

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2021

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The County will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "TAX CONSIDERATIONS" herein.

New Issue

Rating Application Made: S&P Global Ratings

CLAY COUNTY, MINNESOTA

\$3,185,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2021A

PROPOSAL OPENING: September 13, 2021, 12:00 P.M. (Noon), C.T.

CONSIDERATION: September 14, 2021, 8:30 A.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$3,185,000* General Obligation Capital Improvement Plan Bonds, Series 2021A (the "Bonds") are being issued by Clay County, Minnesota (the "County"), pursuant to Minnesota Statutes, Section 373.40 and Chapter 475, for the purpose of financing the renovation and expansion of various County facilities identified in the County's Capital Improvement Plan, dated August 10, 2021. The Bonds will be general obligations of the County for which the County will pledge its full faith, credit and taxing powers. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: September 30, 2021

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$435,000	2026	\$455,000	2029	\$470,000
2024	450,000	2027	460,000		
2025	450,000	2028	465,000		

MATURITY ADJUSTMENTS: * The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2022 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2028 and thereafter are subject to call for prior optional redemption on February 1, 2027 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$3,146,780.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$63,700 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Dorsey & Whitney LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. *This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the County and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the County, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the County for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the County is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the County nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the County which indicates that the County does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CLAY COUNTY BOARD OF COMMISSIONERS

		<u>Term Expires</u>
Kevin Campbell	Chair	January 2023
Jenny Mongeau	Vice Chair	January 2023
David Ebinger	Commissioner	January 2025
Frank Gross	Commissioner	January 2025
Jenna Kahly	Commissioner	January 2025

ADMINISTRATION

Stephen Larson, County Administrator
Lori Johnson, County Auditor-Treasurer

PROFESSIONAL SERVICES

Brian J. Melton, County Attorney, Moorhead, Minnesota

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Clay County, Minnesota (the "County") and the issuance of its \$3,185,000* General Obligation Capital Improvement Plan Bonds, Series 2021A (the "Bonds" or the "Series 2021A Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the Board of Commissioners on September 14, 2021.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the County's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of September 30, 2021. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The County has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the County, the Bonds maturing on or after February 1, 2028 shall be subject to optional redemption prior to maturity on February 1, 2027 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued by County pursuant to Minnesota Statutes, Section 373.40 and Chapter 475, for the purpose of financing the renovation and expansion of various County facilities identified in the County's Capital Improvement Plan, dated August 10, 2021.

Minnesota Statutes, Section 373.40, allows counties to plan for and finance the acquisition and betterment of public lands, buildings, and other improvements within the county, including financing county highway improvements. Annual principal and interest payments on general obligation capital improvement bonds are limited to 0.12% of the County's estimated market value. The estimated market value of the County for taxes collectible in 2021 is \$7,125,258,700. This results in a maximum annual debt service allowable of \$8,550,310.44 for general obligation capital improvement bonds outstanding at any time.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$3,185,000	
Total Sources		\$3,185,000
Uses		
Total Underwriter's Discount (1.200%)	\$38,220	
Costs of Issuance	52,000	
Deposit to Project Construction Fund	3,094,647	
Rounding	<u>133</u>	
Total Uses		\$3,185,000

*Preliminary, subject to change.

SECURITY

The Bonds are general obligations of the County for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. In accordance with Minnesota Statutes, the County will levy each year an amount not less than 105% of the debt service requirements on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the County is required to levy an ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

CONCURRENT FINANCING

By means of a separate Preliminary Official Statement, the County will be issuing its General Obligation Solid Waste Revenue Bonds, Series 2021B (the "Concurrent Obligations" or the "Series 2021B Bonds") which is scheduled to close on September 30, 2021.

RATING

General obligation debt of the County, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The County has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the County shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

In the Award Resolution, the County will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the County are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the County to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the County believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The County has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the County.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the County.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The County has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes (ii) is not an item of tax preference for federal alternative minimum tax purposes; (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The County has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being "Discount Bonds"). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes "original issue discount" ("OID"). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds. The Bonds are not "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the County, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the County under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the County for the fiscal year ended December 31, 2019 have been audited by the Office of the State Auditor, St. Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the County, the ultimate payment of which rests in the County's ability to levy and collect sufficient taxes to pay debt service be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the County in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the County, the taxable value of property within the County, and the ability of the County to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the County and to the Bonds. The County can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the County or the taxing authority of the County.

Ratings; Interest Rates: In the future, the County's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the County to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the County to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the County, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the County may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The County is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the County will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the County and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the County, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2018/19	2019/20	2020/21
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% ² Over \$1,940,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value \$7,656,209,441¹

	2020/21 Assessor's Estimated Market Value	2020/21 Net Tax Capacity
Real Estate	\$7,055,943,600	\$70,677,853
Personal Property	<u>69,315,100</u>	<u>1,359,676</u>
Total Valuation	<u>\$7,125,258,700</u>	\$72,037,529
Less: Captured Tax Increment Tax Capacity ²		(1,344,448)
Power Line Adjustment ³		<u>(51,500)</u>
Taxable Net Tax Capacity		<u>\$70,641,581</u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the County is about 93.93% of the actual selling prices of property most recently sold in the County. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the County of \$7,656,209,441.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts located in the County.

³ Ten percent of the net tax capacity of certain high voltage transmission lines is removed when setting local tax rates. However, taxes are paid on the full value of these lines. The taxes attributable to 10% of value of these lines are used to fund a power line credit. Certain property owners receive a credit when the high voltage transmission line runs over their property.

2020/21 NET TAX CAPACITY BY CLASSIFICATION

	2020/21 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$29,212,266	40.55%
Agricultural	17,236,119	23.93%
Commercial/industrial	13,273,137	18.43%
Public utility	88,264	0.12%
Non-homestead residential	10,649,077	14.78%
Commercial & residential seasonal/rec.	218,990	0.30%
Personal property	<u>1,359,676</u>	<u>1.89%</u>
Total	<u><u>\$72,037,529</u></u>	<u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Taxable Net Tax Capacity²	Percent +/- in Estimated Market Value
2016/17	\$6,591,415,900	\$6,237,171,200	\$65,057,360	\$63,520,593	+1.57%
2017/18	6,721,181,500	6,377,269,900	67,036,678	65,468,940	+1.97%
2018/19	6,844,524,600	6,501,187,700	68,989,246	67,464,265	+1.84%
2019/20	6,979,776,700	6,627,580,000	70,362,571	68,947,610	+1.98%
2020/21	7,125,258,700	6,771,009,100	72,037,529	70,641,581	+2.08%

¹ Net Tax Capacity includes tax increment and power line values.

² Taxable Net Tax Capacity does not include tax increment or power line values.

LARGER TAXPAYERS

Taxpayer	Type of Property	2020/21 Net Tax Capacity	Percent of County's Total Net Tax Capacity
Burlington Northern	Railroad	\$ 836,435	1.16%
American Crystal Sugar Co.	Commercial	527,984	0.73%
Proffutt LTD Partnership	Commercial	494,686	0.69%
Xcel Energy	Utility	447,055	0.62%
Busch Agri Resources Inc.	Commercial	388,975	0.54%
Spring Prairie Hutterian & Bretheren	Residential	336,606	0.47%
Sanford Medical Center	Commercial	291,520	0.40%
Meridian Mortgage LLC	Residential	279,562	0.39%
Menard Inc.	Commercial	264,774	0.37%
West Central Ag Services	Commercial	259,250	0.36%
Total		<u>\$4,126,847</u>	<u>5.73%</u>

County's Total 2020/21 Net Tax Capacity \$72,037,529

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Clay County.

DEBT

DIRECT DEBT

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes	\$ 1,620,000
Total G.O. debt secured by taxes (includes the Series 2021A Bonds)*	56,675,000
Total G.O. debt secured by utility revenues (includes the Series 2021B Bonds)*	<u>10,130,000</u>
Total General Obligation Debt*	<u><u>\$ 68,425,000</u></u>

*Preliminary, subject to change.

Clay County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 09/30/2021)

Watershed Improvement Bonds
Series 2019A

Dated Amount	Maturity	Principal	Interest
05/09/2019 \$1,720,000	02/01		
Calendar Year Ending		Principal	Interest
2022		100,000	35,193
2023		105,000	33,143
2024		105,000	31,043
2025		105,000	28,943
2026		110,000	26,793
2027		110,000	24,565
2028		115,000	22,230
2029		115,000	19,786
2030		120,000	17,230
2031		120,000	14,530
2032		125,000	11,650
2033		125,000	8,588
2034		130,000	5,335
2035		135,000	1,823
		1,620,000	280,849

Calendar Year Ending	% Paid	Principal Outstanding	Total P & I	Total Interest	Total Principal
2022	6.17%	1,520,000	135,193	35,193	100,000
2023	12.65%	1,415,000	138,143	33,143	105,000
2024	19.14%	1,310,000	136,043	31,043	105,000
2025	25.62%	1,205,000	133,943	28,943	105,000
2026	32.41%	1,095,000	136,793	26,793	110,000
2027	39.20%	985,000	134,565	24,565	110,000
2028	46.30%	870,000	137,230	22,230	115,000
2029	53.40%	755,000	134,786	19,786	115,000
2030	60.80%	635,000	137,230	17,230	120,000
2031	68.21%	515,000	134,530	14,530	120,000
2032	75.93%	390,000	136,650	11,650	125,000
2033	83.64%	265,000	133,588	8,588	125,000
2034	91.67%	135,000	135,335	5,335	130,000
2035	100.00%	0	136,823	1,823	135,000
			1,900,849	280,849	1,620,000

Clay County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 09/30/2021)

Dated Amount	Capital Improvement Plan Bonds Series 2008A		Jail Bonds Series 2016A		Jail Bonds Series 2017A		Capital Improvement Plan Bonds Series 2017B		Jail Bonds Series 2018A	
	02/06/2008 \$7,710,000	02/01	04/28/2016 \$9,770,000	02/01	01/05/2017 \$26,380,000	02/01	11/30/2017 \$15,440,000	02/01	06/07/2018 \$7,495,000	02/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	305,000	5,719	465,000	165,750	975,000	931,700	720,000	469,000	290,000	227,613
2023			475,000	156,350	1,245,000	887,300	740,000	439,700	295,000	218,838
2024			485,000	146,750	1,295,000	836,500	780,000	405,600	305,000	209,838
2025			480,000	137,100	1,365,000	776,475	810,000	377,850	315,000	198,963
2026			485,000	127,450	1,435,000	706,475	835,000	344,825	330,000	186,063
2027			500,000	117,600	1,500,000	640,600	875,000	302,075	340,000	172,663
2028			525,000	107,350	1,545,000	579,700	920,000	266,400	355,000	160,538
2029			535,000	96,750	1,610,000	516,600	945,000	238,425	365,000	149,738
2030			545,000	85,950	1,675,000	450,900	975,000	209,625	375,000	138,638
2031			555,000	74,811	1,740,000	382,600	1,005,000	179,925	385,000	127,238
2032			565,000	63,190	1,815,000	311,500	1,035,000	149,325	400,000	114,963
2033			580,000	50,878	1,880,000	243,475	1,065,000	117,825	410,000	101,800
2034			590,000	37,565	1,950,000	177,625	1,100,000	85,350	425,000	88,231
2035			605,000	23,221	2,015,000	108,238	1,130,000	51,900	440,000	74,175
2036			620,000	7,905	2,085,000	36,488	1,165,000	17,475	455,000	59,063
2037									470,000	42,875
2038									485,000	26,163
2039									505,000	8,838
	305,000	5,719	8,010,000	1,398,620	24,130,000	7,586,175	14,100,000	3,655,300	6,945,000	2,306,231

