

PRELIMINARY OFFICIAL STATEMENT DATED JULY 21, 2022

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 designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

New Issue

Rating Application Made: S&P Global Ratings

DOUGLAS COUNTY, MINNESOTA

(Minnesota County Credit Enhancement Program)

\$7,155,000* GENERAL OBLIGATION SOLID WASTE REVENUE BONDS, SERIES 2022A

PROPOSAL OPENING: August 1, 2022, 12:00 P.M. (Noon), C.T. **CONSIDERATION:** August 2, 2022, 9:00 A.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$7,155,000* General Obligation Solid Waste Revenue Bonds, Series 2022A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 400.101, as amended, by Douglas County, Minnesota (the "County") to finance the acquisition of various equipment replacements and upgrades, and the expansion of various buildings to process municipal solid waste for the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, operated pursuant to the terms of a Fourth Amended Joint Powers Agreement, dated August 3, 2021 between the County and Pope County. The Bonds are 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: August 18, 2022

MATURITY: August 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$255,000	2031	\$315,000	2038	\$410,000
2025	265,000	2032	330,000	2039	425,000
2026	270,000	2033	340,000	2040	445,000
2027	280,000	2034	355,000	2041	460,000
2028	285,000	2035	365,000	2042	480,000
2029	295,000	2036	380,000	2043	500,000
2030	305,000	2037	395,000		

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, 2023 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on August 1, 2033 and thereafter are subject to call for prior optional redemption on August 1, 2032 or any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$7,069,140.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$143,100 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).



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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 offer 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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DOUGLAS COUNTY BOARD OF COMMISSIONERS

		<u>Term Expires</u>
Tim Kalina	Chairperson	January 2023
Heather Larson	Vice Chairperson	January 2023
Keith Englund	Commissioner	January 2025
Charlie Meyer	Commissioner	January 2023
Jerry Rapp	Commissioner	January 2025

ADMINISTRATION

Heather Schlangen, County Coordinator
Vicki Doehling, County Auditor/Treasurer
Jill Frisell, Finance Director

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Douglas County, Minnesota (the "County") and the issuance of its \$7,155,000* General Obligation Solid Waste Revenue Bonds, Series 2022A (the "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 August 2, 2022.

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 August 18, 2022. The Bonds will mature on August 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, 2023, 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** 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 August 1, 2033 shall be subject to optional redemption prior to maturity on August 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 pursuant to Minnesota Statutes, Chapter 475 and Section 400.101, as amended, by the County, to finance the acquisition of various equipment replacements and upgrades, and the expansion of various buildings to process municipal solid waste for the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, (the "Facility") operated pursuant to the terms of a Fourth Amended Joint Powers Agreement, dated August 3, 2021 between the County and Pope County..

Pope/Douglas Solid Waste Management ("PDSWM") is a partnership created by Pope and Douglas Counties in 1983 pursuant to Minnesota Statutes, Chapters 115 and 400. The PDSWM provides for the management and disposal of the total waste stream in Pope and Douglas Counties.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	<u>\$7,155,000</u>	
Total Sources		\$7,155,000
Uses		
Total Underwriter's Discount (1.200%)	\$85,860	
Costs of Issuance	69,000	
Deposit to Project Construction Fund	7,000,000	
Rounding Amount	<u>140</u>	
Total Uses		\$7,155,000

*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. Revenues generated by the Facility are anticipated to be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest on the Bonds, the County will be required to pay maturing principal and interest from moneys on hand in any other fund of the County not pledged for another purpose and/or to levy a tax for this purpose upon all the taxable property in the County, without limitation as to rate or amount.

RATING

The County will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a rating from S&P Global Ratings ("S&P"). S&P has a policy which assigns a rating of "AAA" to issuers participating in the MNCEP. The "AAA" rating is based on the State of Minnesota's current "AAA" rating from S&P. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM" for further details.

The County currently has a "AA" underlying rating from S&P and will be requesting an underlying rating on this issue. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. 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.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM

By resolution adopted for this issue on July 6, 2022 and the Award Resolution (collectively, the "Resolution"), the County has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 446A.086 (the "Act"), which provides for payment by the State of Minnesota in the event of a potential default of certain obligations. The County has entered into a Credit Enhancement Program Agreement (the "Agreement") with the Minnesota Public Facilities Authority (the "Authority"), which is acting on behalf of the State of Minnesota. The provisions of the Agreement shall be binding on the County as long as any obligations of the issue remain outstanding.

The County covenants in the Agreement to deposit with the paying agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment. Under the Agreement, if the County believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Authority not less than 15 business days prior to the date a payment is due on the Bonds if the County will be unable to make all or a portion of the payment. The County's agreement with the Paying Agent for the Bonds requires the Paying Agent to immediately inform the Minnesota Commissioner of Management and Budget, with a copy to the Authority, if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the Bonds, or if, on the day two business days before the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make the payment.

If the County is unable to make any portion of the payment on the Bonds on or before the date due, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the Minnesota legislature to provide for the availability of funds in the General Fund for this purpose.

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.

A financial obligation was filed beyond 10 business days. Except to the extent that the preceding is deemed to be material, the County believes it has not failed to comply in the previous five years 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 under Section 103 of 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 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 the Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of the 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 with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. 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 stated redemption price at maturity 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 "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 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, 2020 have been audited by CliftonLarsonAllen, LLP, Alexandria, 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 should other revenue (solid waste revenues) 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	2019/20	2020/21	2021/22
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 \$1,880,000 - 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	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 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 \$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%	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 \$174,000 - .75% Over \$174,000 - .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 \$100,000 - 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

2021/22 Economic Market Value

\$7,513,225,426¹

	2021/22 Assessor's Estimated Market Value	2021/22 Net Tax Capacity
Real Estate	\$6,702,058,100	\$68,002,207
Personal Property	94,269,700	1,871,942
Total Valuation	<u>\$6,796,327,800</u>	<u>\$69,874,149</u>
Less: Captured Tax Increment Tax Capacity ²		(1,668,987)
Power Line Adjustment ³		(94,668)
Taxable Net Tax Capacity		<u>\$68,110,494</u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the County is about 90.60% 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 \$7,513,225,426.

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

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$28,842,650	41.28%
Agricultural	8,752,763	12.53%
Commercial/industrial	10,802,705	15.46%
Public utility	747,158	1.07%
Railroad operating property	168,146	0.24%
Non-homestead residential	6,405,034	9.17%
Commercial & residential seasonal/rec.	12,283,751	17.58%
Personal property	1,871,942	2.68%
Total	<u>\$69,874,149</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2017/18	\$5,697,291,400	\$5,402,707,993	\$57,577,392	\$56,004,313	3.34%
2018/19	5,931,158,700	5,641,924,266	60,176,559	58,568,689	4.10%
2019/20	6,153,027,200	5,866,420,594	62,737,486	61,220,729	3.74%
2020/21	6,419,281,900	6,136,396,529	65,745,892	64,039,383	4.33%
2021/22	6,796,327,800	6,517,440,960	69,874,149	68,110,494	5.87%

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	2021/22 Net Tax Capacity	Percent of County's Total Net Tax Capacity
Western Minnesota Municipal	Utility	\$503,910	0.72%
Minnesota Gas Company	Utility	453,802	0.65%
Knute Nelson Senior Living	Apartments	428,651	0.61%
Xcel Energy	Utility	417,502	0.60%
Regency Midway Ventures	Commercial	363,008	0.52%
Great River Energy	Utility	311,572	0.45%
Williams Pipeline Company	Utility	281,892	0.40%
Otter Tail Power Company	Utility	237,590	0.34%
FFALMN001, LLC	Commercial	196,220	0.28%
Walmart	Commercial	184,406	0.26%
Total		<u>\$3,378,553</u>	<u>4.84%</u>

County's Total 2021/22 Net Tax Capacity \$69,874,149

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

DEBT

DIRECT DEBT

General Obligation Debt (see schedules following)

Total G.O. debt secured by solid waste revenues (includes the Bonds)*	\$20,775,000
Total G.O. debt secured by special assessments	1,130,000
Total G.O. debt secured by taxes	18,390,000
Total General Obligation Debt*	<u>\$40,295,000</u>

Revenue Debt (see schedule following)

Total revenue debt secured by hospital revenues	<u>\$43,931,549</u>
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Housing & Redevelopment Revenue Debt (see schedule following)

Total revenue debt secured by hospital revenues	<u>\$830,000</u>
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Lease Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
04/10/2020	\$350,447	PDSWM - Mobile Equipment	03/10/2025	\$229,617

Other Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
01/15/2013	\$12,303	G.O. Note, Series 2013 (MPCA)	12/15/2022	\$1,343
06/15/2016	\$40,263	G.O. Note, Series 2016 (MPCA)	06/15/2026	\$19,112
09/28/2018	\$1,900,000	Dav Vinci Robot Lease	10/28/2023	\$821,692

*Preliminary, subject to change.

Douglas County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Solid Waste Revenue
(As of 08/18/2022)

Solid Waste Revenue Refunding Bonds Series 2019A			Solid Waste Revenue Bonds Series 2020A			Solid Waste Revenue Bonds Series 2022A						
Dated Amount	11/05/2019 \$10,470,000	10/01/2020 \$5,560,000	08/18/2022 \$7,155,000*									
Maturity	08/01	08/01	08/01									
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	750,000	403,650	240,000	91,355	0	255,459	990,000	750,464	1,740,464	19,785,000	4.77%	2023
2024	790,000	366,150	245,000	86,555	255,000	268,120	1,290,000	720,825	2,010,825	18,495,000	10.97%	2024
2025	830,000	326,650	245,000	81,655	265,000	260,853	1,340,000	669,158	2,009,158	17,155,000	17.42%	2025
2026	875,000	285,150	250,000	76,755	270,000	253,168	1,395,000	615,073	2,010,073	15,760,000	24.14%	2026
2027	920,000	241,400	260,000	71,755	280,000	245,068	1,460,000	558,223	2,018,223	14,300,000	31.17%	2027
2028	960,000	195,400	265,000	66,555	285,000	236,388	1,510,000	498,343	2,008,343	12,790,000	38.44%	2028
2029	1,005,000	147,400	270,000	61,255	295,000	227,125	1,570,000	435,780	2,005,780	11,220,000	45.99%	2029
2030	1,055,000	97,150	275,000	55,855	305,000	217,390	1,635,000	370,395	2,005,395	9,585,000	53.86%	2030
2031	1,110,000	44,400	280,000	50,355	315,000	207,020	1,705,000	301,775	2,006,775	7,880,000	62.07%	2031
2032			280,000	47,415	330,000	195,838	610,000	243,253	853,253	7,270,000	65.01%	2032
2033			285,000	44,195	340,000	183,793	625,000	227,988	852,988	6,645,000	68.01%	2033
2034			290,000	40,633	355,000	171,043	645,000	211,675	856,675	6,000,000	71.12%	2034
2035			290,000	36,718	365,000	157,553	655,000	194,270	849,270	5,345,000	74.27%	2035
2036			295,000	32,658	380,000	143,500	675,000	176,158	851,158	4,670,000	77.52%	2036
2037			300,000	28,380	395,000	128,680	695,000	157,060	852,060	3,975,000	80.87%	2037
2038			305,000	23,880	410,000	113,078	715,000	136,958	851,958	3,260,000	84.31%	2038
2039			310,000	19,000	425,000	96,678	735,000	115,678	850,678	2,525,000	87.85%	2039
2040			315,000	12,800	445,000	79,465	760,000	92,265	852,265	1,765,000	91.50%	2040
2041			325,000	6,500	460,000	61,220	785,000	67,720	852,720	980,000	95.28%	2041
2042					480,000	41,900	480,000	41,900	521,900	500,000	97.59%	2042
2043					500,000	21,500	500,000	21,500	521,500	0	100.00%	2043
	8,295,000	2,107,350	5,325,000	934,273	7,155,000	3,564,834	20,775,000	6,606,456	27,381,456			

* Preliminary, subject to change.

