Nos. 1905MN5ADM and 1905MN5MAP, 2019

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

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

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Condition:** The Minnesota Department of Human Services (DHS) maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. While periodic supervisory case reviews are performed to provide reasonable assurance of compliance with grant requirements for eligibility, not all information was verified or entered into MAXIS to support participant eligibility. The following exceptions were detected in the sample of 25 cases tested:

- Citizenship was not verified in one casefile.
- Assets were not verified in three casefiles.

**Questioned Costs:** Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

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

The State of Minnesota contracts with the County's Social Services Department to perform the "intake function" (meeting with the social services client to determine income and categorical eligibility), while the Minnesota DHS maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

**Effect:** The lack of documented verification of information input into MAXIS increases the risk that a program participant will receive benefits when they are not eligible.

**Cause:** County program personnel responsible for entering case information into MAXIS did not ensure all required information was verified or updated properly.

**Recommendation:** We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly obtained and input into MAXIS. In addition, consideration should be given to providing additional training to program personnel.

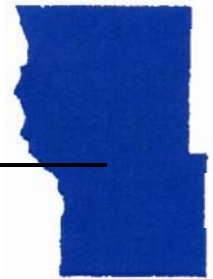
**View of Responsible Official:** Concur

**WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**IV. PREVIOUSLY REPORTED ITEM RESOLVED**

2018-001 Procurement, Suspension, and Debarment (CFDA No. 93.778)



JANELLE KRUMP, AUDITOR-TREASURER  
KARI WARD, DEPUTY  
BRENDA CONZEMIUS, DEPUTY  
DENISE NORDICK, DEPUTY  
LINDA KLINDT, DEPUTY  
SUE SOLBERG, DEPUTY

AUDITOR PHONE 218-643-7165  
TREASURER PHONE 218-643-7112  
FAX 218-643-7169  
AUDITOR P.O. BOX 409  
TREASURER P.O. BOX 368  
BRECKENRIDGE, MN 56520

**REPRESENTATION OF WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Finding Number: 2019-001**

**Finding Title: Segregation of Duties**

Name of Contact Person Responsible for Corrective Action:

Janelle Krump

Corrective Action Planned:

Due to the limited number of personnel within several Wilkin County offices, segregation of accounting duties necessary to ensure proper internal accounting is difficult. The Wilkin County Auditor-Treasurer's Office has implemented surprise visits to each department to analyze and document reviews of all transaction cycles. In addition, the Auditor prepares a variance report each quarter of fees and revenues collected, analyzes the report and documents any unexpected variances. Future additional tasks include scheduling and holding consistent Risk Assessment Committee meetings as well as preparing documented action plans as a result of the variance analysis, department visits, and committee meetings.

Anticipated Completion Date:

Ongoing

**Finding Number: 2019-002**

**Finding Title: Audit Adjustments**

Name of Contact Person Responsible for Corrective Action:

Janelle Krump

Corrective Action Planned:

The Auditor's Office will be more diligent in reviewing transactions and ensuring that all transactions are correctly accounted for and consult with the Office of the State Auditor when questions arise.

Anticipated Completion Date:

December 31, 2020

**Finding Number: 2019-003**

**Finding Title: Eligibility - Intake Function**

**Program: Medicaid Cluster (CFDA No. 93.778)**

Name of Contact Person Responsible for Corrective Action:

Cindy Noetzelman

Corrective Action Planned:

The Financial Assistance Supervisor will continue to review one SNAP and one Healthcare case per month. In addition, the agency will continue to provide training to the Financial Workers.