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**Clay County, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 09/30/2021)**

**Capital Improvement Plan Bonds
Series 2021A**

Dated Amount	09/30/2021 \$3,185,000*
Maturity	02/01
Calendar Year Ending	Estimated Interest
2022	23,537
2023	27,171
2024	24,618
2025	21,243
2026	17,281
2027	12,820
2028	7,963
2029	2,703
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
	3,185,000
	137,334

Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022	0	23,537	2,755,000	1,823,318	4,578,318	53,920,000	4.86%	2022
2023	435,000	27,171	3,190,000	1,729,359	4,919,359	50,730,000	10.49%	2023
2024	450,000	24,618	3,315,000	1,623,305	4,938,305	47,415,000	16.34%	2024
2025	450,000	21,243	3,420,000	1,511,630	4,931,630	43,995,000	22.37%	2025
2026	455,000	17,281	3,540,000	1,382,094	4,922,094	40,455,000	28.62%	2026
2027	460,000	12,820	3,675,000	1,245,758	4,920,758	36,780,000	35.10%	2027
2028	465,000	7,963	3,810,000	1,121,950	4,931,950	32,970,000	41.83%	2028
2029	470,000	2,703	3,925,000	1,004,215	4,929,215	29,045,000	48.75%	2029
2030			3,570,000	885,113	4,455,113	25,475,000	55.05%	2030
2031			3,685,000	764,574	4,449,574	21,790,000	61.55%	2031
2032			3,815,000	638,978	4,453,978	17,975,000	68.28%	2032
2033			3,935,000	513,978	4,448,978	14,040,000	75.23%	2033
2034			4,065,000	388,771	4,453,771	9,975,000	82.40%	2034
2035			4,190,000	257,534	4,447,534	5,785,000	89.79%	2035
2036			4,325,000	120,930	4,445,930	1,460,000	97.42%	2036
2037			470,000	42,875	512,875	990,000	98.25%	2037
2038			485,000	26,163	511,163	505,000	99.11%	2038
2039			505,000	8,838	513,838	0	100.00%	2039
			56,675,000	15,089,379	71,764,379			

* Preliminary, subject to change.

Clay County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 09/30/2021)

Solid Waste Revenue Bonds
Series 2021B

Dated Amount	09/30/2021 \$10,130,000*	Maturity	08/01						
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2022	480,000	131,650	480,000	131,650	611,650	9,650,000	4.74%	2022	
2023	455,000	155,535	455,000	155,535	610,535	9,195,000	9.23%	2023	
2024	455,000	153,033	455,000	153,033	608,033	8,740,000	13.72%	2024	
2025	460,000	150,303	460,000	150,303	610,303	8,280,000	18.26%	2025	
2026	465,000	146,623	465,000	146,623	611,623	7,815,000	22.85%	2026	
2027	470,000	142,438	470,000	142,438	612,438	7,345,000	27.49%	2027	
2028	470,000	137,738	470,000	137,738	607,738	6,875,000	32.13%	2028	
2029	475,000	132,568	475,000	132,568	607,568	6,400,000	36.82%	2029	
2030	485,000	126,630	485,000	126,630	611,630	5,915,000	41.61%	2030	
2031	490,000	119,840	490,000	119,840	609,840	5,425,000	46.45%	2031	
2032	500,000	112,245	500,000	112,245	612,245	4,925,000	51.38%	2032	
2033	505,000	104,245	505,000	104,245	609,245	4,420,000	56.37%	2033	
2034	515,000	95,408	515,000	95,408	610,408	3,905,000	61.45%	2034	
2035	525,000	85,880	525,000	85,880	610,880	3,380,000	66.63%	2035	
2036	535,000	75,643	535,000	75,643	610,643	2,845,000	71.92%	2036	
2037	545,000	64,675	545,000	64,675	609,675	2,300,000	77.30%	2037	
2038	555,000	53,230	555,000	53,230	608,230	1,745,000	82.77%	2038	
2039	570,000	41,020	570,000	41,020	611,020	1,175,000	88.40%	2039	
2040	580,000	27,910	580,000	27,910	607,910	595,000	94.13%	2040	
2041	595,000	14,280	595,000	14,280	609,280	0	100.00%	2041	
			10,130,000	2,070,890	12,200,890				

* Preliminary, subject to change.

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience (includes the Series 2021B Bonds); (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations issued to pay judgments against the County; and (8) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2020/21 Assessor's Estimated Market Value	\$7,125,258,700
Multiply by 3%	0.03
Statutory Debt Limit	<u>\$ 213,757,761</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Series 2021A Bonds)*	(56,675,000)
Unused Debt Limit*	<u><u>\$ 157,082,761</u></u>

*Preliminary, subject to change.

UNDERLYING DEBT¹

Taxing District	2020/21 Taxable Net Tax Capacity	% In County	Total G.O. Debt ²	County's Proportionate Share
City of Barnesville	\$1,627,880	100.0000%	\$6,226,000	\$6,226,000
City of Dilworth	4,319,116	100.0000%	16,490,000	16,490,000
City of Glyndon	965,037	100.0000%	6,870,000	6,870,000
City of Hawley	1,677,536	100.0000%	4,396,000	4,396,000
City of Hitterdal	93,884	100.0000%	100,000	100,000
City of Moorhead	35,262,080	100.0000%	144,465,000	144,465,000
City of Sabin	438,309	100.0000%	450,000	450,000

¹ Underlying debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

UNDERLYING DEBT Continued

I.S.D. No. 146 (Barnesville Public Schools)	\$8,906,059	68.0696%	\$25,765,000 ¹	\$17,538,132
I.S.D. No. 150 (Hawley)	5,846,893	100.0000%	11,085,000 ²	11,085,000
I.S.D. No. 152 (Moorhead Public Schools)	43,609,881	100.0000%	188,500,000 ³	188,500,000
I.S.D. No. 548 (Pelican Rapids)	20,180,914	1.2298%	22,600,000 ⁴	277,935
I.S.D. No. 914 (Ulen-Hitterdal)	4,277,103	70.0869%	3,775,000 ⁵	2,645,780
I.S.D. No. 2164 (Dilworth-Glyndon-Felton)	10,422,177	100.0000%	43,097,666 ⁶	43,097,666
I.S.D. No. 2854 (Ada-Borup)	7,175,275	8.8136%	14,175,000 ⁷	1,249,328
I.S.D. No. 2889 (Lake Park-Audubon)	33,197,519	0.9685%	8,610,000 ⁸	83,388
County's Share of Total Underlying Debt				<u>\$ 443,474,229</u>

¹ Currently, the State of Minnesota is paying approximately 32.8% of the principal and interest on the Barnesville School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$8,450,920. Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

² Currently, the State of Minnesota is paying approximately 16.3% of the principal and interest on the Hawley School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$1,806,855. Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

³ Currently, the State of Minnesota is paying approximately 5.3% of the principal and interest on the Moorhead School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$9,952,340.

⁴ Currently, the State of Minnesota is paying approximately 7.5% of the principal and interest on the Pelican Rapids School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$1,695,000.

⁵ Currently, the State of Minnesota is paying approximately 40.8% of the principal and interest on the Ulen-Hitterdal School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$1,540,200.

⁶ Currently, the State of Minnesota is paying approximately 28.2% of the principal and interest on the Dilworth-Glyndon-Felton School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$12,153,542. Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

⁷ Currently, the State of Minnesota is paying approximately 49.6% of the principal and interest on the Ada-Borup School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$7,030,800. Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

⁸ Currently, the State of Minnesota is paying approximately 10.2% of the principal and interest on the Ada-Borup School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$878,220.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$7,656,209,441)	Debt/ Current Population Estimate (63,446)
Direct G.O. Debt Secured By:			
Special Assessments & Taxes	\$ 1,620,000		
Taxes*	56,675,000		
Utility Revenues*	<u>10,130,000</u>		
Total General Obligation Debt (includes the Bonds and the Concurrent Obligations)*	\$ 68,425,000		
Less: G.O. Debt Paid Entirely from Revenues ¹	<u>(10,130,000)</u>		
Tax Supported General Obligation Debt*	\$ 58,295,000	0.76%	\$918.81
County's Share of Total Underlying Debt ²	<u>\$443,474,229</u>	<u>5.79%</u>	<u>\$6,989.79</u>
Total*	<u>\$501,769,229</u>	<u>6.55%</u>	<u>\$7,908.60</u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

In addition to the Concurrent Obligations, the County has no current plans for additional financing in the next 12 months.

¹ Debt service on the County's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

² After deducting the County's proportionate share of the agricultural land valuation applicable to the underlying school districts of \$31,393,740, the County's net underlying debt is \$412,080,489, which results in a net underlying debt/market value ratio of 5.38% and net underlying debt/current population estimate ratio of \$6,379.84.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date ²	% Collected
2016/17	\$ 25,655,690	\$25,405,719	\$25,645,833	99.96%
2017/18	27,461,133	27,074,681	27,429,232	99.88%
2018/19	28,837,836	28,480,446	28,776,214	99.79%
2019/20	30,914,076	30,558,808	30,745,022	99.45%
2020/21	32,364,184	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The County cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the County's finances and payment of debt obligations, including the Bonds.

¹ This reflects the Final Levy Certification of the County after all adjustments have been made.

² Collections are through May 17, 2021.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2016/17	2017/18	2018/19	2019/20	2020/21
Clay County	46.360%	47.789%	48.764%	51.180%	52.322%
City of Barnesville	60.438%	53.850%	54.128%	54.388%	53.886%
City of Comstock	29.984%	22.689%	22.990%	23.096%	23.169%
City of Dilworth	49.720%	47.025%	48.776%	50.835%	50.348%
City of Felton	27.210%	28.265%	29.458%	28.723%	30.136%
City of Georgetown	43.831%	37.627%	38.642%	38.538%	38.891%
City of Glyndon	68.738%	62.652%	61.017%	54.320%	54.362%
City of Hawley	40.979%	38.332%	39.831%	40.612%	41.489%
City of Hitterdal	45.944%	42.372%	40.410%	17.962%	19.960%
City of Moorhead	40.235%	42.226%	43.477%	44.862%	44.931%
City of Sabin	58.215%	53.449%	45.178%	43.912%	44.185%
City of Ulen	46.272%	37.637%	36.988%	41.750%	44.644%
Town of Oakport ²	8.457%	9.061%	9.159%	9.488%	9.648%
I.S.D. No. 146 (Barnesville Public Schools)	5.663%	5.434%	5.743%	29.060%	28.607%
I.S.D. No. 150 (Hawley)	23.203%	22.361%	26.774%	26.617%	28.030%
I.S.D. No. 152 (Moorhead Public Schools)	30.439%	31.741%	30.220%	35.151%	37.633%
I.S.D. No. 548 (Pelican Rapids)	17.343%	16.589%	14.786%	15.471%	14.666%
I.S.D. No. 914 (Ulen-Hitterdal)	16.924%	19.447%	17.866%	17.894%	20.239%
I.S.D. No. 2164 (Dilworth-Glyndon-Felton)	16.712%	15.854%	17.158%	31.922%	30.081%
I.S.D. No. 2527 (Halstad-Hendrum)	4.882%	5.469%	9.360%	3.651%	5.220%
I.S.D. No. 2854 (Ada-Borup)	11.628%	12.881%	13.287%	21.537%	20.835%
I.S.D. No. 2889 (Lake Park-Audubon)	14.513%	13.733%	13.318%	13.312%	13.197%
Buffalo/Red River Watershed District	1.697%	1.706%	1.675%	1.694%	1.838%
Wild Rice Watershed District	5.533%	6.986%	6.337%	4.987%	5.018%

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

² Representative town rate.