Douglas County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments
(As of 08/18/2022)

Watershed Improvement Bonds
Series 2021A

Dated Amount	10/07/2021 \$1,130,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	45,000	15,635	45,000	15,635	60,635	1,085,000	3.98%	2023
2024	50,000	15,173	50,000	15,173	65,173	1,035,000	8.41%	2024
2025	50,000	14,923	50,000	14,923	64,923	985,000	12.83%	2025
2026	50,000	14,673	50,000	14,673	64,673	935,000	17.26%	2026
2027	55,000	14,300	55,000	14,300	69,300	880,000	22.12%	2027
2028	55,000	13,805	55,000	13,805	68,805	825,000	26.99%	2028
2029	55,000	13,310	55,000	13,310	68,310	770,000	31.86%	2029
2030	55,000	12,746	55,000	12,746	67,746	715,000	36.73%	2030
2031	55,000	12,114	55,000	12,114	67,114	660,000	41.59%	2031
2032	55,000	11,481	55,000	11,481	66,481	605,000	46.46%	2032
2033	55,000	10,766	55,000	10,766	65,766	550,000	51.33%	2033
2034	55,000	9,969	55,000	9,969	64,969	495,000	56.19%	2034
2035	60,000	9,135	60,000	9,135	69,135	435,000	61.50%	2035
2036	60,000	8,100	60,000	8,100	68,100	375,000	66.81%	2036
2037	60,000	6,900	60,000	6,900	66,900	315,000	72.12%	2037
2038	60,000	5,700	60,000	5,700	65,700	255,000	77.43%	2038
2039	60,000	4,500	60,000	4,500	64,500	195,000	82.74%	2039
2040	65,000	3,250	65,000	3,250	68,250	130,000	88.50%	2040
2041	65,000	1,950	65,000	1,950	66,950	65,000	94.25%	2041
2042	65,000	650	65,000	650	65,650	0	100.00%	2042
	1,130,000	199,079	1,130,000	199,079	1,329,079			

Douglas County, Minnesota

Schedule of Bonded Indebtedness

General Obligation Debt Secured by Taxes

(As of 08/18/2022)

[illegible]

Douglas County, Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Hospital Revenues
(As of 08/18/2022)

Dated Amount	Gross Revenue Health Care Facilities Bonds Series 2012A		Taxable Gross Revenue Health Care Facilities Bonds Series 2012B		Gross Revenue Health Care Facilities Bonds Series 2014		Gross Revenue Health Care Facilities Bonds Series 2015A		Gross Revenue Health Care Facilities Note Series 2017	
	06/26/2012 \$2,500,000	01/01 & 04/01 & 07/01 & 10/01	06/29/2012 \$12,500,000	01/01 & 04/01 & 07/01 & 10/01	12/19/2014 \$10,000,000	01/01 & 04/01 & 07/01 & 10/01	01/15/2015 \$10,000,000	01/01 & 04/01 & 07/01 & 10/01	11/09/2017 \$8,500,000	Monthly
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	20,000	12,981	80,000	95,893	91,891	57,054	92,746	54,513	85,285	81,854
2023	80,000	50,553	335,000	375,604	374,577	221,202	377,759	211,279	262,314	239,104
2024	80,000	48,361	345,000	362,359	386,057	209,722	388,833	200,204	270,545	230,873
2025	80,000	46,169	360,000	348,577	397,888	197,891	400,233	188,805	280,363	221,055
2026	80,000	43,977	375,000	334,354	410,081	185,697	411,966	177,071	289,859	211,558
2027	80,000	41,785	390,000	319,496	422,649	173,130	424,044	164,993	6,184,745	185,535
2028	80,000	39,593	405,000	304,003	435,601	160,178	436,476	152,562		
2029	80,000	37,401	420,000	287,874	448,951	146,828	449,272	139,766		
2030	80,000	35,209	440,000	271,159	462,709	133,070	462,443	126,594		
2031	85,000	33,017	455,000	253,808	476,889	118,889	476,000	113,037		
2032	100,000	30,483	475,000	235,724	491,504	104,275	489,955	99,082		
2033	100,000	27,743	495,000	216,858	506,567	89,212	504,319	84,718		
2034	100,000	25,003	510,000	197,308	522,091	73,688	519,104	69,933		
2035	100,000	22,263	535,000	176,976	538,091	57,688	534,323	54,714		
2036	100,000	19,523	555,000	155,765	554,582	41,197	549,988	39,050		
2037	100,000	16,783	575,000	133,771	571,577	24,202	566,111	22,926		
2038	100,000	14,043	595,000	110,995	440,149	6,685	435,449	6,329		
2039	120,000	11,097	625,000	87,291						
2040	120,000	7,809	650,000	62,511						
2041	120,000	4,521	670,000	36,803						
2042	90,000	1,233	520,000	10,215						
	1,895,000	569,543	9,810,000	4,377,343	7,531,855	2,000,607	7,519,022	1,905,575	7,373,111	1,169,979

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Douglas County, Minnesota
Schedule of Bonded Indebtedness continued
Non-General Obligation Debt Secured by Hospital Revenues
(As of 08/18/2022)

Gross Revenue Health Care Facilities Refunding Bonds Series 2017B		Gross Revenue Health Care Facilities Refunding Bonds Series 2018A		Gross Revenue Health Care Facilities Refunding Bonds Series 2018B								
Dated	12/22/2017	01/19/2018	01/19/2018									
Amount	\$1,500,000	\$3,903,027	\$6,096,973									
Maturity	01/01 & 04/01 & 07/01 & 10/01	01/01 & 04/01 & 07/01 & 10/01	01/01 & 04/01 & 07/01 & 10/01									
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Outstanding	% Paid	Calendar Year Ending
2022	14,980	9,224	36,585	34,129	48,246	39,991	469,733	385,638	855,371	43,461,816	1.07%	2022
2023	61,055	35,760	150,167	132,689	196,666	156,282	1,837,539	1,422,471	3,260,010	41,624,277	5.25%	2023
2024	62,914	33,901	156,481	126,374	202,693	150,255	1,892,523	1,362,049	3,254,572	39,731,754	9.56%	2024
2025	64,829	31,986	163,061	119,795	208,904	144,043	1,955,278	1,298,320	3,253,598	37,776,476	14.01%	2025
2026	66,803	30,012	169,917	112,939	215,306	137,641	2,018,934	1,233,250	3,252,183	35,757,543	18.61%	2026
2027	68,836	27,979	177,062	105,794	221,905	131,043	7,969,240	1,149,755	9,118,996	27,788,302	36.75%	2027
2028	70,932	25,883	184,507	98,349	228,705	124,242	1,841,221	904,809	2,746,030	25,947,081	40.94%	2028
2029	73,091	23,724	192,265	90,591	235,714	117,233	1,899,292	843,417	2,742,709	24,047,789	45.26%	2029
2030	75,316	21,499	200,349	82,507	242,938	110,010	1,963,755	780,047	2,743,802	22,084,034	49.73%	2030
2031	77,609	19,206	208,773	74,083	250,383	102,565	2,029,655	714,605	2,744,259	20,054,379	54.35%	2031
2032	79,971	16,844	217,551	65,304	258,056	94,891	2,112,038	646,603	2,758,641	17,942,341	59.16%	2032
2033	82,406	14,409	226,699	56,157	265,965	86,983	2,180,955	576,080	2,757,035	15,761,386	64.12%	2033
2034	84,914	11,901	236,231	46,625	274,115	78,832	2,246,456	503,290	2,749,745	13,514,930	69.24%	2034
2035	87,499	9,316	246,164	36,692	282,516	70,432	2,323,593	428,081	2,751,673	11,191,337	74.53%	2035
2036	90,163	6,652	256,514	26,342	291,174	61,774	2,397,420	350,302	2,747,722	8,793,917	79.98%	2036
2037	92,907	3,907	267,300	15,556	300,097	52,850	2,472,993	269,995	2,742,988	6,320,924	85.61%	2037
2038	71,532	1,079	207,826	4,317	309,294	43,654	2,159,249	187,101	2,346,351	4,161,674	90.53%	2038
2039					318,773	34,175	1,063,773	132,563	1,196,335	3,097,902	92.95%	2039
2040					328,542	24,406	1,098,542	94,726	1,193,268	1,999,360	95.45%	2040
2041					338,610	14,337	1,128,610	55,661	1,184,271	870,750	98.02%	2041
2042					260,750	3,960	870,750	15,408	886,158	0	100.00%	2042
	1,225,758	323,282	3,297,453	1,228,242	5,279,350	1,779,599	43,931,549	13,354,170	57,285,719			

Douglas County Housing & Redevelopment Authority, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Housing Revenues
(As of 08/18/2022)

Governmental Housing Refunding Bonds Series 2010A									
Dated Amount	09/01/2010 \$1,865,000								
Maturity	01/01								
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending	
2023	115,000	26,051	115,000	26,051	141,051	715,000	13.86%	2023	
2024	70,000	23,420	70,000	23,420	93,420	645,000	22.29%	2024	
2025	70,000	21,320	70,000	21,320	91,320	575,000	30.72%	2025	
2026	75,000	19,051	75,000	19,051	94,051	500,000	39.76%	2026	
2027	75,000	16,614	75,000	16,614	91,614	425,000	48.80%	2027	
2028	80,000	13,995	80,000	13,995	93,995	345,000	58.43%	2028	
2029	85,000	11,108	85,000	11,108	96,108	260,000	68.67%	2029	
2030	85,000	8,048	85,000	8,048	93,048	175,000	78.92%	2030	
2031	85,000	4,903	85,000	4,903	89,903	90,000	89.16%	2031	
2032	90,000	1,665	90,000	1,665	91,665	0	100.00%	2032	
	830,000	146,174	830,000	146,174	976,174				

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 issued for improvements 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 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 to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the County; and 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.