Anticipated Completion Date:

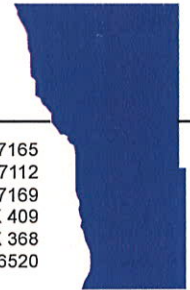
December 31, 2020



*Wilkin County, Minnesota*

JANELLE KRUMP, AUDITOR-TREASURER  
KARI WARD, DEPUTY  
DENISE NORDICK, DEPUTY  
BRENDA CONZEMIUS, DEPUTY  
LINDA KLINDT, DEPUTY  
SUE SOLBERG, DEPUTY

AUDITOR PHONE 218-643-7165  
TREASURER PHONE 218-643-7112  
FAX 218-643-7169  
AUDITOR P.O. BOX 409  
TREASURER P.O. BOX 368  
BRECKENRIDGE, MN 56520



**REPRESENTATION OF WILKIN COUNTY  
BRECKENRIDGE, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Finding Number: 1996-004**  
**Finding Title: Segregation of Duties**

**Summary of Condition:** Due to the limited number of personnel within several Wilkin County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

**Summary of Corrective Action Previously Reported:** Due to the limited number of personnel within several Wilkin County offices, segregation of accounting duties necessary to ensure proper internal accounting is difficult. The Wilkin County Auditor-Treasurer's Office has implemented surprise counts of department cash as well as reconciliation of any bank accounts. In addition, the Auditor will prepare a variance report each quarter of fees and revenue collected, analyze the report and follow up and document any unexpected variances. Future additional tasks, include analyzing and checking all transaction cycles with each department visits, including preparation of a documented action plan with follow-up procedures for variance analysis reports, and documenting all actions taken as a result of risk assessment committee meetings.

**Status:** Partially Corrected.

The Wilkin County Auditor's office will prepare a documented action plan with the follow up procedures for the results of our variance analysis and department visits. The Wilkin County Risk Assessment Committee meetings will be scheduled and held consistently in order to document areas of potential risk and to provide an action plan to mitigate any potential future risk.

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

**Finding Number: 2016-001**  
**Finding Title: Audit Adjustments**

**Summary of Condition:** Material audit adjustments were identified that resulted in a significant change to the County's financial statements. An adjustment was made in the Road and Bridge Special Revenue Fund to reverse out a prior year receivable reducing due from other governments by \$1,009,770, unavailable revenues by \$875,686, and state regular maintenance revenues by \$134,084. An adjustment was made in

the Debt Service Fund to increase bonds issued by \$1,688,164, increase conservation of natural resources expenditures by \$852,732, increase administrative (fiscal) fees expenditures by \$844,932, and increase miscellaneous revenue by \$9,500.

**Summary of Corrective Action Previously Reported:** The Auditor's Office will be more diligent in reviewing transactions and ensuring that all transactions are correctly accounted for and consult with the Office of the State Auditor when questions arise.

**Status:** Not Corrected.

The County Auditor's Office will continue to be more diligent in reviewing transactions and ensuring that all transactions are correctly accounted for and consult with the Office of the State Auditor when questions arise.

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

**Finding Number:** 2016-002

**Finding Title:** Eligibility - Intake Function

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

**Summary of Condition:** The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. Of 40 Medical Assistance (MA) Program case files tested there was, one instance of receiving benefits beyond the period of the adoption assistance agreement, one instance of a home not input into MAXIS, one instance in which MAXIS was not updated for a current Social Welfare savings account balance, one instance in which total assets listed exceeded the asset limit with some of those assets not verified and eight other instances in which assets were not verified.

**Summary of Corrective Action Previously Reported:** The Financial Assistance Supervisor will continue to review one SNAP and one Healthcare case per month. In addition, the agency will continue to provide training to the Financial Workers.

**Status:** Not Corrected.

The Financial Assistant Supervisor will continue to review one SNAP and one Healthcare case per month. In addition, the agency will continue to provide program training to the Financial Workers.

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

**Finding Number:** 2018-001

**Finding Title:** Procurement, Suspension, and Debarment

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

**Summary of Condition:** Eight procurement transactions over the micro-purchasing threshold of \$3,000 were tested for compliance with federal regulations. There were three instances where the history of procurement, including selection of contract, was not documented. For the four items tested that were over the \$25,000 threshold, there was no verification performed by the County to determine whether vendors were debarred, suspended, or otherwise excluded.

**Summary of Corrective Action Previously Reported:** The Auditor's office will recommend that each department receive and document two or more price quotes procuring supplies and services, even if the purchase is below the micro-purchasing threshold. The Auditor's office will also recommend that each department verify vendors are not debarred or suspended or that other exclusions apply through the Minnesota Department of Administration's Suspended/Debarred Vendor Report and the Federal site sam.gov.

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

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

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