TAX CAPACITY RATES - CONTINUED

	2016/17	2017/18	2018/19	2019/20	2020/21
<i>Referendum Market Value Rates:</i>					
I.S.D. No. 146 (Barnesville Public Schools)	0.20071%	0.17865%	0.19206%	0.19640%	2.07410%
I.S.D. No. 150 (Hawley)	0.09415%	0.14928%	0.16486%	0.17402%	0.15344%
I.S.D. No. 152 (Moorhead Public Schools)	0.18107%	0.18401%	0.17882%	0.18995%	0.15344%
I.S.D. No. 548 (Pelican Rapids)	0.11707%	0.12152%	0.11776%	0.15413%	0.14513%
I.S.D. No. 914 (Ulen-Hitterdal)	0.55120%	0.44263%	0.42625%	0.40572%	0.56282%
I.S.D. No. 2164 (Dilworth-Glyndon-Felton)	0.24443%	0.18314%	0.18376%	0.14223%	0.17120%
I.S.D. No. 2527 (Halstad-Hendrum)	0.38010%	0.37962%	0.33680%	0.32326%	0.27817%
I.S.D. No. 2854 (Ada-Borup)	0.14850%	0.14459%	0.14214%	0.18140%	0.16764%
I.S.D. No. 2889 (Lake Park-Audubon)	0.17022%	0.13864%	0.14285%	0.13777%	0.13294%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Clay County.

LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

THE ISSUER

COUNTY GOVERNMENT

The County was organized as a municipality in 1857, and is governed by an elected five-member Board of County Commissioners. Decisions are made by a majority vote of a quorum. The County Administrator is appointed by the Board, and the County Auditor-Treasurer is elected.

EMPLOYEES; PENSIONS; UNIONS

The County has 443 full-time, 173 part-time, and nine (9) seasonal employees. All full-time and certain part-time employees of the County are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
LELS Deputies	December 31, 2022
LELS Jailers	December 31, 2022
49ers Highway Maintenance	December 31, 2022
Teamsters Assistant County Attorneys	December 31, 2020
Juvenile Counselors	December 31, 2022
Social Workers	December 31, 2022
Case Aides	December 31, 2022
Detox	December 31, 2021
Lieutenants	December 31, 2022
Correctional Sgt's	December 31, 2022

Status of Contracts

The contract which expired December 31, 2020 is currently in negotiations.

POST EMPLOYMENT BENEFITS

The County has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The County's most recent actuarial study shows a total OPEB liability of \$1,784,946 as of January 1, 2020. The County has been funding these obligations on a pay-as-you-go basis.

Source: The County's most recent actuarial study.

FUNDS ON HAND (as of July 31, 2021)

Fund	Total Cash and Investments
General Revenue	\$14,015,375
Road and Bridge	5,700,096
Social Services	8,121,682
Americana Estates Special Assessments	41,877
County Building Improvements	161,439
Ditch Funds	477,251
Gravel Removal Tax Reserve	798,413
County Building Major Improvements	80,255
Jail/Law Enforcement Construction	2,418,153
Courthouse/Courtroom Remodeling Project	8,796
Debt Retirement-Law Enforcement Expand	2,147,934
County Projects Debt Retirement	124,565
Joint Highway Facility Debt Service	117,095
Courthouse Remodeling Debt Service	168,171
Internal Service	468,597
Public Health	2,966,034
Solid Waste Management	13,286,636
Partnership4Health	201,989
Family Service Center Operating Fund	1,141,583
Regional Juvenile Center	3,545,052
Forfeited Tax State	88,010
Taxes and Penalties	3,021,410
State Revenue	9,047
Total Funds on Hand	<u><u>\$59,109,456</u></u>

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds and the Concurrent Obligations or otherwise questioning the validity of the Bonds and the Concurrent Obligations.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the County's General Fund. These summaries are not purported to be the complete audited financial statements of the County, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the County. Copies of the complete statements are available upon request. Appendix A includes the 2019 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited	2018 Audited	2019 Audited	2020 Unaudited ¹	2021 Adopted Budget ²
Revenues					
Property taxes	\$14,897,337	\$16,513,900	\$17,627,250	\$19,025,621	\$21,979,674
Licenses and permits	113,614	103,391	78,695	132,139	45,360
Intergovernmental	5,469,171	5,912,208	6,067,513	14,961,440	3,812,603
Charges for services	1,872,321	1,568,527	1,413,445	1,239,931	1,468,039
Fine and forfeitures	118,290	118,077	114,904	88,333	5,000
Investment earnings	274,169	600,969	1,500,778	613,333	300,000
Miscellaneous	471,813	492,090	796,554	704,936	1,216,051
Total Revenues	\$23,216,715	\$25,309,162	\$27,599,139	\$36,765,733	\$28,826,727
Expenditures					
Current:					
General government	\$9,328,381	\$9,925,597	\$9,464,733	\$11,163,390	\$12,626,019
Public safety	11,482,990	12,496,107	12,602,952	20,039,189	14,098,567
Culture and recreation	475,283	482,165	488,797	502,169	563,506
Conservation of natural resources	562,515	577,459	592,695	598,250	708,374
Economic development	706,419	642,259	510,576	533,936	565,207
Total Expenditures	\$22,555,588	\$24,123,587	\$23,659,753	\$32,836,934	\$28,561,672
Excess of revenues over (under) expenditures	\$661,127	\$1,185,575	\$3,939,386	\$3,928,799	\$265,055
Other Financing Sources (Uses)					
Sale of capital asset	\$0	\$260,040	\$0	\$0	\$0
Transfers in	120,000	270,000	120,000	120,000	120,000
Transfers (out)	(1,136,230)	(1,509,699)	(2,090,313)	(2,107,205)	(1,749,996)
Total Other Financing Sources (Uses)	(1,016,230)	(979,659)	(1,970,313)	(1,987,205)	(1,629,996)
Net changes in Fund Balances	(\$355,103)	\$205,916	\$1,969,073	\$1,941,594	(\$1,364,941)³
General Fund Balance January 1	\$10,197,012	\$9,841,909	\$10,047,825	\$12,016,898	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$9,841,909	\$10,047,825	\$12,016,898	\$13,958,492	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$2,059,844	\$1,934,641	\$2,236,997	\$2,796,892	
Restricted	955,191	1,165,543	1,392,171	1,529,481	
Unassigned	6,826,874	6,947,641	8,387,730	9,632,119	
Total	\$9,841,909	\$10,047,825	\$12,016,898	\$13,958,492	

¹ Unaudited data is as of August 5, 2021.

² The 2021 budget was adopted on December 22, 2020.

³ The negative change in general fund balance after net transfers was due to a planned adjustment at year-end to use revenues over expenditures in prior years to reduce the 2021 tax levy.

GENERAL INFORMATION

LOCATION

The County, with a 2010 U.S. Census population of 58,999 and a current population estimate of 63,446, is located adjacent to the City of Fargo, North Dakota and approximately 240 miles northwest of the Minneapolis-St. Paul metropolitan area. The City of Moorhead is the county seat of Clay County.

LARGER EMPLOYERS¹

Larger employers in the County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 152 (Moorhead Public Schools)	Elementary and secondary education	1,602
Minnesota State University-Moorhead	Public University	784
Concordia College	Public University	700
Clay County	County government and services	625
City of Moorhead	Municipal government and services	580 ²
Creative Care/CCRI	Disability support services	500
Eventide Senior Living	Assisted living and nursing care facilities	416
American Crystal Sugar	Cane sugar manufacturer	400
West Central AG Services	Grain elevators	300
Walmart Supercenter	Discount retail store	240

Source: *Data Axle Reference Solutions, written and telephone survey (August 2021), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

² Total number of employees includes seasonal employees.

U.S. CENSUS DATA

Population Trend: The County

2000 U.S. Census population	51,229
2010 U.S. Census population	58,999
2019 State Demographer's Estimate	63,446
Percent of Change 2000 - 2010	+ 15.17%

Income and Age Statistics

	The County	State of Minnesota	United States
2019 per capita income	\$30,768	\$37,625	\$34,103
2019 median household income	\$65,269	\$71,306	\$62,843
2019 median family income	\$84,966	\$89,842	\$77,263
2019 median gross rent	\$865	\$977	\$1,062
2019 median value owner occupied units	\$197,100	\$223,900	\$217,500
2019 median age	32.6 yrs.	38.0 yrs.	38.1 yrs.

	State of Minnesota	United States
County % of 2019 per capita income	81.78%	90.22%
County % of 2019 median family income	94.57%	109.97%

Housing Statistics

	<u>The County</u>		Percent of Change
	2010	2019	
All Housing Units	22,279	25,296	13.54%

Source: 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Clay County	Clay County	Clay County	State of Minnesota
2017	34,535		3.2%	3.4%
2018	34,766		2.9%	3.0%
2019	35,205		3.1%	3.2%
2020	34,829		3.8%	6.2%
2021, July	35,062		2.7%	3.4%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the County's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The County has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the County requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the County since the date of the financial statements, in connection with the issuance of the Bonds, the County represents that there have been no material adverse change in the financial position or results of operations of the County, nor has the County incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

*Clay County
Moorhead, MN*



Annual Financial Report



*For Period Ending
December 31, 2019*

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

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INTRODUCTORY SECTION

COUNTY AUDITOR
LORI J. JOHNSON
Office Telephone: (218) 295-5006
Fax: (218) 295-5195



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

Commissioners,

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Clay County Courthouse
807 11th Street North
P.O. Box 280
Moorhead, Minnesota 56561-0280
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www.co.clay.mn.us

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INDEPENDENT AUDIT

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

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

ACKNOWLEDGMENTS

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

Sincerely,

/s/ Lori J Johnson

Lori J Johnson
Clay County Auditor-Treasurer

**CLAY COUNTY
MOORHEAD, MINNESOTA**

ORGANIZATION
December 31, 2019

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

* Chair

** Vice Chair

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FINANCIAL SECTION

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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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
Clay County
Moorhead, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Event

As discussed in Note 8 to the financial statements, subsequent to year-end, the World Health Organization declared the spread of coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortage of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Supplementary Information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of Clay County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clay County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clay County's internal control over financial reporting and compliance.