2021/22 Assessor's Estimated Market Value	\$6,796,327,800
Multiply by 3%	0.03
Statutory Debt Limit	<u>\$203,889,834</u>
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(18,390,000)</u>
Unused Debt Limit	<u><u>\$185,499,834</u></u>

UNDERLYING DEBT¹

Taxing District	2021/22 Adjusted Taxable Net Tax Capacity	% In County	Total G.O. Debt ²	County's Proportionate Share
Cities of:				
Alexandria	\$19,887,080	100.0000%	\$15,135,000	\$15,135,000
Brandon	342,161	100.0000%	641,000	641,000
Evansville	254,670	100.0000%	950,000	950,000
Osakis	1,189,994	74.2385%	1,145,519	850,416
Garfield	305,483	100.0000%	252,000	252,000
Towns of:				
Brandon	\$1,865,153	100.0000%	\$426,138	426,138
Hudson	2,555,781	100.0000%	944,155	944,155
Ida	4,162,088	100.0000%	1,850,050	1,850,050
Leaf Valley	1,522,650	100.0000%	168,965	168,965
Miltona	3,062,021	100.0000%	1,363,675	1,363,675
Moe	2,079,906	100.0000%	268,194	268,194

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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 - continuedSchool Districts of¹:

I.S.D. No. 206 (Alexandria)	\$52,475,524	99.6936%	\$73,530,000 ²	\$73,304,704
I.S.D. No. 213 (Osakis Public Schools)	5,504,857	48.4880%	4,900,000 ³	2,375,912
I.S.D. No. 547 (Parkers Prairie Public Schools)	4,674,511	39.3309%	3,580,000 ⁴	1,408,046
I.S.D. No. 2149 (Minnewaska Area Schools)	17,729,135	0.7755%	10,885,000 ⁵	84,413
I.S.D. No. 2342 (West Central Area School District)	12,939,497	10.0586%	985,000 ⁶	99,077
I.S.D. No. 2908 (Brandon-Evansville Public Schools)	6,481,447	89.1451%	21,100,000 ⁷	18,809,616
County's Share of Total Underlying Debt				<u>\$118,931,362</u>

¹ Includes the 2020/21 Taxable Net Tax Capacity and Agricultural Credit values; the 2021/22 Agricultural Credit values are expected to be available in August 2022.

² Currently, the State of Minnesota is paying approximately 3.30% of the principal and interest on the Alexandria School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$2,286,735. This does not include the District's \$6,365,000 General Obligation Taxable OPEB Refunding Bonds, Series 2013A, as they do not qualify for the agricultural credit pursuant to Minnesota Statutes. 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 16.40% of the principal and interest on the Osakis Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$803,600.

⁴ Currently, the State of Minnesota is paying approximately 20.60% of the principal and interest on the Parkers Prairie Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$737,480.

⁵ Currently, the State of Minnesota is paying approximately 20.30% of the principal and interest on the Minnewaska School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$2,209,655. 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.

⁶ Currently, the State of Minnesota is paying approximately 41.90% of the principal and interest on the West Central Area School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$412,715. 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 20.10% of the principal and interest on the Brandon-Evansville Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$4,241,100. 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.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$7,513,225,426	Debt/ Per Capita 39,006¹
Direct G.O. Debt Secured By:			
Solid Wasted Revenues*	\$20,775,000		
Special Assessments	1,130,000		
Taxes	18,390,000		
Total General Obligation Debt (includes the Bonds)*	\$40,295,000		
Less: G.O. Debt Paid Entirely from Revenues ²	(20,775,000)		
Tax Supported General Obligation Debt*	\$19,520,000	0.26%	\$500.44
County's Share of Total Underlying Debt ³	\$118,931,362	1.58%	\$3,049.05
Total*	\$138,451,362	1.84%	\$3,549.49

*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

The County has no current plans for additional financing in the next 12 months.

¹ 2020 U.S. Census population.

² Debt service on the County's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

³ After deducting the County's proportionate share of the agricultural land valuation applicable to the underlying school districts of \$6,805,123, the County's net underlying debt is \$112,126,239, which results in a net underlying debt/market value ratio of 1.49% and net underlying debt/current population estimate ratio of \$2,874.59.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy¹	Total Collected Following Year	Collected to Date²	% Collected
2017/18	\$26,194,803	\$25,955,343	\$26,183,250	99.96%
2018/19	26,943,811	26,719,686	26,926,441	99.94%
2019/20	28,186,944	27,989,251	28,152,307	99.88%
2020/21	28,882,607	28,704,762	28,704,762	99.38%
2021/22	30,176,915	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 December 31, 2021.

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

TAX CAPACITY RATES¹

	2017/18	2018/19	2019/20	2020/21	2021/22
Douglas County	47.234%	46.516%	46.449%	45.515%	44.697%
City of Alexandria	40.775%	40.472%	40.405%	39.083%	40.062%
City of Brandon	68.553%	68.791%	79.997%	75.310%	75.167%
City of Carlos	78.007%	76.519%	71.399%	64.110%	61.533%
City of Evansville	116.728%	117.393%	102.713%	97.289%	89.806%
City of Forada	45.980%	45.537%	45.469%	45.081%	44.849%
City of Garfield	71.686%	70.293%	59.475%	56.374%	54.583%
City of Kensington	45.355%	47.107%	44.522%	41.895%	38.829%
City of Millerville	32.419%	31.453%	30.727%	30.400%	28.713%
City of Miltona	64.901%	62.934%	57.106%	53.308%	50.683%
City of Nelson	43.497%	40.508%	39.657%	37.772%	36.369%
City of Osakis	72.923%	72.694%	70.925%	66.735%	65.802%
I.S.D. No. 206 (Alexandria)	22.439%	22.758%	21.379%	19.506%	17.714%
I.S.D. No. 213 (Osakis Public Schools)	31.433%	27.195%	24.719%	24.452%	23.601%
I.S.D. No. 547 (Parkers Prairie Public Schools)	16.598%	16.702%	15.438%	14.488%	13.551%
I.S.D. No. 2149 (Minnewaska Area Schools)	15.787%	18.005%	17.872%	16.299%	15.778%
I.S.D. No. 2342 (West Central Area School District)	4.876%	5.463%	6.524%	5.027%	4.327%
I.S.D. No. 2908 (Brandon-Evansville Public Schools)	7.479%	7.569%	15.687%	15.361%	28.651%
Town of Hudson ²	21.410%	21.575%	21.766%	21.568%	21.244%
Alexandria Fire District	1.268%	1.231%	1.115%	1.177%	0.968%
Carlos Fire District	1.116%	1.074%	1.090%	1.291%	1.258%
Douglas County HRA	1.595%	1.696%	1.937%	1.851%	1.743%
Farwell-Kensington Sanitary Sewer District	49.647%	51.271%	48.603%	45.096%	43.436%
Lakes Area EDA	0.760%	0.672%	0.615%	0.598%	0.586%
Sauk River Watershed District	0.814%	0.806%	1.161%	0.961%	1.002%

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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

	2017/18	2018/19	2019/20	2020/21	2021/22
<i>Referendum Market Value Rates:</i>					
I.S.D. No. 206 (Alexandria)	0.12007%	0.11937%	0.16238%	0.16571%	0.16145%
I.S.D. No. 213 (Osakis Public Schools)	0.07723%	0.15040%	0.17302%	0.16296%	0.13953%
I.S.D. No. 547 (Parkers Prairie Public Schools)	0.25529%	0.26859%	0.26586%	0.22646%	0.19681%
I.S.D. No. 2149 (Minnewaska Area Schools)	0.15440%	0.15690%	0.17967%	0.16465%	0.15414%
I.S.D. No. 2342 (West Central Area School District)	0.48917%	0.52369%	0.51527%	0.51516%	0.44363%
I.S.D. No. 2908 (Brandon-Evansville Public Schools)	0.16762%	0.16821%	0.16512%	0.16943%	0.20125%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by the 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 1866, and is governed by an elected five-member Board of County Commissioners. Decisions are made by a majority vote of a quorum. The County Coordinator/Administrator is appointed by the Board, and the County Auditor/Treasurer is elected.

EMPLOYEES; PENSIONS; UNIONS

The County has 306 full-time, five (5) part-time, and 13 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 - Deputy Sheriff Unit	December 31, 2022
Teamsters - Supervisors Unit	December 31, 2022
Teamsters - Correctional Officers/Dispatchers/ STS/Records Technicians	December 31, 2022
Teamsters - License Bureau	December 31, 2022
AFSCME	December 31, 2022
Public Works Council	December 31, 2022

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 \$1,513,243 as of December 31, 2021. 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 May 31, 2022)

Fund	Total Cash and Investments
General Fund	\$15,361,564
Public Works Cash	8,882,220
FEMA Declared Emergency	1,000,000
American Recovery Plan Act	1,421,916
Social Services Cash	7,628,460
Ditch Cash	102,274
Tax Forfeited Lands	55,565
Library Cash	710,626
Bonds & Interest Cash	882,292
Capital Projects Cash	2,220,390
822 Douglas Construction Account	405,868
Other Collections Cash	8,975
Tax Collections Cash	30,778,811
Flex Spending	11,264
SS Region IV South Fiduciary Fund	2,437
Douglas County Children's Mental Health Collaboration - Fiduciary Fund	466,311
West Central Minnesota Drug Task Force - Fiduciary Fund	333,000
Flood Control Board-Agency Fund	7,417
State Revenue-Agency Fund	263,753
Pope Douglas Solid Waste Management	6,522,210
Total Funds on Hand	<u><u>\$77,065,354</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 or otherwise questioning the validity of the Bonds.

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, Section 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.

ENTERPRISE FUNDS

Revenues available for debt service on the County's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020 ¹
Hospital			
Total Operating Revenues	\$173,309,874	\$174,694,415	\$157,404,721
Less: Operating Expenses	(156,410,763)	(170,594,988)	(161,135,996)
Operating Income	\$16,899,111	\$4,099,427	(\$3,731,275)
Plus: Depreciation	6,630,303	7,369,035	7,546,500
Revenues Available for Debt Service	<u>\$23,529,414</u>	<u>\$11,468,462</u>	<u>\$3,815,225</u>

¹ The reduced revenues were due to COVID-19 and cancellation of elective or non-emergency procedures to reduce risk of spreading COVID to Hospital staff.

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 County's 2020 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2018 Audited	2019 Audited	2020 Audited ¹⁾	2021 Unaudited ²⁾	2022 Adopted Budget ³⁾
Revenues					
Taxes	\$15,039,329	\$15,297,819	\$16,617,716	\$17,491,867	\$18,534,600
Special assessments	19,158	17,871	11,069	6,498	0
Licenses and permits	257,758	263,270	286,405	335,378	283,361
Intergovernmental	3,147,453	3,429,379	8,524,543	4,832,810	3,398,871
Charges for services	2,236,042	2,298,626	2,123,224	2,194,664	2,244,225
Fines and forfeits	51,607	117,381	51,744	61,170	71,800
Gifts and contributions	20,900	6,050	5,235	9,264	3,250
Investment earnings	652,881	705,260	280,925	102,292	132,643
Increase (decrease) in fair value of investments	(53,689)	419,310	137,922	(94,669)	0
Miscellaneous	695,854	495,613	590,123	896,188	435,952
Total Revenues	\$22,067,293	\$23,050,579	\$28,628,906	\$25,835,462	\$25,104,702
Expenditures					
Current:					
General government	\$9,200,652	\$9,384,649	\$10,092,235	\$9,868,068	\$11,921,173
Public safety	9,658,625	10,235,259	10,492,277	11,261,094	11,920,877
Health	391,143	252,063	1,308,107	437,938	252,063
Culture and recreation	335,323	277,501	336,441	290,091	404,397
Conservation of natural resources	950,204	1,034,299	1,081,451	987,640	1,103,470
Economic development	57,831	58,878	3,362,757	1,479,070	57,528
Intergovernmental	175,000	0	0	0	0
Debt service	34,456	44,078	66,099	67,403	0
Total Expenditures	\$20,803,234	\$21,286,727	\$26,739,367	\$24,391,304	\$25,659,508
Excess of revenues over (under) expenditures	\$1,264,059	\$1,763,852	\$1,889,539	\$1,444,158	(\$554,806) ⁴⁾
Other Financing Sources (Uses)					
Transfers in from governmental funds	\$173,671	\$319,781	\$93,463	\$0	
Transfers out to governmental funds	(482,792)	(632,201)	(812,672)	(1,037,028)	
Proceeds from capital leases	0	95,654	77,029	68,272	
Proceeds from the sale of capital assets	5,000	44,875	55,128	50,298	
Compensation for loss of capital assets	6,047	0	14,978	0	
Total Other Financing Sources (Uses)	(\$298,074)	(\$171,891)	(\$572,074)	(\$918,458)	
Net changes in Fund Balances	\$965,985	\$1,591,961	\$1,317,465	\$525,700	
General Fund Balance January 1	18,065,586	19,031,571	20,623,532	21,940,997	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$19,031,571	\$20,623,532	\$21,940,997	\$22,466,697	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$628,654	\$734,052	\$1,006,730	\$620,451	
Restricted	2,736,872	2,818,485	2,977,929	3,131,242	
Committed	1,131,658	1,549,229	1,589,832	1,617,003	
Assigned	3,204,425	3,442,133	2,990,184	3,273,615	
Unassigned	11,329,962	12,079,633	13,376,322	13,824,386	
Total	\$19,031,571	\$20,623,532	\$21,940,997	\$22,466,697	

- 1) The increased General Fund Revenues and Expenditures include CARES Act Funds received and spend on authorized uses.
- 2) Unaudited data is as of July 8, 2022.
- 3) The 2022 budget was adopted as of December 2, 2021.
- 4) The expected 2022 budget deficit in the general fund before net transfers is due to a one-time planned \$300,000 spend-down of reserves from the general fund received in prior years, \$86,013 of unspent funds budgeted in 2021 for the County ridership program, and \$168,793 budgeted in 2022 and paid in 2022 with ARPA funds that were received in 2021.

GENERAL INFORMATION

LOCATION

The County, with a 2010 U.S. Census population of 36,009, and a 2020 U.S. Census population of 39,006, and comprising an area of 720 square miles, is located approximately 120 miles northwest of the Minneapolis-St. Paul metropolitan area. The City of Alexandria (2010 U.S. Census population 11,070) is the County Seat of the County.

LARGER EMPLOYERS¹

Larger employers in the County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 206 (Alexandria)	Elementary and secondary education	1,008
Alomere Health	Healthcare	880
Douglas Machine, Inc.	Packaging equipment manufacturing	795
Knute Nelson Senior Living	Healthcare	536
Alexandria Extrusion	Aluminum extrusion/precision	501
Wal-mart	Discount retail	355
Douglas County	County government and services	324
3M Company	Abrasive manufacturing	300
Arrowwood Resort & Conference Center	Resort	250
Brenton Engineering	Packaging equipment manufacturing	132

Source: *Data Axle Reference Solutions, written and telephone survey, 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.

U.S. CENSUS DATA

Population Trend: The County

2010 U.S. Census population	36,009
2020 U.S. Census population	39,006
Percent of Change 2010 -2020	8.32%

Income and Age Statistics

	The County	State of Minnesota	United States
2020 per capita income	\$36,559	\$38,881	\$35,384
2020 median household income	\$65,430	\$73,382	\$64,994
2020 median family income	\$83,723	\$92,692	\$80,069
2020 median gross rent	\$710	\$1,010	\$1,096
2020 median value owner occupied units	\$226,500	\$235,700	\$229,800
2020 median age	44.3 yrs.	38.1 yrs.	38.2 yrs.

	State of Minnesota	United States
County % of 2020 per capita income	94.03%	103.32%
County % of 2020 median family income	90.32%	104.56%

Housing Statistics

	<u>The County</u>		
	2010	2020	Percent of Change
All Housing Units	19,905	21,769	9.36%

Source: 2010 and 2020 Census of Population and Housing, and 2020 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>	
	Douglas County	Douglas County	State of Minnesota
2018	20,023	2.8%	3.1%
2019	20,344	3.3%	3.4%
2020	20,176	4.5%	6.3%
2021	20,924	2.9%	3.4%
2022, May	20,624	1.3%	1.6%

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.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
ORGANIZATION
DECEMBER 31, 2020**

Office	Name	Term Expires
Commissioners		
1st District	Keith Englund*	January 2021
2nd District	Tim Kalina	January 2023
3rd District	Jerry Rapp**	January 2021
4th District	Charlie Meyer	January 2023
5th District	Heather Larson	January 2023
Officers		
Elected		
Attorney	Chad Larson	January 2023
Auditor/Treasurer	Char Rosenow	January 2023
County Recorder	Mary Skillings	January 2023
Registrar of Titles	Mark Skillings	January 2023
Sheriff	Troy Wolbersen	January 2023
Appointed		
Assessor	A. Keith Albertsen	December 2024
Coordinator	Heather Schlangen	Indefinite
Highway Engineer	Tim Erickson	April 2021
Surveyor	Patrick Veraguth	Indefinite
Veterans Service	Jacob Turner	Indefinite
Medical Examiner	Anoka County	Indefinite
Director - Social Services	Laurie Bonds	Indefinite
*Chair		
** Vice Chair		



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Douglas County
Alexandria, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Douglas County (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Authority of Douglas County, which represents 15%, 31%, and 22%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Authority of Douglas County, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Alomere Health Hospital, a major enterprise fund, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, Public Works Special Revenue Fund, and Human Services Special Revenue Fund, schedule of changes in total OPEB liability, related ratios and notes, and the schedules of proportionate share of net pension liability and contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Douglas County's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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, based on our audit and the report of other auditors, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. The report does not include the Douglas County Housing and Redevelopment Authority, which was audited by other auditors.



CliftonLarsonAllen LLP

Alexandria, Minnesota
August 18, 2021

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

- Governmental activities' total net position is \$152,807,048, of which \$126,844,462 is the net investment in capital assets, and \$7,090,711 is restricted to specific purposes/uses by the County.
- Business-type activities have total net position of \$105,581,253. The net investment in capital assets represents \$19,457,491 of the total; \$892,032 of the total business-type net position is restricted for specific uses.
- Douglas County's net position (governmental activities and business-type activities) total \$258,388,301 as of December 31, 2020. The net investment in capital assets represents \$146,301,953 of the total; \$7,982,743 of the total net position is restricted for specific uses, and \$104,103,605 is unrestricted.
- The net cost of Douglas County's governmental activities for the year ended December 31, 2020, was \$21,732,675. General property tax revenues and other revenue sources totaling \$35,391,981 funded the County's governmental net cost of \$21,732,675.
- Douglas County's governmental funds' combined fund balances totaled \$47,623,228 at December 31, 2020. This was a decrease of \$1,857,159 over fund balance on December 31, 2019. The decrease in fund balances is primarily attributable to the retirement of the GO Law Enforcement Center Refunding Bonds, Series 2011A.
- Douglas County's long-term debt decreased by \$6,188,447 or 7.9%, to \$72,416,076 as of December 31, 2020 mainly due to the retirement of the GO Law Enforcement Center Refunding Bonds, Series 2011A.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

Douglas County's (the County) MD&A report serves as an introduction to the basic financial statements. The County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) and certain budgetary comparison schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information. The following chart demonstrates how the different pieces are inter-related.

Management's Discussion and Analysis (Required Supplementary Information)	
Government-Wide Financial Statements Notes to the Financial Statements	Fund Financial Statements
Required Supplementary Information (Other than Management's Discussion and Analysis)	

Douglas County presents two government-wide financial statements. They are the Statement of Net Position and the Statement of Activities. These two government-wide financial statements provide information about the activities of the County as a whole and present a longer-term view of Douglas County's finances. The County's fund financial statements follow these two government-wide financial statements. For governmental funds, these statements tell how Douglas County financed these services in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant/major funds. For proprietary activities, these statements provide detailed financial information relating to Alomere Health's (formerly Douglas County Hospital) operations and facilities. The fiduciary statement of net position provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

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

The Statement of Net Position and the Statement of Activities report information about Douglas County as a whole and about its activities in a way that helps the reader determine whether Douglas County's financial condition has improved or declined as a result of the current year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements consider all of Douglas County's current year revenues and expenses regardless of when the County receives the revenue or pays the expense. These two statements report the County's net position and changes in it. You can think of the County's net position - the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources - as one way to measure Douglas County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's property tax base and the general economic conditions of the state and County to assess the overall health of Douglas County.