JULIE BLAHA
STATE AUDITOR



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

November 16, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CLAY COUNTY
MOORHEAD, MINNESOTA

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

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

(Unaudited)

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

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

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

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

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

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

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

(Unaudited)

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

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

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

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

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

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

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

(Unaudited)

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

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

Notes to the Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

(Unaudited)

**Table 1
Net Position**

	Governmental Activities			Business-Type Activities			Total
	2019	2018	2019	2018	2019	2018	
Assets							
Current and other assets	\$ 46,140,730	\$ 44,560,767	\$ 22,926,013	\$ 23,060,153	\$ 69,066,743	\$ 67,620,020	
Capital assets	142,351,746	140,369,855	18,862,325	14,184,678	161,471,073	154,754,333	
Total Assets	\$ 188,492,476	\$ 185,130,622	\$ 41,788,338	\$ 37,244,831	\$ 230,537,816	\$ 222,374,353	
Deferred outflows of resources							
Deferred pension outflows	\$ 178,873	\$ 81,684	\$ 56,890	\$ 23,978	\$ 235,765	\$ 107,662	
Total Deferred Outflows	\$ 4,144,450	\$ 7,403,992	\$ 333,335	\$ 800,190	\$ 4,477,985	\$ 8,204,182	
Reserves							
Reserves	\$ 4,323,325	\$ 7,485,576	\$ 390,425	\$ 826,168	\$ 4,713,750	\$ 8,311,844	
Liabilities							
Accounts payable	\$ 75,730,695	\$ 76,639,684	\$ 15,404,990	\$ 15,640,976	\$ 89,135,645	\$ 92,280,660	
Other liabilities	7,037,754	7,041,384	2,090,194	1,996,967	3,994,148	3,038,931	
Total Liabilities	\$ 80,234,449	\$ 83,681,068	\$ 17,495,184	\$ 17,637,943	\$ 98,229,833	\$ 101,319,011	
Deferred inflows of resources							
Deferred pension inflows	\$ 29,506	\$ -	\$ 9,184	\$ -	\$ 38,890	\$ -	
Total Deferred Inflows of Resources	\$ 7,858,990	\$ 10,481,471	\$ 1,595,554	\$ 1,689,405	\$ 9,364,144	\$ 12,170,877	
Net Position							
Net Investment in Capital Assets	\$ 90,342,537	\$ 88,280,970	\$ 11,168,705	\$ 10,720,568	\$ 101,511,243	\$ 99,011,538	
Restricted	6,895,682	5,474,712	1,326,722	1,068,313	8,222,404	6,543,025	
Unrestricted	7,138,039	4,698,077	10,673,013	6,944,769	17,831,052	11,642,846	
Total Net Position as reported	\$ 104,376,258	\$ 98,453,759	\$ 23,168,441	\$ 18,743,650	\$ 127,564,699	\$ 117,197,409	

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

(Unaudited)

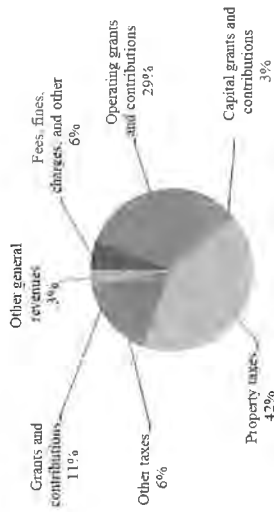
**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total
	2019	2018	2019	2018	
Revenues					
Program revenues	\$ 4,051,874	\$ 4,610,846	\$ 15,484,710	\$ 11,286,681	\$ 19,537,584
Fees, fines, charges, and other	20,406,649	20,406,649	3,263,654	3,439,675	23,846,324
Operating grants and contributions	2,347,385	591,647	-	-	2,347,385
General revenues	29,269,452	27,833,564	-	-	29,269,452
Property taxes	3,839,669	3,452,698	-	-	3,839,669
Other taxes	2,183,041	1,405,707	8,776	-	2,191,817
Other non-expendable contributions	2,183,041	1,405,707	81,129	131,921	2,264,254
Other general revenues	69,581,095	65,263,125	18,839,533	14,877,865	88,420,928
Total Revenues	\$ 69,581,095	\$ 65,263,125	\$ 18,839,533	\$ 14,877,865	\$ 88,420,928
Expenses					
Program expenses	\$ 8,853,781	\$ 10,186,367	\$ -	\$ -	\$ 9,853,781
General administration	13,482,807	11,175,950	-	-	11,175,950
Public safety	11,761,458	10,184,226	-	-	11,761,458
Highways and streets	22,278,443	21,595,596	-	-	22,278,443
Human services	488,797	482,165	-	-	488,797
Health and recreation	2,335,837	662,712	-	-	2,335,837
Conservation & natural resources	510,576	642,259	-	-	510,576
Economic development	1,829,222	3,347	-	-	1,829,222
Sanitation	-	-	-	-	-
Family services	1,596,308	1,596,308	-	-	1,596,308
Public health	6,338,211	6,276,485	-	-	6,338,211
Public works	2,647,816	2,582,350	-	-	2,647,816
Soil waste	4,999,982	4,116,549	-	-	4,999,982
Juvenile center	-	-	-	-	-
Total Expenses	\$ 63,541,321	\$ 56,858,576	\$ 15,512,317	\$ 14,598,632	\$ 78,053,658
Excess (Deficiency) Before Transfers	\$ 7,940,074	\$ 8,404,549	\$ 3,327,216	\$ 279,433	\$ 10,367,290
Transfers	(1,027,375)	(895,173)	1,027,375	895,175	-
Change in Net Position	\$ 5,942,499	\$ 7,509,376	\$ 4,424,791	\$ 1,174,606	\$ 10,367,290
Net Position - January 1	98,533,759	96,944,383	18,743,650	17,569,644	117,197,409
Net Position - December 31	\$ 104,376,258	\$ 98,453,759	\$ 23,168,441	\$ 18,743,650	\$ 127,564,699

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

(Unaudited)

Revenues by Source - Governmental Activities



Governmental Activities

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

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

Table 3
Governmental Activities

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

(Unaudited)

Business-Type Activities

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

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

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

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

Table 4
(Unaudited)

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

	Governmental Activities		Business-Type Activities		Totals
	2019	2018	2019	2018	
Land	\$ 3,880,000	\$ 1,084,851	\$ 1,084,851	\$ 1,084,851	\$ 4,975,941
Construction in progress	37,542,689	30,457,029	16,611,398	16,611,398	4,975,941
Land improvements	1,785,461	1,871,057	3,157,975	3,284,194	3,155,961
Buildings	21,328,384	22,761,920	4,578,626	5,072,703	2,101,436
Machinery, furniture, and equipment	4,590,545	4,433,795	793,145	659,000	25,907,210
Intangible	73,418,359	71,193,354	338,860	338,860	5,382,710
Landfill			1,120,970	1,229,763	73,396,604
Totals	\$ 142,554,748	\$ 140,569,855	\$ 18,862,325	\$ 14,184,678	\$ 161,417,073

Long-Term Debt

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Clay County's average unemployment rate for 2019 and 2018 is 3.1 percent and 2.9 percent, respectively. The unemployment rate for the first five months of 2020 averaged 3.84 percent. This compares consistent to the state's average unemployment rate for 2019 of 3.2 percent and favorably the national average rate of 3.7 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.

With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs and services will be extremely important as future budgets are developed and efforts are made to control expenditures.

(Unaudited)

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

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

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

REQUESTS FOR INFORMATION

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

(Unaudited)

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 1

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 1
(Continued)**

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

General Revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

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

EXHIBIT 2

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

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

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 3

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 3
(Continued)

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

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

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 4

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 5

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 5
(Continued)

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 6

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

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

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

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

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

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

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

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 6
(Continued)**

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

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

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

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

Governmental activities share of net income before transfers		<u>422,491</u>	
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Change in Net Position of Governmental Activities (Exhibit 2)		<u><u>\$ 5,942,499</u></u>	
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The notes to the financial statements are an integral part of this statement.

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PROPRIETARY FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 7

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 7
(Continued)

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 8

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 9

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

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

EXHIBIT 9
(Continued)

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

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

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FIDUCIARY FUNDS

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CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2019

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

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

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CLAY COUNTY
MOORHEAD, MINNESOTA

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

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Joint Ventures

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

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

CLAY COUNTY
MOORHEAD, MINNESOTA

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

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

2. Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

CLAY COUNTY
MOORHEAD, MINNESOTA

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

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

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

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

The County reports the following major enterprise funds:

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

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

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

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

Additionally, the County reports the following fund types:

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

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

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

1. Cash and Cash Equivalents

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

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2. Deposits and Investments

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

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

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

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

All receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at

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

4. Special Assessments Receivable

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

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

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

7. Long-Term Receivable

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

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8. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the County did not have any capitalized interest.

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

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

The County landfill is depreciated based on capacity.

9. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these

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

10. Unearned Revenue

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

11. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

12. Deferred Outflows/Inflows of Resources

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

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

13. Pension Plan

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

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14. Classification of Net Position

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

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

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

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

15. Classification of Fund Balances

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

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

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

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

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

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

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

16. Minimum Fund Balance

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

17. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the

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

2. Stewardship, Compliance, and Accountability

A. Deficit Net Position and Fund Balance

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

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

B. Excess of Expenditures Over Budget

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

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

C. Tax Abatements

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

Business Assistance Abatement

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

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

Two-year Property Tax Abatement Program

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

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

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

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

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

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a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2019, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

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

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

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

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Concentration of Credit Risk

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

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

Investment Type	Credit Rating	Rating Agency	Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying Value
Federal Home Loan Mortgage Corp	Aaa	Moody's		05/26/21	\$ 499,995
Federal Home Loan Mortgage Corp	Aaa	Moody's		10/17/22	249,477
Federal Home Loan Mortgage Corp	Aaa	Moody's		10/27/23	1,549,690
Federal Home Loan Mortgage Corp	Aaa	Moody's		10/30/23	549,060
Federal Home Loan Mortgage Corp	Aaa	Moody's		02/20/24	977,990
Federal Home Loan Mortgage Corp	Aaa	Moody's		03/27/24	997,940
Federal Home Loan Mortgage Corp	Aaa	Moody's		05/20/24	1,000,000
Federal Home Loan Mortgage Corp	Aaa	Moody's		10/30/24	498,880
Federal Home Loan Mortgage Corp	Aaa	Moody's		11/25/24	1,500,105
Federal Home Loan Mortgage Corp	Aaa	Moody's		12/06/24	1,500,135
Federal Home Loan Mortgage Corp	Aaa	Moody's		12/23/24	499,705
Total Federal Home Loan Mortgage Corp			21%		\$ 11,342,377
Federal Home Loan Bank	Aaa	Moody's	<5%		\$ 299,316
Federal Farm Credit Bank	Aaa	Moody's		09/12/23	895,725
Federal Farm Credit Bank	Aaa	Moody's		08/28/23	1,207,048
Federal Farm Credit Bank	Aaa	Moody's		10/30/23	1,497,045
Federal Farm Credit Bank	Aaa	Moody's		01/23/24	492,268
Federal Farm Credit Bank	Aaa	Moody's		07/15/24	1,490,895
Federal Farm Credit Bank	Aaa	Moody's		12/02/24	997,160
Federal Farm Credit Bank	Aaa	Moody's		12/26/24	499,770
Total Federal Farm Credit Bank			13%		\$ 7,072,911
Investment pools					\$ 8,265,861
MAGIC Fund - General Revenue					3,346,722
MAGIC Fund - Solid Waste Long-Term					1,279,949
MAGIC Fund - Solid Waste Management					1,000,000
Total investment pools					\$ 12,931,522
	N/R	N/A	N/A	N/A	

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

N/A - Not Applicable
NR - Not Rated

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

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

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

Investments by fair value level	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)
Debt securities			
U.S. Agencies	\$ 18,714,804	\$ 18,714,804	-
Negotiable certificates of deposit	11,420,706	11,420,706	-
Total Investments Included in the Fair Value Hierarchy	\$ 30,135,510	\$ 30,135,510	\$ -

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Investments measured at the net asset value (NAV)	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)
Repurchase agreement	\$ 10,012,803		
Money market funds	(1,268)		
MAGIC Portfolio	12,931,522		
Total Investments Measured at the NAV	\$ 22,943,057		