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

- Governmental activities - Douglas County reports its basic services in the "Governmental Activities" column of these reports. The activities reported by the County include general government, public safety, highways and streets, human services, health, culture and recreation, conservation of natural resources, and economic development. Douglas County finances the majority of these activities with local property taxes, state-paid aids, fees, charges for services, and federal and state grants.
- Business-type activities - Alomere Health (the Hospital) charges a fee for services rendered to patients. Revenue is received from patients and third-party payers to help cover most of the costs to operate these facilities and pay for the services provided. The activities of the Hospital are reported here.
- Component units - Douglas County includes two separate legal entities in its report, Pope/Douglas Solid Waste Management and the Housing and Redevelopment Authority of Douglas County. These entities are presented in a separate column. Although legally separate, these component units are important because the County is financially accountable for them. These financial statements are separately issued.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Fund Financial Statements

Douglas County's fund financial statements provide detailed information about the significant funds - not the County as a whole. Significant governmental and proprietary funds may be established by the County to meet requirements of a specific state law; to help control and manage money for a particular purpose/project; or to show that it is meeting specific legal responsibilities and obligations when expending property tax revenues, grants, and/or other funds designated for a specific purpose. Douglas County's two kinds of funds - governmental and proprietary - use different accounting methods.

Governmental funds - Most of Douglas County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported in our financial statements using an accounting method called modified accrual accounting. This accounting method measures cash and other financial assets that the County can readily convert to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources available that can be spent in the near future to finance various programs within Douglas County. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.

Proprietary funds - When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in proprietary funds. Proprietary funds are reported the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

REPORTING THE COUNTY'S FIDUCIARY RESPONSIBILITIES

Douglas County is the trustee, or fiduciary, over assets, which can be used only for the trust beneficiaries based on the trust arrangement. The County reports its fiduciary activities in fiduciary funds, presented in a separate Statement of Fiduciary Net Position. These activities have been excluded from the County's other financial statements because the County cannot use these assets to finance its operations. Douglas County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

THE COUNTY AS A WHOLE

The following analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities.

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 53,373,937	\$ 54,283,899	\$ 86,438,247	\$ 131,709,728	\$ 209,812,684	\$ 85,993,627
Capital assets	145,272,927	135,469,444	68,699,075	71,557,773	213,972,002	207,027,887
Total Assets	\$ 198,646,864	\$ 189,753,343	\$ 225,137,322	\$ 203,267,501	\$ 423,784,686	\$ 393,021,514
Deferred Outflows of Resources	\$ 3,801,670	\$ 4,736,703	\$ 6,455,224	\$ 7,302,346	\$ 10,256,894	\$ 12,038,849
Liabilities						
Long-term liabilities	\$ 39,120,872	\$ 35,531,686	\$ 89,824,537	\$ 89,944,776	\$ 128,945,409	\$ 125,306,462
Other liabilities	6,210,046	12,669,617	32,969,495	15,411,815	39,880,541	28,081,432
Total Liabilities	\$ 45,330,918	\$ 48,201,303	\$ 122,794,032	\$ 105,356,591	\$ 168,825,950	\$ 153,387,894
Deferred Inflows of Resources	\$ 4,309,568	\$ 7,320,971	\$ 3,317,761	\$ 7,798,015	\$ 7,527,329	\$ 15,108,986
Net Position	\$ 126,844,462	\$ 115,715,165	\$ 94,571,491	\$ 99,907,316	\$ 146,301,153	\$ 118,665,901
Investment in capital assets	7,090,711	6,461,102	892,632	922,580	7,982,443	7,384,092
Restricted	18,871,875	16,971,465	85,231,730	76,531,225	104,103,605	93,502,790
Unrestricted						
Total Net Position	\$ 152,807,048	\$ 139,147,742	\$ 105,581,253	\$ 97,405,041	\$ 258,388,301	\$ 236,552,783

Douglas County's total net position as of December 31, 2020, was \$258,388,301.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

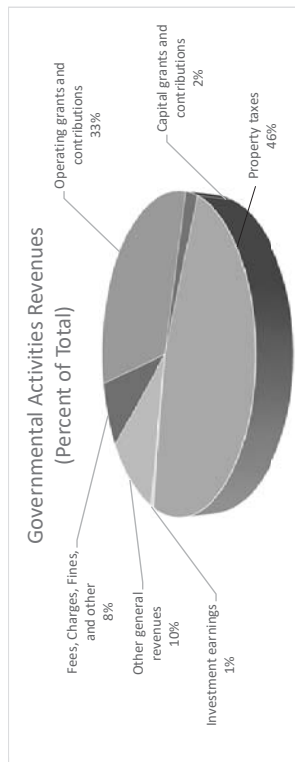
**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues	\$ 4,713,308	\$ 4,931,106	\$ 157,404,721	\$ 174,694,415	\$ 162,108,029	\$ 179,625,531
Fees, charges, fines and other	20,368,772	14,570,338	10,458,840	12,8272	30,825,612	14,696,590
Operating grants and contributions	1406,372	805,594	464,761	553,848	1,871,133	657,442
Capital grants and contributions	28,427,373	27,124,371	-	-	28,427,373	27,124,371
General revenues	4,096,416	3,996,841	-	-	4,096,416	3,996,841
Property taxes						
Other taxes						
Grants and contributions	2,044,536	1,867,503	-	-	2,044,536	1,867,503
Investment earnings	23,166	68,120	3,659,513	2,200,286	3,940,679	2,881,408
Increases (decrease) in fair value of investments	17,922	49,330	(121,270)	2,957,930	(107,4780)	3,377,220
Other general revenues	305,047	295,589	-	-	305,047	295,589
Gain on sale of capital assets	129,521	48,690	-	-	129,521	48,690
Total Revenues	\$ 61,880,433	\$ 54,404,534	\$ 170,773,133	\$ 180,532,731	\$ 232,653,566	\$ 234,573,265
Expenses						
General government	\$ 110,117,63	\$ 10,893,507	\$ -	\$ -	\$ 110,117,63	\$ 10,893,507
Public safety	9,396,205	10,667,905	-	-	9,396,205	10,667,905
Highways and streets	9,042,561	13,491,418	-	-	9,042,561	13,491,418
Human services	9,569,595	9,337,748	-	-	9,569,595	9,337,748
Health	1,944,188	252,063	-	-	1,944,188	252,063
Culture and recreation	2,011,306	199,063	-	-	2,011,306	199,063
Conservation of natural resources	13,113,72	12,813,398	-	-	13,113,72	12,813,398
Economic development	3,562,757	58,878	-	-	3,562,757	58,878
Interest	57,1430	567,004	-	-	57,1430	567,004
Hospital	-	-	\$3,574,470	172,213,600	\$3,574,470	172,213,600
Loss on sale of capital assets	-	-	22,451	207,680	22,451	207,680
Total Expenses	\$ 48,221,027	\$ 48,468,984	\$ 162,596,921	\$ 172,421,280	\$ 210,818,048	\$ 220,890,264
Increase (decrease) in Net Position	\$ 13,659,306	\$ 5,571,550	\$ 8,176,212	\$ 8,110,451	\$ 21,835,518	\$ 13,683,001
Net Position - January 1	\$ 139,147,742	\$ 139,147,742	\$ 97,405,041	\$ 89,293,590	\$ 236,552,783	\$ 222,860,782
Net Position - December 31	\$ 152,807,048	\$ 139,147,742	\$ 105,581,253	\$ 97,405,041	\$ 258,388,301	\$ 236,552,783

Douglas County's total revenues for the year ended December 31, 2020, were \$232,653,566. The total cost of the County's programs and services for the year ended December 31, 2020, was \$210,818,048. The net position for the County's governmental activities increased by \$13,659,306 due to an increase in assets and deferred outflow of resources of \$7,958,518 and a decrease in liabilities and deferred inflows of resources of \$5,700,788. This was mainly attributed to the capitalization of infrastructure, the retirement of the GO Law Enforcement Center Refunding Bonds, Series 2011A and pension related deferred inflows of resources.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**



Revenues for Douglas County's governmental activities for the year ended December 31, 2020, were \$61,880,433. The County's cost for all governmental activities for the year ended December 31, 2020, was \$48,221,127. As shown in the Statement of Activities, the amount that Douglas County taxpayers financed for these governmental activities and increase in net position through local property taxation was \$28,427,373, because \$4,713,308 of the cost was paid by those who directly benefited from the programs, and \$21,775,144 was paid by other governments and organizations that subsidized certain programs with grants and contributions. Douglas County paid for the remaining "public benefit" portion of governmental activities with \$6,964,608 in general revenues, primarily from local sales tax, grants and contributions, and other revenues, such as interest income, mortgage registration tax, and deed tax.

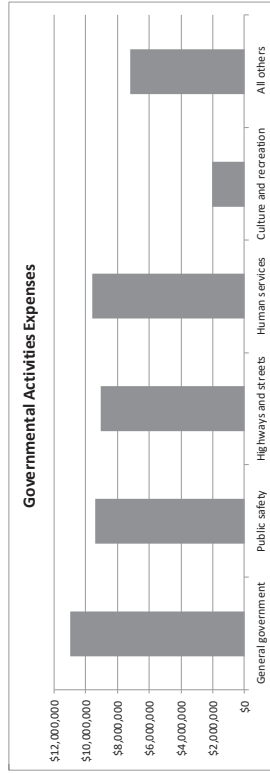
Table 3 presents the cost of each of Douglas County's five largest program functions and all others, as well as each function's net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Douglas County's taxpayers by each of these functions. The net cost of services decreased 24.7% mostly due to an increase in federal revenue funding and a decrease in expenses for road construction activity.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Program expenses				
General government	\$ 10,017,63	\$ 10,893,507	\$ 8,695,280	\$ 8,603,344
Public safety	9,396,205	10,667,905	7,387,424	8,838,021
Highways and streets	9,042,561	13,491,418	(229,315)	5,475,951
Human services	9,569,595	9,337,748	3,959,216	3,758,687
Culture and recreation	2,013,06	19,190,63	537,205	108,002
All others	7,189,697	2,159,343	1,582,865	1,168,151
Total Program Expenses	\$ 48,221,127	\$ 48,468,984	\$ 21,732,675	\$ 28,861,956

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**



Business-Type Activities

Revenues of Douglas County's business-type activities (see Table 2) for the year ended December 31, 2020, were \$170,773,133; expenses were \$162,596,921, resulting in an increase in net position of \$8,176,212. The change in net position results primarily from a decrease in operating expenses and an increase in federal and state relief funds received for operating during the pandemic. In 2020, the Hospital reported an operating loss of \$3,731,275 as compared to the previous two years where operating income of \$4,099,427 and \$16,899,111 were reported in 2019 and 2018, respectively. The Hospital had operating revenue reduction of 9.9% in 2020 compared to 0.8% growth in 2019. Operating expenses, which excludes interest expense in the operating section of the financial statements, decreased at a level of 5.6% in 2020 compared to an increase of 9.1% in 2019.