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

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

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

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

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2. Receivables

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

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

3. Capital Assets

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

Governmental Activities

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Land improvements	\$ 2,024,346	\$ 36,426	\$ -	\$ 2,060,772
Buildings	28,357,387	63,167	893,150	27,527,404
Machinery, furniture, and equipment	11,610,343	1,444,054	971,722	12,082,675
Infrastructure	140,617,987	-	-	140,617,987
Total capital assets depreciated	\$ 182,610,063	\$ 1,543,647	\$ 1,864,872	\$ 182,288,838
Less: accumulated depreciation for				
Land improvements	\$ 187,279	\$ 88,032	\$ -	\$ 275,311
Buildings	5,598,467	693,433	-	6,291,900
Machinery, furniture, and equipment	7,172,548	1,277,639	958,077	7,492,110
Infrastructure	63,424,633	3,774,995	-	67,199,628
Total accumulated depreciation	\$ 76,378,927	\$ 5,744,019	\$ 958,077	\$ 81,165,869
Total capital assets depreciated, net	\$ 106,231,136	\$ (4,200,372)	\$ 906,795	\$ 101,122,969
Governmental Activities				
Capital Assets, Net	\$ 140,569,855	\$ 2,891,688	\$ 906,795	\$ 142,554,748

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,084,851	\$ -	\$ -	\$ 1,084,851
Construction in progress	4,881,476	5,801,541	52,019	10,691,398
Total capital assets not depreciated	\$ 5,966,327	\$ 5,801,541	\$ 52,019	\$ 11,716,249
Capital assets depreciated				
Buildings	\$ 15,309,366	\$ 52,019	\$ -	\$ 15,361,385
Landfill	9,801,522	-	-	9,801,522
Improvements other than building	583,039	-	-	583,039
Machinery, furniture, and equipment	1,977,814	25,666	6,045	1,997,435
Infrastructure	1,564,858	-	-	1,564,858
Total capital assets depreciated	\$ 29,196,599	\$ 77,685	\$ 6,045	\$ 29,268,239
Less: accumulated depreciation for				
Buildings	\$ 10,236,663	\$ 546,096	\$ -	\$ 10,782,759
Landfill	8,571,759	108,793	-	8,680,552
Improvements other than building	254,845	12,219	-	267,064
Machinery, furniture, and equipment	978,805	191,522	5,037	1,165,290
Infrastructure	936,176	290,322	-	1,226,498
Total accumulated depreciation	\$ 20,978,248	\$ 1,148,952	\$ 5,037	\$ 22,122,163
Total capital assets depreciated, net	\$ 8,218,351	\$ (1,071,267)	\$ 1,008	\$ 7,146,976
Business-Type Activities				
Capital Assets, Net	\$ 14,184,678	\$ 4,730,674	\$ 53,027	\$ 18,862,325

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

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

B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

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

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

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

2. Advances From/To Other Funds

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

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

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

3. Interfund Transfers

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

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

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2019, were as follows:

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

2. Construction and Other Significant Commitments

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

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

3. Unearned Revenue

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

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

4. Leases

Capital Leases

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

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

Lease	Maturity	Installment	Payment Amount	Original	Balance
Governmental Activities					
2015 Ford Fusion	2020	Monthly	\$ 4,077	\$ 18,857	\$ 1,501
2016 Ford Fusion	2021	Monthly	3,816	18,692	4,264
2016 Dodge Grand Caravan	2021	Monthly	4,371	21,423	4,284
2016 Ford Fusion	2021	Monthly	3,816	18,692	4,265
2017 Ford Fusion	2022	Monthly	1,743	7,573	4,054
2019 Dodge Grand Caravan	2023	Monthly	4,896	22,275	17,696
2019 Ford Fusion	2023	Monthly	4,400	18,096	13,815
2019 Ford Fusion	2023	Monthly	4,440	18,096	13,815
Total Governmental Activities					\$ 68,341

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

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

5. Long-Term Debt

Governmental Activities

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

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Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2019
General obligation bonds					
2008 G.O. Capital Improvement Plan Bonds	2022	\$110,000 - \$305,000	3.5350	\$ 5,135,000	\$ 1,205,000
2013 G.O. Watershed Improvement Bonds	2021	\$265,000 - \$310,000	2.6680	2,000,000	610,000
2016 G.O. Jail Bonds	2036	\$425,000 - \$620,000	1.982	9,770,000	8,910,000
2017 G.O. Jail Bonds	2036	\$115,000 - \$2,085,000	3.248	26,380,000	25,760,000
2017 G.O. Capital Improvement Bonds	2036	\$375,000 - \$1,165,000	2.698	15,440,000	15,065,000
2019 G.O. Watershed Improvement Bonds	2035	\$100,000 - \$135,000	2.4385	1,720,000	1,720,000
Total general obligation bonds				\$ 60,445,000	\$ 53,270,000
Add: unamortized premiums					2,463,746
Total General Obligation Bonds, Net					\$ 55,733,746

Business-Type Activities

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

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

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6. Debt Service Requirements

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

Governmental Activities

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

Business-Type Activities

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

7. Changes in Long-Term Liabilities

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 55,650,000	\$ 1,720,000	\$ 4,080,000	\$ 53,270,000	\$ 2,460,000
Add: deferred amounts for insurance premiums	2,653,706	3,841	193,801	2,463,746	-
Total bonds payable	\$ 58,303,706	\$ 1,723,841	\$ 4,273,801	\$ 55,753,746	\$ 2,460,000
Capital leases	79,598	36,193	41,850	68,341	32,110
Compensated absences	2,600,537	1,797,851	1,685,480	2,712,908	775,058
Governmental Activities Long-Term Liabilities	\$ 60,984,241	\$ 3,557,885	\$ 6,001,131	\$ 58,541,995	\$ 3,267,168

Business-Type Activities

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

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

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

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

8. Deferred Inflows - Unavailable Revenue

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

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 248,285	\$ -	\$ -	\$ 90,330	\$ 338,615
Road and Bridge	42,274	-	645,519	691,430	1,379,213
Social Services	123,066	-	239,754	90,952	443,772
Ditch	-	2,080,020	-	-	2,080,020
Nonmajor governmental funds					
County Building	3,591	-	-	-	3,591
Joint Highway Facility	2,431	-	-	-	2,431
Law Enforcement Expansion	562	-	-	-	562
County Projects	2,298	-	-	-	2,298
Courthouse Expansion	4,525	-	-	-	4,525
Total	\$ 427,032	\$ 2,080,020	\$ 875,273	\$ 872,702	\$ 4,255,027

D. Other Postemployment Benefits (OPEB)

Plan Description

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

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

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

Retirees or spouses currently receiving benefit payments	12
Active plan participants	402
Total	414

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Total OPEB Liability

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

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

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

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

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

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

Changes in the Total OPEB Liability

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

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OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1.00 percentage point lower or one percentage point higher than the current discount rate:

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

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are 1.00 percentage point lower or one percentage point higher than the current health care cost trend rate:

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

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

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

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

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

E Defined Benefit Pension Plans

1 Plan Description

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

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014,

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

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

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

2. Benefits Provided

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

Beginning January 1, 2019, General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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Beginning January 1, 2019, Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Beginning January 1, 2019, Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for

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

2. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2019. Police and Fire Plan members were required to contribute 11.30 percent of their annual covered salary in 2019. Correctional Plan members were required to contribute 5.83 percent of their annual covered salary in 2019.

In 2019, the County was required to contribute the following percentages of annual covered salary:

General Employees Plan – Coordinated Plan members	7.50%
Police and Fire Plan	16.95
Correctional Plan	8.75

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

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

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

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

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3. Pension Costs

General Employees Plan

At December 31, 2019, the County reported a liability of \$14,584,911 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employees. At June 30, 2019, the County's proportion was 0.2638 percent. It was 0.274 percent measured as of June 30, 2018. The County recognized pension expense of \$1,731,306 for its proportionate share of the General Employees Plan's pension expense.

The County also recognized \$33,949 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually.

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

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

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

The \$727,426 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (874,922)
2021	(1,411,787)
2022	(445,250)
2023	23,503

Police and Fire Plan

At December 31, 2019, the County reported a liability of \$2,584,851 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 0.2428 percent. It was

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

The County also recognized \$32,778 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. In addition, the state will pay direct state aid of \$4.5 million on October 1, 2018, and October 1, 2019, and \$9 million by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

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

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

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The \$220,242 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	(186,106)
2021	(390,243)
2022	(1,090,000)
2023	(4,589)
2024	(3,425)

Correctional Plan

At December 31, 2019, the County reported a liability of \$254,263 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was 1.8365 percent. It was 1.4924 percent measured as of June 30, 2018. The County recognized pension expense of \$493,877 for its proportionate share of the Correctional Plan's pension expense.

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

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

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

The \$175,867 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2020	(842,189)
2021	(733,766)
2022	(53,379)
2023	2,463

Total Pension Expense

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

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4. Actuarial Assumptions

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

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

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

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. The experience study for the Police and Fire Plan was dated August 30, 2016. The experience study for the Correctional Plan was dated February 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study. Inflation and investment assumptions for all plans were reviewed in the experience study report for the General Employees Plan dated June 27, 2019.

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

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

5. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019:

General Employees Plan

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

Police and Fire Plan

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

Correctional Plan

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

7. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were

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

	General Employees Retirement Plan		Proportional Share of the Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease Current	7.50	\$ 21,976,808	6.50%	\$ 5,650,005	6.50%	\$ 2,709,921
1% Increase	8.50	14,584,911	7.50	2,584,851	7.50	254,263
		6,830,033	8.50	50,019	8.50	(1,710,663)

8. Pension Plan Fiduciary Net Position

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

F. Defined Contribution Plan

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

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

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

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

4. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,283,138 landfill closure and postclosure care liability at December 31, 2019, represents the cumulative amount reported to date based on the use of 50 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,549,705 as the remaining estimated capacity is filled and the date the landfill is expected to be filled to capacity (2072) due to a change in accounting estimates. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2019. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2019, investments of \$4,030,246 are held for these purposes. These are reported as restricted assets on the statement of net position. Clay County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers'

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

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

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

6 Conduit Debt

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

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

7. Summary of Significant Contingencies and Other Items

A Contingent Liabilities

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

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including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

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

B Joint Ventures

Prairie Lakes Municipal Solid Waste Authority

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

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

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

Fargo-Moorhead Metropolitan Council of Governments

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

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

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

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

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

Clay County Joint Powers Collaborative

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

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

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

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

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

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

Northwest Minnesota Regional Emergency Communication Board

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

The purpose of the Northwest Minnesota Regional Emergency Communications Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications along with coordination of 911 and public safety broadband data services within the region.

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

In the event of dissolution of the Northwest Minnesota Regional Emergency Communications Board, all property, assets, and funds of the Board shall be distributed to the parties of the agreement upon termination in direct proportion to their

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participation and contribution. Any city, county or tribal entity that has withdrawn from the agreement prior to termination of the Board shall share in the distribution of property, assets, and funds of the Board only to the extent they shared in the original expense.

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

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

Partnership4Health Community Health Board

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

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

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

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

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

Moorhead-Clay County Joint Powers Authority

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

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

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

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

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

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

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C. Jointly-Governed Organizations

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

Western Area City/County Co-op

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

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

Agassiz Regional Library

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

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

Red River Regional Dispatch Center

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

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

Minnesota Counties Computer Cooperative (MCCC)

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

Sentence to Service

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

D. Related Organizations

Clay County Housing and Redevelopment Authority

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

Buffalo-Red River Watershed District

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

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Wild Rice Watershed District

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

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

Lakeland Mental Health Center

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

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

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

8. Subsequent Event

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

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

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EXHIBIT A-1

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 17,618,665	\$ 17,618,665	\$ 17,627,250	\$ 8,585
Licenses and permits	121,360	121,360	78,695	(42,665)
Intergovernmental	5,753,225	5,753,225	6,067,513	314,288
Charges for services	1,384,738	1,384,738	1,413,445	(71,293)
Fines and forfeits	5,000	5,000	114,504	109,504
Investment earnings	200,000	200,000	1,500,778	1,300,778
Miscellaneous	754,256	754,256	796,554	42,298
Total Revenues	\$ 26,037,244	\$ 26,037,244	\$ 27,599,139	\$ 1,561,895
Expenditures				
Current				
General government				
Commissions	\$ 355,723	\$ 355,723	\$ 350,970	\$ 4,753
Courts	190,000	190,000	177,821	12,179
Public defender	90,000	90,000	93,645	(3,645)
Law library	106,395	106,395	103,302	3,093
County administration	258,014	258,014	263,846	(5,832)
County auditor	837,683	837,683	766,372	71,311
Licenses bureau	704,874	704,874	731,703	(26,829)
County treasurer	208,848	208,848	189,264	19,584
County assessor	483,141	483,141	439,773	43,368
Auctions	135,977	135,977	55,902	80,075
Internal audit	73,000	73,000	81,013	(8,013)
Technology services	1,432,999	1,432,999	1,408,046	24,953
Personnel	330,863	330,863	347,116	(16,253)
Information services	443,744	443,744	442,026	1,718
Attorney	1,313,363	1,313,363	1,354,963	(41,600)
Victim witness	216,576	216,576	174,424	42,152
Unanticipated trial costs	30,000	30,000	35,000	(5,000)
Recorder	384,057	384,057	386,308	(2,251)
Surveyor	42,000	42,000	43,205	(1,205)
Planning and zoning	328,151	328,151	206,814	121,337
Maintenance	837,438	837,438	1,047,976	(210,538)
Veterans service officer	220,989	220,989	236,318	(15,329)
Unallocated	561,561	561,561	529,926	31,635
Total general government	\$ 9,585,396	\$ 9,585,396	\$ 9,464,733	\$ 120,663

REQUIRED SUPPLEMENTARY INFORMATION

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

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EXHIBIT A-1
(Continued)

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 4,653,623	\$ 4,653,623	\$ 4,872,374	\$ (218,751)
Safe and sober	11,261	11,261	9,764	1,497
US Marshals task force	-	-	5,972	(5,972)
Snowmobile	4,753	4,753	1,719	3,034
Law enforcement grant	37,886	37,886	33,036	4,850
ATV	-	-	350	(350)
Conner	119,765	119,765	71,019	48,746
12-911 system	72,158	72,158	90,198	(18,040)
Community corrections	5,604,617	5,604,617	4,954,535	650,082
Dispatchers	516,993	516,993	31,335	172,380
Probation and parole	716,032	716,032	698,130	17,902
Juvenile detention	1,408,712	1,408,712	1,364,930	43,778
Civil defense	103,107	103,107	136,528	(33,421)
Total public safety	\$ 13,248,847	\$ 13,248,847	\$ 12,602,952	\$ 645,895
Culture and recreation				
Historical society	\$ 196,622	\$ 196,622	\$ 196,622	\$ -
Lake Agassiz regional library	292,175	292,175	292,175	-
Total culture and recreation	\$ 488,797	\$ 488,797	\$ 488,797	\$ -
Conservation of natural resources				
County extension	\$ 304,418	\$ 304,418	\$ 305,918	\$ (1,500)
Soil and water conservation	364,249	364,249	238,887	105,362
Intermittent coalition	1,300	1,300	1,281	19
Agricultural society/County Fair	27,000	27,000	26,609	391
Total conservation of natural resources	\$ 696,967	\$ 696,967	\$ 592,695	\$ 104,272

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-1
(Continued)

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Economic development				
Metropolitan Council	\$ 17,910	\$ 17,910	\$ 20,220	\$ (2,310)
Red River winter shows	800	800	800	-
West Central Council on Aging	7,425	7,425	7,500	(75)
Chamber of Commerce	1,570	1,570	1,365	(35)
County-wide incentive program	561,165	561,165	414,403	146,762
West Central MN Initiative	8,000	8,000	8,000	-
Pew Partnership	5,557	5,557	6,113	(556)
Riverkeepers	1,000	1,000	1,000	-
Rural Minnesota Counties Caucus	2,100	2,100	-	2,100
Senior coordination program	46,818	46,818	58,975	(12,157)
Group workshop	2,500	2,500	-	2,500
Total economic development	\$ 654,805	\$ 654,805	\$ 510,576	\$ 144,229
Total Expenditures	\$ 24,674,812	\$ 24,674,812	\$ 23,659,753	\$ 1,015,059
Excess of Revenues Over (Under) Expenditures	\$ 1,362,432	\$ 1,362,432	\$ 3,939,386	\$ 2,576,954
Other Financing Sources (Uses)				
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Transfers out	(2,132,429)	(2,132,429)	(2,090,313)	42,116
Total Other Financing Sources (Uses)	\$ (2,012,429)	\$ (2,012,429)	\$ (1,970,313)	\$ 42,116
Net Change in Fund Balance	\$ (649,997)	\$ (649,997)	\$ 1,969,073	\$ 2,619,070
Fund Balance - January 1	10,047,825	10,047,825	10,047,825	-
Fund Balance - December 31	\$ 9,397,828	\$ 9,397,828	\$ 12,016,898	\$ 2,619,070

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-2

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,602,761	\$ 3,602,761	\$ 3,506,170	\$ (96,591)
Licenses and permits	76,600	76,600	93,880	17,280
Intergovernmental	10,842,844	10,842,844	10,030,366	(812,478)
Charges for services	591,415	591,415	555,236	(36,179)
Investment earnings	-	-	23,048	23,048
Miscellaneous	140,000	140,000	109,245	(30,755)
Total Revenues	\$ 15,253,620	\$ 15,253,620	\$ 14,317,945	\$ (935,675)
Expenditures				
Current				
Highways and streets				
Administration	\$ 663,524	\$ 663,524	\$ 624,367	\$ 39,157
Maintenance	3,453,166	3,453,166	3,416,072	37,094
Construction	6,610,991	6,610,991	4,495,646	2,115,345
Equipment maintenance and shop	1,825,411	1,825,411	1,910,133	(84,692)
Total highways and streets	\$ 12,553,122	\$ 12,553,122	\$ 10,446,218	\$ 2,106,904
Intergovernmental				
Highways and streets	619,747	619,747	612,601	7,146
Total Expenditures	\$ 13,172,869	\$ 13,172,869	\$ 11,058,819	\$ 2,114,050
Excess of Revenues Over (Under) Expenditures	\$ 2,080,751	\$ 2,080,751	\$ 3,259,126	\$ 1,178,375
Other Financing Sources (Uses)				
Transfers out	(2,080,750)	(2,080,750)	(2,080,750)	-
Net Change in Fund Balance	\$ 1	\$ 1	\$ 1,178,376	\$ 1,178,375
Fund Balance - January 1	4,935,783	4,935,783	4,935,783	-
Increase (decrease) in inventories	-	-	(111,053)	(111,053)
Fund Balance - December 31	\$ 4,935,784	\$ 4,935,784	\$ 6,003,106	\$ 1,067,322

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-3

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

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-4

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 90,281	\$ 95,379
Interest	52,179	51,657
Changes of assumptions	(45,372)	
Benefit payments	(107,662)	(144,263)
Net change in total OPEB liability	\$ (10,574)	\$ 2,773
Total OPEB Liability - Beginning, as restated	1,544,289	1,541,516
Total OPEB Liability - Ending	\$ 1,533,715	\$ 1,544,289

Covered-employee payroll	\$ 23,338,878	\$ 22,659,105
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.57%	6.82%

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-5

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability Associated with Clay County	Employer's Proportionate Share of the State's Liability Related to the State's Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	(a)	(b)	(a + b)	(c)	(e/c)	
2019	0.2638%	\$ 453,314	\$ 15,038,225	\$ 18,664,733	78.14%	80.23%
2018	0.2740	498,622	15,699,019	18,565,693	81.87	75.53
2017	0.2767	17,664,345	22,111	17,886,456	17,825,413	99.10
2016	0.2697	21,898,302	285,977	22,184,279	16,715,453	131.01
2015	0.2710	14,044,626	N/A	14,044,626	15,936,030	88.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.
N/A - Not Applicable

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-6

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

Year Ending	Statutorily Required Contributions		Actual Contributions in Relation to Statutorily Required Contributions		Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
	(a)	(b)	(a)	(b)			
2019	\$ 1,435,905	\$ 1,435,905	\$	\$ 19,158,733	\$	7.50%	
2018	1,397,139	1,397,139	-	18,628,520	-	7.50	
2017	1,368,808	1,368,808	-	18,250,773	-	7.50	
2016	1,292,983	1,292,983	-	17,239,773	-	7.50	
2015	1,222,172	1,222,172	-	16,295,627	-	7.50	

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-7

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)		Employer's Proportionate Share of the Net Pension Liability (Asset)		Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	(a)	(b)	(a)	(b)			
2019	0.243%	\$ 2,584,851	\$ 2,584,851	\$ 2,560,461	100.95%	89.26%	
2018	0.244	2,595,459	2,595,459	2,566,006	101.15	88.84	
2017	0.244	3,294,290	3,294,290	2,509,475	131.27	85.43	
2016	0.252	10,113,198	10,113,198	2,423,586	417.28	63.88	
2015	0.249	2,829,223	2,829,223	2,280,322	124.07	86.61	

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

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

The notes to the required supplementary information are an integral part of these schedules.

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-8

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 440,870	\$ 440,870	\$ -	2,601,003	16.95%
2018	413,513	413,513	-	2,552,549	16.20
2017	411,828	411,828	-	2,542,148	16.20
2016	400,796	400,796	-	2,474,049	16.20
2015	380,304	380,304	-	2,347,556	16.20

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-9

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset) (a)	Employer's Proportionate Share of the Net Pension Liability (Asset) (b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	1.877%	\$ 254,263	3,917,223	6.49%	98.17%
2018	1.892	245,655	2,898,526	8.47	97.64
2017	1.220	3,477,012	2,443,886	142.27	67.89
2016	1.210	4,420,259	2,279,749	193.89	58.16
2015	1.150	183,974	2,139,223	8.60	96.95

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

The notes to the required supplementary information are an integral part of these schedules.

The notes to the required supplementary information are an integral part of these schedules.

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT A-10

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

Year Ending	Statutory Required Contributions (a)	Actual Contributions in Relation to Statutory Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 349,289	\$ 349,289	\$ -	3,991,874	8.75%
2018	306,205	306,205	-	3,499,486	8.75
2017	228,722	228,722	-	2,613,966	8.75
2016	202,653	202,653	-	2,316,034	8.75
2015	196,852	196,852	-	2,249,737	8.75

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

1. Budgetary Information

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

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

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

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

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

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

3. Other Postemployment Benefits Funded Status

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

The notes to the required supplementary information are an integral part of these schedules

CLAY COUNTY
MOORHEAD, MINNESOTA

CLAY COUNTY
MOORHEAD, MINNESOTA

4. Employer Contributions to Other Postemployment Benefits

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

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

2019

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

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

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

General Employees Retirement Plan

2019

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

2018

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

- Contribution stabilizer provisions were repealed.

- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 1.5 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019, and returns to \$6 million annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.