The County's Funds

As Douglas County completed the year, its governmental funds, as presented in the balance sheet, reported a combined fund balance of \$47,623,228, which is below last year's total of \$49,480,387. Included in this year's total fund balance is \$21,940,997 in the County's General Fund. A significant portion of this balance is restricted and assigned for future obligations. The General Fund's fund balance increased by \$1,317,465. The Bonds and Interest Debt Service Fund's fund balance decreased \$6,588,699, due to the retirement of the GO Law Enforcement Center Refunding Bonds, Series 2011A. The Public Works Fund has total fund balance of \$7,006,093. The fund balance decreased \$866,238 (after adjustment for change in inventory) primarily due to an increase in engineering/construction expenditures. The Human Services Fund has total fund balance of \$8,967,595. The fund balance in the Human Services Fund increased \$409,472 due to social services costs being below budget.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Douglas County Board of Commissioners, over the course of a budget year, may amend/revise the County's General Fund budget; in 2020, the County Board of Commissioners did not make any budgetary amendments/revisions.

In the County's General Fund, the actual revenues were above the expected revenues by \$3,371,833, mostly due to receiving federal coronavirus relief funding. Total actual expenditures in the County's General Fund were more than the budgeted expenditures by \$3,482,294. This is primarily due to CARES related expenditures that were not included in the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, Douglas County had \$213,972,002 invested in a broad range of capital assets, net of depreciation. This investment in capital assets includes land, buildings, highways and streets, and equipment (see Table 4). This amount represents a net increase (including additions and deductions) of \$6,944,815 or 3.4%, over last year.

This year's major additions include continued infrastructure construction on various highways (both completed and construction in progress) and land.

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

**Table 4
Capital Assets at Year-End
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 9,608,438	\$ 7,476,837	\$ 3,145,295	\$ 2,096,827	\$ 12,753,733	\$ 9,573,664
Construction in progress	3,956,493	4,469,909	1,020,000	880,562	5,186,503	4,650,471
Buildings	3,185,150	32,972,490	48,607,992	51,600,266	80,459,495	84,572,756
Land and building improvements	2,732,260	2,795,060	2,251,544	2,494,123	4,983,804	5,289,183
Equipment, furniture, and equipment infrastructure	6,305,229	5,840,972	13,532,234	15,185,995	19,837,463	21,026,967
	90,809,004	81,914,146	-	-	90,809,004	81,914,146
Totals	\$ 145,272,927	\$ 135,469,414	\$ 68,699,075	\$ 71,557,773	\$ 213,972,002	\$ 207,027,187

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Debt

As of December 31, 2020, Douglas County had \$72,416,076 in long-term obligations, compared with \$78,604,523 as of December 31, 2019, a decrease of 7.9% - as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 2,123,010,000	\$ 25,025,000	\$ -	\$ -	\$ 2,123,010,000	\$ 25,025,000
Gas revenue healthcare facility bonds	-	-	41,872,292	42,728,933	41,872,292	42,728,933
Notes	-	-	6,737,354	7,869,708	6,737,354	7,869,708
Loans	32,892	52,102	-	-	32,892	52,102
Lease purchases	30,4653	269,307	13,16,938	17,08,396	162,1591	1977,703
Paid unamortized premium	1,069,947	1,651,067	-	-	1,069,947	1,651,067
Totals	\$ 23,174,492	\$ 26,997,486	\$ 49,241,584	\$ 51,607,037	\$ 72,416,076	\$ 78,604,523

In 2020, Douglas County issued General Obligation Capital Improvement Plan Bonds for \$4,260,000 at an interest rate ranging from 1.00 to 2.00%. The proceeds will be used to finance various capital improvements, including remodeling the 822 Douglas Building for County offices and to reimburse the County for prior expenditures made to acquire the property, identified in the Capital Improvement Plan, dated November 3, 2020.

Douglas County's bond rating from Standard and Poor's is "AA." The state limits the amount of net debt that a county can issue to three percent of the market value of all taxable property in the county. The County's outstanding net debt is significantly below this \$176,247,176 state-imposed limit.

Other obligations include compensated absences, other postemployment benefits and net pension liability. Douglas County's notes to the financial statements provide detailed information about the County's long-term liabilities.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for the business-type activities.

- The County has and will continue to experience numerous program and funding changes as a result of state and federal mandates and decreased funding levels.
- Douglas County's net tax capacity rates have not seen significant change, even though the overall net tax levy has continued to increase. This is due in great part to Douglas County's strong tax base. It has a strong seasonal, residential, commercial/industrial, and agricultural base. Keeping this tax base vital and healthy is very important to the County's overall financial health and condition.
- Douglas County's average unemployment rate for 2020 and 2019 was 4.5% and 3.3%, respectively. The unemployment rate for June 2021 is 3.2%. If the unemployment rate should rise, there could be an impact on the level of services requested by Douglas County residents. This information was taken from the Minnesota Department of Employment and Economic Development website for Douglas County unemployment statistics.

- The 2021 net property tax levies will increase 2.50% over 2020. Total levy increases from 2016 to 2021 are 14.42%.

- Other factors the County took into consideration include:

- planning for facility needs;
- land development and regulation issues; and
- a greater demand for services, which has resulted from the growth that Douglas County has been experiencing.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Douglas County programs and services will influence the development of future budgets.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

Douglas County's financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of Douglas County's finances and shows the County's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Jill Frisell, Finance Director, at 320-762-3077, or Douglas County Courthouse, 305 - 8th Avenue West, Alexandria, Minnesota 56308.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets				
Cash and pooled investments	\$ 46,872,456	\$ 2,799,807	\$ 49,672,263	\$ 3,290,870
Petty cash and change funds	4,566	3,725	8,291	300
Departmental cash	40,400	63,509	103,909	-
Investments	522,410	98,550,138	99,072,548	2,666,040
Taxes receivable				
Current - net	202,331	-	202,331	-
Delinquent - net	129,789	-	129,789	-
Special assessments receivable				
Current - net	3,517	-	3,517	92,232
Delinquent - net	3,010	-	3,010	27,876
Noncurrent - net	210,833	-	210,833	-
Accounts receivable - net	113,624	17,413,861	17,527,485	901,280
Accrued interest receivable	45,655	-	45,655	2,530
Due from other governments	3,997,226	-	3,997,226	277,960
Loans receivable	-	-	-	34,441
Inventories	90,000	1,996,955	2,086,955	-
Prepaid items	825,704	864,839	1,690,543	120,601
Restricted cash for self-funded insurance obligations	-	1,137,084	1,137,084	-
Restricted assets				
Cash and pooled investments	-	-	-	4,393,870
Investments	312,416	-	312,416	1,792,783
Accrued interest receivable	-	-	-	13,587
Noncurrent assets				
Loans and notes receivable	-	4,345,250	4,345,250	58,973
Expendable for capital acquisitions	-	35,101	35,101	-
Expendable for cancer services	-	621,784	621,784	-
Funds designated for capital improvements	-	15,755,145	15,755,145	-
Restricted by donor	-	16,515	16,515	-
Restricted under indenture agreement	-	218,632	218,632	-
Goodwill - net	-	317,653	317,653	-
Other assets	-	12,298,749	12,298,749	-
Capital assets				
Non-depreciable	13,574,931	4,307,305	17,882,236	3,733,219
Depreciable - net of accumulated depreciation	131,697,996	64,391,770	196,089,766	21,965,950
Total Assets	\$ 198,646,864	\$ 225,137,822	\$ 423,784,686	\$ 39,372,512
Deferred Outflows of Resources				
OPEB related deferred outflows	80,107	266,266	346,373	9,049
Pension related deferred outflows	2,892,537	3,122,316	6,014,853	361,375
Deferred amount on refunding bonds	829,026	3,066,642	3,895,668	-
Total Deferred Outflows of Resources	\$ 3,801,670	\$ 6,455,224	\$ 10,256,894	\$ 370,424

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020**

	Primary Government			Aggregate Discretely Presented Component Units
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Current liabilities				
Accounts payable	\$ 953,109	\$ 5,455,669	\$ 6,408,778	\$ 384,304
Salaries payable	1,183,286	6,775,022	7,958,308	192,149
Accrued payroll taxes	-	-	-	4,558
Contracts payable	219,801	-	219,801	141,627
Due to other governments	423,783	-	423,783	38,244
Accrued interest payable	227,935	-	227,935	275,986
Deposits held for others	-	-	-	60,574
Unearned revenue	65,573	18,376,449	18,442,022	161,348
Compensated absences payable - current	1,578,871	-	1,578,871	148,402
OPEB benefits payable - current	80,107	-	80,107	9,049
Bonds payable - current	1,370,000	-	1,370,000	970,000
Gross revenue healthcare facilities bonds payable - current	-	1,527,280	1,527,280	-
Capital leases payable - current	96,145	402,721	498,866	-
Notes payable - current	-	432,354	432,354	292,498
Loans payable - current	12,436	-	12,436	-
Noncurrent liabilities				
Compensated absences payable	1,985,900	2,440,462	4,426,362	210,243
Landfill closure costs - long-term	-	-	-	972,074
OPEB benefits payable - long-term	1,278,428	3,099,190	4,377,618	142,136
Net pension liability	14,160,633	37,405,656	51,566,289	2,290,265
Bonds payable - long-term	21,466,947	-	21,466,947	22,535,895
Gross revenue healthcare facilities bonds payable - long-term	-	39,660,012	39,660,012	-
Capital leases payable	208,508	914,217	1,122,725	-
Notes payable	-	6,305,000	6,305,000	1,715,416
Loans payable	20,456	-	20,456	-
Total Liabilities	\$ 45,331,918	\$ 122,794,032	\$ 168,125,950	\$ 30,544,768
<u>Deferred Inflows of Resources</u>				
Taxes collected for subsequent year	\$ 33,011	\$ -	\$ 33,011	\$ -
OPEB related deferred inflows	752,656	544,900	1,297,556	5,655
Pension related deferred inflows	3,403,882	2,672,861	6,076,743	93,574
Deferred amount on refunding bonds	120,019	-	120,019	232,726
Total Deferred Inflows of Resources	\$ 4,309,568	\$ 3,217,761	\$ 7,527,329	\$ 331,955
<u>Net Position</u>				
Net investment in capital assets	\$ 126,844,462	\$ 19,457,491	\$ 146,301,953	\$ 4,122,756
Restricted for				
General government	1,452,573	-	1,452,573	-
Public safety	865,548	-	865,548	-
Highways and streets	1,748,084	-	1,748,084	-
Human services	27,155	-	27,155	-
Culture and recreation	188,390	-	188,390	-
Conservation of natural resources	611,560	-	611,560	-
Postclosure	-	-	-	834,297
Expendable for specific donor restrictions	-	16,515	16,515	-
Indenture agreements	-	218,632	218,632	-
Housing and redevelopment	-	-	-	457,195
Cancer services	-	621,784	621,784	-
Capital acquisitions	-	35,101	35,101	-
Debt service	2,065,146	-	2,065,146	-
Health services	132,255	-	132,255	-
Unrestricted	18,871,875	85,231,730	104,103,605	3,451,965
Total Net Position	\$ 152,807,048	\$ 105,581,253	\$ 258,388,301	\$ 8,866,213