CLAY COUNTY
MOORHEAD, MINNESOTA

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

Public Employees Police and Fire Plan

2019

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

2018

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

CLAY COUNTY
MOORHEAD, MINNESOTA

2017

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

CLAY COUNTY
MOORHEAD, MINNESOTA

2016

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

Public Employees Correctional Plan

2019

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

2018

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

CLAY COUNTY
MOORHEAD, MINNESOTA

- 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 1.00 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

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

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SUPPLEMENTARY INFORMATION

CLAY COUNTY
MOORHEAD, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUNDS

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

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

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

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

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

CAPITAL PROJECTS FUND

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-2

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-3

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2019

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-4

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2019

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-5

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

	Courthouse Expansion	Joint Highway Facility	Law Enforcement Expansion	Total (Exhibit B-1)	Americana Estates	County Projects
Revenues						
Taxes	\$ 310,485	\$ 188,860	\$ 2,006,170	\$ 2,660,273	\$ -	\$ 3,437
Intergovernmental	5,177	2,774	21	8,031	-	-
Miscellaneous	5,662	3,040	645	11,965	36	-
	-	-	250,336	250,336	-	-
Total Revenues	\$ 311,324	\$ 194,674	\$ 2,257,172	\$ 2,930,605	\$ 36	\$ 3,437
Expenditures						
Debt service						
Principal						
Interest						
Administrative (fiscal) charges						
Total Expenditures	\$ 4,525	\$ 2,431	\$ 562	\$ 9,816		
Excess of Revenues Over (Under) Expenditures					\$ 36	\$ 3,437
Other Financing Sources (Uses)						
Transfers in	306,799	192,243	2,256,610	2,920,789	-	-
Net Change in Fund Balance					\$ 36	\$ 3,437
Fund Balance - January 1					41,811	119,853
Fund Balance - December 31					\$ 41,847	\$ 123,290

EXHIBIT B-6

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-7

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

	Courtthouse Expansion		Joint Highway Facility		Law Enforcement Expansion		Total (Exhibit B-2)	Budgeted Amounts		Actual Amounts	Variance with Final Budget			
								Original	Final					
	\$	284,822	\$	152,548	\$	2,956,312	\$	3,397,119	\$	279,936	\$	278,971	\$	(965)
		38,687		20,732		-		59,419		70,064		70,351		287
		-		-		-	36	-		-		-		-
	\$	323,509	\$	173,280	\$	2,956,312	\$	3,456,574	\$	350,000	\$	349,322	\$	(678)
	\$	270,000	\$	2,200,000	\$	1,315,000	\$	3,785,000	\$	50,000	\$	50,000	\$	36,706
		38,063		45,750		1,732,225		1,816,038		-		-		-
		355		645		1,425		2,425		-		-		-
	\$	308,418	\$	2,246,395	\$	3,048,650	\$	5,603,463	\$	300,000	\$	336,028	\$	36,028
	\$	15,091	\$	(2,073,115)	\$	(92,338)	\$	(2,146,899)	\$	(300,000)	\$	(300,000)	\$	-
		-		2,080,750		1,157,738		3,238,488		-		-		-
	\$	15,091	\$	7,635	\$	1,065,400	\$	1,091,599	\$	80,972	\$	80,972	\$	36,028
		291,708		184,608		1,191,210		1,829,190		-		-		-
	\$	306,799	\$	192,543	\$	2,256,610	\$	2,920,789	\$	80,972	\$	117,000	\$	36,028

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-8

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-9

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 152,674	\$ 152,674	\$ 152,448	\$ (126)
Intergovernmental	20,576	20,576	20,732	156
Total Revenues	\$ 173,250	\$ 173,250	\$ 173,280	\$ 30
Expenditures				
Debt service				
Principal	\$ 2,200,000	\$ 2,200,000	\$ 2,200,000	\$ -
Interest	45,750	45,750	45,750	-
Administrative (fiscal) charges	150	150	645	(495)
Total Expenditures	\$ 2,245,900	\$ 2,245,900	\$ 2,246,395	\$ (495)
Excess of Revenues Over (Under) Expenditures	\$ (2,072,650)	\$ (2,072,650)	\$ (2,073,115)	\$ (465)
Other Financing Sources (Uses)				
Transfers in	2,080,750	2,080,750	2,080,750	-
Net Change in Fund Balance	\$ 8,100	\$ 8,100	\$ 7,635	\$ (465)
Fund Balance - January 1	184,608	184,608	184,608	-
Fund Balance - December 31	\$ 192,708	\$ 192,708	\$ 192,243	\$ (465)

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT B-10

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,100,000	\$ 2,100,000	\$ 2,956,312	\$ 856,312
Expenditures				
Debt service				
Principal	\$ 1,315,000	\$ 1,315,000	\$ 1,315,000	\$ -
Interest	1,732,225	1,732,225	1,732,225	-
Administrative (fiscal) charges	-	-	1,425	(1,425)
Total Expenditures	\$ 3,047,225	\$ 3,047,225	\$ 3,048,650	\$ (1,425)
Excess of Revenues Over (Under) Expenditures	\$ (947,225)	\$ (947,225)	\$ (92,338)	\$ 854,887
Other Financing Sources (Uses)				
Transfers in	1,392,650	1,392,650	1,157,738	(235,912)
Net Change in Fund Balance	\$ 445,425	\$ 445,425	\$ 1,065,400	\$ 618,975
Fund Balance - January 1	1,191,210	1,191,210	1,191,210	-
Fund Balance - December 31	\$ 1,637,635	\$ 1,637,635	\$ 2,256,610	\$ 618,975

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CLAY COUNTY
MOORHEAD, MINNESOTA

FIDUCIARY FUNDS

AGENCY FUNDS

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

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

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

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

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

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

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

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CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT C-1

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

	Balance January 1	Additions	Deductions	Balance December 31
FM Diverston Joint Powers - Moorhead - Clay County Joint Powers Authority (MCCJPA)				
Assets				
Cash and pooled investments	\$ -	\$ 1,754	\$ -	\$ 1,754
Due from other governments	-	23,391	-	23,391
Total Assets	\$ -	\$ 25,145	\$ -	\$ 25,145
Liabilities				
Accounts payable	\$ -	\$ 21,391	\$ -	\$ 21,391
Due to other governments	-	1,754	-	1,754
Total Liabilities	\$ -	\$ 25,145	\$ -	\$ 25,145
FORFEITED TAX				
Assets				
Cash and pooled investments	\$ 123,529	\$ 44,846	\$ 123,529	\$ 44,846
Liabilities				
Due to other funds	\$ 90,931	\$ 11,825	\$ 90,931	\$ 11,825
Due to other governments	32,598	33,021	32,598	33,021
Total Liabilities	\$ 123,529	\$ 44,846	\$ 123,529	\$ 44,846
JOINT POWERS COLLABORATIVE				
Assets				
Cash and pooled investments	\$ 589,114	\$ 404,631	\$ 324,430	\$ 669,315
Due from other funds	73,668	64,372	73,668	64,372
Total Assets	\$ 662,782	\$ 469,003	\$ 397,798	\$ 733,687
Liabilities				
Accounts payable	\$ 31,035	\$ 278,767	\$ 264,329	\$ 45,473
Due to other governments	631,447	190,236	133,469	688,214
Total Liabilities	\$ 662,482	\$ 469,003	\$ 397,798	\$ 733,687

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT C-1
(Continued)

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

	Balance January 1	Additions	Deductions	Balance December 31
PARTNERSHIP/HEALTH				
Assets				
Cash and pooled investments	\$ 190,062	\$ 3,396,755	\$ 3,464,215	\$ 122,602
Accounts receivable	-	25,000	-	25,000
Due from other funds	521,143	118,771	-	118,771
Due from other governments	-	652,059	521,143	652,059
Total Assets	\$ 711,205	\$ 4,192,585	\$ 3,985,358	\$ 918,432
Liabilities				
Due to other funds	\$ 356,335	\$ 468,493	\$ 356,335	\$ 468,493
Due to other governments	354,860	3,724,092	3,629,033	449,939
Total Liabilities	\$ 711,205	\$ 4,192,585	\$ 3,985,358	\$ 918,432
STATE REVENUE				
Assets				
Cash and pooled investments	\$ -	\$ 209,177	\$ 193,120	\$ 16,057
Accounts receivable	11,757	-	11,757	-
Total Assets	\$ 11,757	\$ 209,177	\$ 204,877	\$ 16,057
Liabilities				
Due to other governments	\$ -	\$ 209,177	\$ 204,877	\$ 16,057
TAXES AND PENALTIES				
Assets				
Cash and pooled investments	\$ 1,968,143	\$ 94,010,044	\$ 94,741,633	\$ 1,236,554
Due from other funds	90,931	11,825	90,931	11,825
Due from other governments	-	261,021	-	261,021
Total Assets	\$ 2,059,074	\$ 94,282,890	\$ 94,832,564	\$ 1,509,400
Liabilities				
Due to other funds	\$ 566	\$ -	\$ 566	\$ -
Due to other governments	2,058,508	94,282,879	94,831,998	1,509,389
Total Liabilities	\$ 2,059,074	\$ 94,282,890	\$ 94,832,564	\$ 1,509,400

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT C-1
(Continued)

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

	Balance January 1	Additions	Deductions	Balance December 31
WATERSHED DISTRICTS				
Assets				
Cash and pooled investments	\$ 390,894	\$ 768,165	\$ 1,159,059	\$ -
Liabilities				
Due to other governments	\$ 390,894	\$ 768,165	\$ 1,159,059	\$ -
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and pooled investments	\$ 3,261,742	\$ 98,833,372	\$ 100,005,986	\$ 2,091,128
Accounts receivable	11,757	25,000	11,757	25,000
Due from other funds	164,299	194,968	164,299	194,968
Due from other governments	521,143	936,471	521,143	936,471
Total Assets	\$ 3,958,941	\$ 99,991,811	\$ 100,703,185	\$ 3,247,567
Liabilities				
Accounts payable	\$ 31,035	\$ 302,158	\$ 264,329	\$ 68,864
Due to other funds	447,822	480,329	447,822	480,329
Due to other governments	3,480,084	99,209,324	99,991,034	2,698,374
Total Liabilities	\$ 3,958,941	\$ 99,991,811	\$ 100,703,185	\$ 3,247,567

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CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT D-1

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

	Governmental Funds	Enterprise Funds	Total All Funds
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 8,208,162	\$ -	\$ 8,208,162
County program aid	3,280,453	-	3,280,453
PERA rate reimbursement	61,294	-	61,294
Disparity reduction credit	3,654,334	-	3,654,334
Police aid	296,922	-	296,922
Aquatic invasive species aid	17,099	-	17,099
Riparian protection aid	160,000	-	160,000
Out-of-home placement aid	151,431	-	151,431
Local government aid	8,955	-	8,955
Market value credit	257,511	-	257,511
Disparity reduction aid	13,136	-	13,136
Person contribution	37,751	8,976	46,727
SCORE	-	181,605	181,605
Total appropriations and shared revenue	\$ 16,167,048	\$ 190,581	\$ 16,357,629
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 1,950,732	\$ 902,360	\$ 2,853,092
Payments			
Local			
Payments in lieu of taxes	\$ 95,927	\$ 230,586	\$ 326,513
Total payments	\$ 95,927	\$ 230,586	\$ 326,513
Grants			
State			
Minnesota Department/Board of Agriculture	\$ -	\$ 292	\$ 292
Corrections	129,541	-	129,541
Trial Courts	1,266	-	1,266
Public Safety	337,390	-	337,390
Secretary of State	-	-	-
Transportation	400,043	910	400,973
Education	-	1,864	1,864

OTHER SCHEDULES

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT D-1
(Continued)