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2020**

		Program Revenues		
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
<u>Functions/Programs</u>				
Primary Government				
Governmental activities				
General government	\$ 11,011,763	\$ 1,813,537	\$ 464,675	\$ 38,271
Public safety	9,396,205	770,563	1,413,218	25,000
Highways and streets	9,042,561	474,968	8,455,417	341,491
Human services	9,569,595	909,912	4,700,467	-
Health	1,944,138	437,827	1,186,985	-
Culture and recreation	2,011,306	64,116	408,375	1,001,610
Conservation of natural resources	1,311,372	230,291	434,406	-
Economic development	3,362,757	-	3,305,229	-
Interest	571,430	12,094	-	-
Total governmental activities	\$ 48,221,127	\$ 4,713,308	\$ 20,368,772	\$ 1,406,372
Business-type activities				
Hospital	162,596,921	157,404,721	10,456,840	464,761
Total Primary Government	\$ 210,818,048	\$ 162,118,029	\$ 30,825,612	\$ 1,871,133
Component units				
Pope/Douglas Solid Waste Management	\$ 11,745,744	\$ 11,123,970	\$ 390,948	\$ -
Housing and Redevelopment Authority	2,949,757	705,908	1,694,387	48,259
Total Component Units	\$ 14,695,501	\$ 11,829,878	\$ 2,085,335	\$ 48,259

General Revenues

Property taxes
Wheelage and local sales tax
Mortgage registry and deed tax
Payments in lieu of tax
Grants and contributions not restricted to specific programs
Investment income
Increase (decrease) in fair value of investments
Miscellaneous
Gain on sale of capital assets

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Aggregate Discretely Presented Component Units
	Business-Type Activities	Total	
\$ (8,695,280)	\$ -	\$ (8,695,280)	\$ -
(7,187,424)	-	(7,187,424)	-
229,315	-	229,315	-
(3,959,216)	-	(3,959,216)	-
(319,326)	-	(319,326)	-
(537,205)	-	(537,205)	-
(646,675)	-	(646,675)	-
(57,528)	-	(57,528)	-
(559,336)	-	(559,336)	-
\$ (21,732,675)	\$ -	\$ (21,732,675)	\$ -
-	5,729,401	5,729,401	-
\$ (21,732,675)	\$ 5,729,401	\$ (16,003,274)	\$ -
\$ -	\$ -	\$ -	\$ (230,826)
-	-	-	(501,203)
\$ -	\$ -	\$ -	\$ (732,029)
\$ 28,427,373	\$ -	\$ 28,427,373	\$ 826,524
3,732,053	-	3,732,053	-
81,264	-	81,264	-
283,099	-	283,099	-
2,014,536	-	2,014,536	-
281,166	3,659,513	3,940,679	68,270
137,922	(1,212,702)	(1,074,780)	13,527
305,047	-	305,047	-
129,521	-	129,521	-
\$ 35,391,981	\$ 2,446,811	\$ 37,838,792	\$ 908,321
\$ 13,659,306	\$ 8,176,212	\$ 21,835,518	\$ 176,292
139,147,742	97,405,041	236,552,783	8,689,921
\$ 152,807,048	\$ 105,581,253	\$ 258,388,301	\$ 8,866,213

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Public Works	Human Services	Bonds and Interest Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Cash and pooled investments	\$ 21,658,937	\$ 6,529,273	\$ 9,005,493	\$ 1,899,027	\$ 7,779,726	\$ 46,872,456
Petty cash and change funds	3,750	100	400	-	316	4,566
Departmental cash	40,400	-	-	-	-	40,400
Investments	-	69,423	-	370,621	82,366	522,410
Taxes receivable						
Current	117,594	31,092	28,784	14,268	10,593	202,331
Delinquent	70,817	18,774	21,009	11,418	7,771	129,789
Special assessments receivable						
Current	-	-	-	-	3,517	3,517
Delinquent	-	1	-	-	3,009	3,010
Noncurrent	18,569	-	-	-	192,264	210,833
Accounts receivable	63,530	23,110	19,210	-	7,774	113,624
Accrued interest receivable	45,655	-	-	-	-	45,655
Due from other funds	23,626	22,930	-	-	6,281	52,837
Due from other governments	814,901	2,359,343	795,542	-	27,440	3,997,226
Restricted investments	312,416	-	-	-	-	312,416
Inventories	-	90,000	-	-	-	90,000
Prepaid items	704,230	41,177	74,007	-	6,290	825,704
Advances to other funds	302,500	-	-	-	-	302,500
Total Assets	\$ 24,176,925	\$ 9,185,223	\$ 9,944,445	\$ 2,295,334	\$ 8,127,347	\$ 53,729,274
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 383,727	\$ 121,908	\$ 393,411	\$ -	\$ 54,063	\$ 953,109
Salaries payable	740,403	158,921	249,655	-	34,307	1,183,286
Compensated absences - current	77,828	-	-	-	-	77,828
Contracts payable	-	159,563	-	-	60,238	219,801
Due to other funds	12,217	6,673	22,826	-	11,121	52,837
Due to other governments	233,775	8,463	179,719	-	1,826	423,783
Unearned revenue	65,573	-	-	-	-	65,573
Advance from other funds	-	-	-	-	302,500	302,500
Total Liabilities	\$ 1,513,523	\$ 455,528	\$ 845,611	\$ -	\$ 464,055	\$ 3,278,717
Deferred Inflows of Resources						
Unavailable taxes	\$ 116,974	\$ 31,129	\$ 31,963	\$ 16,819	\$ 11,630	\$ 208,515
Unavailable special assessments	18,569	1	-	-	217,851	236,421
Unavailable grants	113,225	1,687,689	88,522	-	-	1,889,436
Unavailable other	453,928	-	6,018	-	-	459,946
Taxes collected for subsequent year	19,709	4,783	4,736	2,253	1,530	33,011
Total Deferred Inflows of Resources	\$ 722,405	\$ 1,723,602	\$ 131,239	\$ 19,072	\$ 231,011	\$ 2,827,329

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Public Works	Human Services	Bonds and Interest Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Liabilities, Deferred Inflows of Resources</u>						
<u>and Fund Balances</u>						
(Continued)						
Fund Balances						
Nonspendable fund balance						
Prepaid items	\$ 704,230	\$ 41,177	\$ 74,007	\$ -	\$ 6,290	\$ 825,704
Advances to other funds	302,500	-	-	-	-	302,500
Inventories	-	90,000	-	-	-	90,000
Restricted for						
Land records technology	614,947	-	-	-	-	614,947
Capital outlay	-	-	-	-	4,240,509	4,240,509
Law library	72,766	-	-	-	-	72,766
Hospice	132,255	-	-	-	-	132,255
Recorder's equipment	601,126	-	-	-	-	601,126
Park dedication fee	-	188,390	-	-	-	188,390
Feedlots	35,642	-	-	-	-	35,642
Environmental mitigation	890	-	-	-	-	890
Boat & water safety	1,500	-	-	-	-	1,500
Missing heirs	12,006	-	-	-	-	12,006
Debt service	-	-	-	2,276,262	-	2,276,262
Sheriff's contingency	4,136	-	-	-	-	4,136
Gun permits	583,527	-	-	-	-	583,527
Chippewa River sewer loans	21,630	-	-	-	-	21,630
Local advisory council	-	-	2,522	-	-	2,522
Social service donations	-	-	700	-	-	700
E-911	159,891	-	-	-	-	159,891
Ditch maintenance	-	-	-	-	84,007	84,007
Attorney's forfeited property	116,606	-	-	-	-	116,606
Riparian protection	254,944	-	-	-	-	254,944
Aquatic invasive species	214,447	-	-	-	-	214,447
Planning and zoning	27,144	-	-	-	-	27,144
Fitness equipment	2,168	-	-	-	-	2,168
Sheriff's honor guard	4,494	-	-	-	-	4,494
DARE	13,896	-	-	-	-	13,896
Sheriff's forfeited property	91,642	-	-	-	-	91,642
Swat equipment	1,100	-	-	-	-	1,100
Juvenile work program	1,502	-	-	-	-	1,502
Veterans in need	694	-	-	-	-	694
Housing homeless vets	704	-	-	-	-	704
Veteran's grant	6,580	-	-	-	-	6,580
Sheriff's mortgage redemptions	1,692	-	-	-	-	1,692
Road projects - sales tax	-	60,395	-	-	-	60,395
Adult protection	-	-	19,486	-	-	19,486
AMHI transportation	-	-	1,668	-	-	1,668
AMHI transitional housing	-	-	1,935	-	-	1,935
AMHI flexible spending	-	-	844	-	-	844
Committed for						
Public works	-	6,556,708	-	-	-	6,556,708
Human services	-	-	8,866,433	-	-	8,866,433
FEMA declared emergency funds	1,000,000	-	-	-	-	1,000,000
Sheriff extended cases	100,000	-	-	-	-	100,000
Court services supervision fee expenditure	40,753	-	-	-	-	40,753
Men's domestic violence program fees	4,639	-	-	-	-	4,639
Land & resources consulting/legal services	24,038	-	-	-	-	24,038
Clean water projects	87,873	-	-	-	-	87,873
Assessor tax court cases	41,324	-	-	-	-	41,324
Future bond payoffs	291,205	-	-	-	-	291,205

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Public Works	Human Services	Bonds and Interest Debt Service	Other Governmental Funds	Total Governmental Funds
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Fund Balances (Continued)						
Assigned for						
Central fueling	\$ -	\$ 69,423	\$ -	\$ -	\$ -	\$ 69,423
Attorney pre-trial testing	5,943	-	-	-	-	5,943
Severance pay	898,120	-	-	-	-	898,120
Employee recognition	1,178	-	-	-	-	1,178
Coordinator's professional and technical	137,186	-	-	-	-	137,186
Unemployment compensation	41,898	-	-	-	-	41,898
Coordinator's office software	5,116	-	-	-	-	5,116
Strategic leadership investment training	95,473	-	-	-	-	95,473
Capital improvements	-	-	-	-	2,499,057	2,499,057
Library fund drive	-	-	-	-	158,273	158,273
Sheriff's leased vehicles	38,090	-	-	-	-	38,090
Sheriff's canteen	37,114	-	-	-	-	37,114
Random drug tests	30,243	-	-	-	-	30,243
Rainbow rider appropriation	94,596	-	-	-	-	94,596
Senior services	7,293	-	-	-	-	7,293
Land and resources	67,517	-	-	-	-	67,517
OPEB obligation	1,358,535	-	-	-	-	1,358,535
Lean program	21,882	-	-	-	-	21,882
Utility abatement reimbursement	150,000	-	-	-	-	150,000
Library	-	-	-	-	727,711	727,711
Unassigned						
General fund	13,376,322	-	-	-	-	13,376,322
Ditch fund	-	-	-	-	(283,566)	(283,566)
Total Fund Balances	\$ 21,940,997	\$ 7,006,093	\$ 8,967,595	\$ 2,276,262	\$ 7,432,281	\$ 47,623,228
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,176,925	\$ 9,185,223	\$ 9,944,445	\$ 2,295,334	\$ 8,127,347	\$ 53,729,274

See accompanying Notes to the Financial Statements.