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT D-2

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

Grants	Governmental Funds	Enterprise Funds	Total All Funds	Federal Agency Program or Cluster Title	Federal Number	Pass-Through Numbers	Expenditures
Minnesota Department/Board of State Colleges and Universities	797,539		797,539	U.S. Department of Agriculture Passed Through Minnesota Department of Education Child Nutrition Cluster	10,553	Not Provided	\$ 31,367
Natural Resources	5,866		5,866	School Breakfast Program	10,555	Not Provided	58,999
Human Services	8,437		8,437	Passed Through Partnership/Health Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10,557	32,573	293,426
Veterans Services	3,600,071	104,282	3,704,353	Passed Through Minnesota Department of Human Services SNAP Cluster			
Water and Soil Resources	12,500		12,500	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10,561	192MN1018214	517,659
Pollution Control Agency	32,064	37,200	69,264	Passed Through Minnesota Department of Education Child Nutrition Discretionary Grants Limited Availability	10,579	2018NS1010342	11,561
Peace Officer Standards and Training Board	10,001		10,001	Total U.S. Department of Agriculture			\$ 935,012
Total state	4,567,103	947,973	5,515,076				
Grants							
Federal				U.S. Department of Justice			
Department of Justice				Direct			
Agriculture	517,659		517,659	Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16,579,861,243)	16,579		25,243
Justice	134,851		134,851	Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16,575	A-CYS-2018-CLAYAD-	57,087
Transportation	660,284		660,284	Crime Victim Assistance	16,575	A-CYS-2022-CLAYAD-	16,521
Treasury	3,826		3,826	Total Crime Victim Assistance (Total Crime Victim Assistance 16,575,573,608)		157	
Education	1,660		1,660	Passed Through City of Moorhead, Minnesota Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16,579,861,243)	16,579	A-NCCT-2019- MOORHDPD-00018	36,000
Health and Human Services	5,467,856	505,208	5,973,064	Total U.S. Department of Justice			\$ 134,851
Homeland Security	104,661		104,661	U.S. Department of Transportation			
Total federal	6,889,137	902,221	7,791,358	Passed Through Minnesota Department of Transportation Highway Planning and Construction	20,265	1020104	\$ 333,350
Total state and federal grants	11,456,240	1,850,194	13,306,434	Passed Through City of Moorhead, Minnesota State and Community Highway Safety	20,600	A-ENRFG19-2019- MOORHDPD-00026	3,222
Total Intergovernmental Revenue	29,669,947	3,173,721	32,843,668	National Priority Safety Programs	20,616	A-ENRFG19-2019- MOORHDPD-00026	4,002
				Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20,608	A-ENRFG19-2019- MOORHDPD-00026	2,316
				Total U.S. Department of Transportation			\$ 342,896
				U.S. Department of Treasury			
				Direct			
				Joint Law Enforcement Operation Task Force Project	21,XXXX		3,806

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

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT D-2
(Continued)

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures
U.S. Department of Education Passed Through Partnership Health Community Health Board Special Education - Grants for Infants and Families Special Education - Grants for Infants and Families (Total Special Education - Grants for Infants and Families \$4,181,566)	84.181	H06MNC21551	\$ 648 1,012 \$ 1,660
Total U.S. Department of Education			\$ 1,660
U.S. Department of Health and Human Services Passed Through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	MRCSC1010054-04-00	\$ 125
Passed Through Partnership Health Community Health Board Public Health Preparedness Food and Drug Administration Research Early Hearing Detection and Intervention Immunization Cooperative Agreements Immunization and Intervention Information System (I2I) (US) Socialization Program State Physical Activity and Nutrition (SPAN) TANF Cluster Temporary Assistance for Needy Families Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93,558 \$992,232) Maternal and Child Health Services Block Grant to the States Maternal and Child Health Services Block Grant to the States (Total Maternal and Child Health Services Block Grant to the States 93,994 \$72,341)	93.069 93.103 93.251 93.268 93.314 93.439 93.558 93.558 93.994	127897 G-11-71045923 H6 MAC0035 147088 6NTRD0008245-01 NUS8P006500 127394 1801MNTANVF 86860 167316 15,706,6106	102,794 119 450 2,200 450 2,222 45,226 44,860 57,341 15,000 76,893
Total U.S. Department of Health and Human Services			\$ 74,491
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families TANF Cluster (Total Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93,558 \$992,232) Child Support Enforcement Child Support Enforcement Redeign and Extran Assistance State/Replacement Designee Administered Programs Community-Based Child Abuse Prevention Grants CCDF Cluster Temporary Assistance for Needy Families and Matching Funds of the Child Care and Development Fund Supplemental Tribal Child Welfare Services Program Foster Care Title IV-E Foster Care Title IV-E Social Services Block Grant John H. Chafee Foster Care Program for Successful Transition to Adulthood Child Welfare Insurance Program Medical Assistance Program Medical Assistance Program (Total Medical Assistance Program 93,778 \$2,152,463) Opioid STR	93.870 93.256 93.558 93.563 93.563 93.566 93.590 93.596 93.645 93.658 93.658 93.667 93.674 93.674 93.778 93.778 93.788	G-180MNFERS 1901MNTANVF 1901MNCSSS 1901MNCST 1901MNRGMA G-1801MNCBAP G1901MNCDDF G-1801MNCWSS 1801MNF0ST 1901MNF0ST G-1901MNS0SR G-1901MNCILP 1905MNS021 1905MNSADM 1905MNSMAP 190499	11,476 892,146 199,403 974,121 519 5,903 20,687 8,663 93,175 799,922 381,767 12,500 420 2,150,922 21,523 31,897 \$ 5,923,644
Total U.S. Department of Health and Human Services			\$ 5,923,644

CLAY COUNTY
MOORHEAD, MINNESOTA

EXHIBIT D-2
(Continued)

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures
U.S. Department of Homeland Security Passed Through U.S. Agency Program or Cluster Title U.S. Department of Homeland Security Public Safety - Public Assistance (Presidentially Declared Disaster) Passed Through Headquarters Regional Development Commission Homeland Security Grant Program	97.036		\$ 104,159
Total U.S. Department of Homeland Security			\$ 104,159
Total Federal Awards			\$ 7,433,544
Totals by Cluster Total expenditures for Child Nutrition Cluster Total expenditures for SNAC Cluster Total expenditures for Highway Safety and Communication Cluster Total expenditures for TANF Cluster Total expenditures for OCDF Cluster Total expenditures for Medicaid Cluster			\$ 90,366 517,659 3,722 982,232 20,687 2,152,445

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

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

CLAY COUNTY
MOORHEAD, MINNESOTA

CLAY COUNTY
MOORHEAD, MINNESOTA

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

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay County.

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

3. De Minimis Cost Rate

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

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	7,791,358
Grants received more than 60 days after year-end, deferred in 2019		
Highway Planning and Construction (CFDA No. 20 205)		16,723
Promoting Safe and Stable Families (CFDA No. 93 556)		175
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93 645)		525
Foster Care – Title IV-E (CFDA No. 93 636)		215,473
John H. Charbe Foster Care Program for Successful Transition to Adulthood (CFDA No. 93 674)		8,329
Deferred in 2018, recognized as revenue in 2019		
Highway Planning and Construction (CFDA No. 20 205)		(334,117)
Promoting Safe and Stable Families (CFDA No. 93 556)		(13,210)
Temporary Assurances for Needy Families (CFDA No. 93 558)		(238,249)
Community-Based Child Abuse Prevention Grants (CFDA No. 93 590)		(1,460)
Stephanie Tubbs Jones Child Welfare Services Program (CFDA No. 93 645)		(8,878)
John H. Charbe Foster Care Program for Successful Transition to Adulthood (CFDA No. 93 674)		(3,125)
Expenditures Per Schedule of Expenditures of Federal Awards	\$	7,433,544

FORM OF LEGAL OPINION

(See following pages)



Clay County
Moorhead, Minnesota

[Purchaser]

Re: \$[PAR] General Obligation Capital Improvement Plan Bonds, Series 2021A
 Clay County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Clay County, Minnesota (the “County”), of the obligations described above, dated, as originally issued, as of September 30, 2021 (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the County in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the County, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the County, but if necessary for payment thereof additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3 and 4 above are subject to the compliance by the County with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4

above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the County and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive

Dated this ___th day of September, 2021.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)**

(See following pages)

FORM OF CONTINUING DISCLOSURE COVENANTS

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2020, the following financial information and operating data in respect of the County (the Disclosure Information):
 - (A) the audited financial statements of the County for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “Valuations –

Current Property Valuations”, “Debt – Direct Debt,” “Tax Rates, Levies and Collections – Tax Levies and Collections,” “General Information – U.S. Census Data – Population Trend,” and “– Employment/Unemployment Data.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a “Material Fact”):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;
 - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (K) Rating changes;
 - (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
 - (C) the termination of the obligations of the County under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the County.

(c) Manner of Disclosure.

- (1) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the County in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that:
 - (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

TERMS OF PROPOSAL

**\$3,185,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2021A
CLAY COUNTY, MINNESOTA**

Proposals for the purchase of \$3,185,000* General Obligation Capital Improvement Plan Bonds, Series 2021A (the "Bonds") of Clay County, Minnesota (the "County") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the County, until 12:00 P.M. (Noon), Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 12:00 P.M. (Noon) Central Time, on September 13, 2021, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Commissioners for consideration for award by resolution at a meeting to be held at 8:30 A.M., Central Time, on September 14, 2021. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued by the County pursuant to Minnesota Statutes, Section 373.40 and Chapter 475, for the purpose of financing the renovation and expansion of various County facilities identified in the Capital Improvement Plan, dated August 10, 2021. The Bonds will be general obligations of the County for which the County will pledge its full faith, credit and taxing powers.

DATES AND MATURITIES

The Bonds will be dated September 30, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$435,000	2026	\$455,000	2029	\$470,000
2024	450,000	2027	460,000		
2025	450,000	2028	465,000		

ADJUSTMENT OPTION

* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The County has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the County, the Bonds maturing on or after February 1, 2028 shall be subject to optional redemption prior to maturity on February 1, 2027 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about September 30, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the County will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the County, threatened. Payment for the Bonds must be received by the County at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the County.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$3,146,780 plus accrued interest on the principal sum of \$3,185,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 12:00 P.M. (Noon) Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the County nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$63,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The County and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The County reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the County requested and received a rating on the Bonds from a rating agency, the County will pay that rating fee. Any rating agency fees not requested by the County are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The County will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the County will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the County requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the County to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the County shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the County advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the County at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the County advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the County confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the County a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the County pursuant hereto may be taken or received on behalf of the County by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Commissioners

Clay County, Minnesota

PROPOSAL FORM

The Board of Commissioners
Clay County, Minnesota (the "County")

September 14, 2021

RE: \$3,185,000* General Obligation Capital Improvement Plan Bonds, Series 2021A (the "Bonds")
DATED: September 30, 2021

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$3,146,780) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2023	_____ % due	2026	_____ % due	2029
_____ % due	2024	_____ % due	2027		
_____ % due	2025	_____ % due	2028		

* The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$63,700 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about September 30, 2021.

This proposal is subject to the County's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Bonds.

As set forth in the Terms of Proposal, this proposal shall be cancelled and deemed to be withdrawn in the event that the competitive sale requirements are not satisfied and the County determines to apply the hold-the-offering-price rule to any maturity of the Bonds (such terms are used as described in the Terms of Proposal, unless we affirmatively confirm this proposal and agree to comply with the hold-the-offering-price rule no later than 90 (ninety) minutes after receiving notification that the County has determined to apply the hold-the-offering-price rule to any maturity of the Bonds. If we provide that confirmation orally, we will promptly confirm it in writing. If we do not confirm our proposal within the required time period, this proposal shall be cancelled and deemed to be withdrawn. The County thereupon may award the Bonds to another bidder, or the County may cancel the sale of the Bonds, as set forth in the Terms of Proposal.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from September 30, 2021 of the above proposal is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the Board of Commissioners of Clay County, Minnesota, on September 14, 2021.

By: _____ By: _____
Title: _____ Title: _____