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

Fund Balance - Total Governmental Funds (Balance Sheet) \$ 47,623,228

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.	145,272,927
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Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.	2,794,318
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The County's net pension liability and related deferred inflows and outflows of resources are recorded on the statement of net position. Balances at year-end are:

Net pension liability	\$ (14,160,633)	
Deferred inflows of resources	(3,403,882)	
Deferred outflows of resources	2,892,537	(14,671,978)

The County's other postemployment benefits liability and related deferred inflows and outflows of resources are recorded on the statement of net position.

Balances at year-end are:

Total other postemployment benefit liability	(1,358,535)	
Deferred inflows of resources	(752,656)	
Deferred outflows of resources	80,107	(2,031,084)

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 and unamortized premium	(22,836,947)	
Capital leases payable	(304,653)	
Loans	(32,892)	
Compensated absences	(3,486,943)	
Accrued interest payable	(227,935)	
Deferred outflow amount on refunding bonds	829,026	
Deferred inflow amount on refunding bonds	(120,019)	(26,180,363)

Net Position of Governmental Activities (Statement of Net Position) \$ 152,807,048

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Public Works	Human Services	Bonds and Interest Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 16,617,716	\$ 8,108,687	\$ 4,033,484	\$ 1,999,782	\$ 1,485,333	\$ 32,245,002
Special assessments	11,069	795	-	-	233,403	245,267
Licenses and permits	286,405	-	8,700	-	-	295,105
Intergovernmental	8,524,543	8,699,904	5,117,694	26,926	230,017	22,599,084
Charges for services	2,123,224	361,219	730,714	-	3,973	3,219,130
Fines and forfeits	51,744	-	-	-	13,873	65,617
Gifts and contributions	5,235	60,000	700	-	1,007,744	1,073,679
Investment earnings	280,925	2,079	-	12,094	469	295,567
Increase (decrease) in fair value of investments	137,922	-	-	-	-	137,922
Miscellaneous	590,123	170,395	166,676	-	90,030	1,017,224
Total Revenues	\$ 28,628,906	\$ 17,403,079	\$ 10,057,968	\$ 2,038,802	\$ 3,064,842	\$ 61,193,597
Expenditures						
Current						
General government	\$ 10,092,235	\$ 546,619	\$ -	\$ -	\$ -	\$ 10,638,854
Public safety	10,492,277	-	-	-	-	10,492,277
Highways and streets	-	16,319,024	-	-	-	16,319,024
Human services	-	-	9,613,353	-	-	9,613,353
Health	1,308,107	-	-	-	-	1,308,107
Culture and recreation	336,441	542,468	-	-	1,160,895	2,039,804
Conservation of natural resources	1,081,451	22,991	-	-	213,581	1,318,023
Economic development	3,362,757	-	-	-	-	3,362,757
Intergovernmental	-	858,986	-	-	-	858,986
Capital outlay						
General government	-	-	-	-	836,052	836,052
Human services	-	-	-	-	1,678	1,678
Culture and recreation	-	-	-	-	2,000,000	2,000,000
Debt service						
Principal	51,825	30,865	25,905	8,055,000	2,409	8,166,004
Interest	14,274	6,220	9,238	613,784	638	644,154
Bond issuance costs	-	-	-	-	78,346	78,346
Administrative charges	-	-	-	30,297	-	30,297
Total Expenditures	\$ 26,739,367	\$ 18,327,173	\$ 9,648,496	\$ 8,699,081	\$ 4,293,599	\$ 67,707,716
Excess of Revenues Over (Under) Expenditures	\$ 1,889,539	\$ (924,094)	\$ 409,472	\$ (6,660,279)	\$ (1,228,757)	\$ (6,514,119)
Other Financing Sources (Uses)						
Transfers in from governmental funds	\$ 93,463	\$ -	\$ -	\$ -	\$ 812,672	\$ 906,135
Transfers out to governmental funds	(812,672)	-	-	-	(93,463)	(906,135)
Proceeds from capital leases	77,029	50,101	-	-	-	127,130
Proceeds from the sale of capital assets	55,128	46,779	-	-	-	101,907
Proceeds of capital improvement bonds	-	-	-	71,580	4,188,420	4,260,000
Premium on bonds	-	-	-	-	191,969	191,969
Compensation for loss of capital assets	14,978	-	-	-	-	14,978
Total Other Financing Sources (Uses)	\$ (572,074)	\$ 96,880	\$ -	\$ 71,580	\$ 5,099,598	\$ 4,695,984
Net Change in Fund Balance	\$ 1,317,465	\$ (827,214)	\$ 409,472	\$ (6,588,699)	\$ 3,870,841	\$ (1,818,135)
Fund Balance - January 1	20,623,532	7,872,331	8,558,123	8,864,961	3,561,440	49,480,387
Decrease in inventories	-	(39,024)	-	-	-	(39,024)
Fund Balance - December 31	\$ 21,940,997	\$ 7,006,093	\$ 8,967,595	\$ 2,276,262	\$ 7,432,281	\$ 47,623,228

See accompanying Notes to the Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds (Statement of revenues, expenditures, and change in fund balance)	\$	(1,818,135)
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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 reported as unavailable.

Deferred inflows of resources - December 31	\$ 2,794,318	
Deferred inflows of resources - January 1	<u>(2,163,080)</u>	631,238

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

Expenditures for general capital assets and infrastructure	15,299,065	
Net book value of assets disposed	(81,323)	
Current year depreciation	<u>(5,414,229)</u>	9,803,513

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

Proceeds of new debt:

General obligation bonds issued	(4,260,000)	
Capital leases	(127,130)	
Premium on bonds	<u>(191,969)</u>	(4,579,099)

Principal payments:

General obligation bonds	8,055,000	
Capital leases	91,784	
Loans	<u>19,220</u>	8,166,004

Pension expenditures on the governmental funds are measured by current-year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

Change in net pension liability	(1,807,928)	
Change in net deferred pension outflows	(777,545)	
Change in net deferred pension inflows	<u>3,810,119</u>	1,224,646

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 on general long-term debt	48,845	
Change in bond premiums	236,089	
Change in deferred outflow amount on refunding bonds	(92,114)	
Change in deferred inflow amount on refunding bonds	(99,037)	
Change in compensated absences	152,143	
Change in other postemployment benefits liability	783,707	
Change in deferred OPEB outflows	(65,374)	
Change in deferred OPEB inflows	(694,096)	
Change in inventories	<u>(39,024)</u>	231,139

Change in Net Position of Governmental Activities (Statement of activities)	\$	<u>13,659,306</u>
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See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	<u>Business-Type Activities</u>
	<u>Hospital Operating Enterprise Fund</u>
<u>Assets</u>	
Current assets	
Cash and pooled investments	\$ 2,799,807
Petty cash and change funds	3,725
Departmental cash	63,509
Investments	98,550,138
Accounts receivable - net	17,413,861
Inventories	1,996,955
Prepaid items	864,839
Restricted for self-funded health insurance obligations	1,137,084
Total current assets	\$ 122,829,918
Noncurrent assets	
Expendable for capital acquisitions	\$ 35,101
Expendable for cancer services	621,784
Funds designated for capital improvements	15,755,145
Restricted by donor	16,515
Restricted under indenture agreement	218,632
Goodwill - net	317,653
Notes receivable	4,345,250
Other assets	12,298,749
Capital assets	
Nondepreciable	4,307,305
Depreciable - net	64,391,770
Total noncurrent assets	\$ 102,307,904
Total Assets	\$ 225,137,822
<u>Deferred Outflows of Resources</u>	
Other postemployment related deferred outflows	\$ 266,266
Pension related deferred outflows	3,122,316
Deferred amount on refunding bonds	3,066,642
Total Deferred Outflows of Resources	\$ 6,455,224

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF FUND NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	<u>Business-Type Activities</u>
	<u>Hospital Operating Enterprise Fund</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable	\$ 5,455,669
Salaries payable	6,775,022
Notes payable - current	432,354
Gross revenue healthcare facilities bonds payable - current	1,527,280
Capital leases payable - current	402,721
Unearned revenue	18,376,449
	<hr/>
Total current liabilities	\$ 32,969,495
	<hr/>
Noncurrent liabilities	
Compensated absences payable - long-term	\$ 2,440,462
Other postemployment benefits payable	3,099,190
Net pension liability	37,405,656
Notes payable - long-term	6,305,000
Gross revenue healthcare facilities bonds payable - long-term	39,660,012
Capital leases payable - long-term	914,217
	<hr/>
Total noncurrent liabilities	\$ 89,824,537
	<hr/>
Total Liabilities	\$ 122,794,032
	<hr/>
<u>Deferred Inflows of Resources</u>	
Other postemployment related deferred inflows	\$ 544,900
Pension related deferred inflows	2,672,861
	<hr/>
Total Deferred Inflows of Resources	\$ 3,217,761
	<hr/>
<u>Net Position</u>	
Net investment in capital assets	\$ 19,457,491
Restricted for	
Cancer services	621,784
Capital acquisitions	35,101
Specific donor restrictions	16,515
Indenture agreement	218,632
Unrestricted	85,231,730
	<hr/>
Total Net Position	\$ 105,581,253
	<hr/>

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2020**

	Business-Type Activities
	Hospital Operating Enterprise Fund
Operating Revenues	
Patient services revenues	\$ 150,528,811
Miscellaneous	<u>6,875,910</u>
Total Operating Revenues	<u>\$ 157,404,721</u>
Operating Expenses	
Employee benefits and payroll taxes	\$ 12,911,869
Professional services	27,067,603
Contracted services	14,015,070
Supplies	40,973,672
Payroll	46,652,892
Utilities	1,427,304
Insurance	568,457
Rent	1,071,910
Repairs and maintenance	3,772,508
MinnesotaCare tax and surcharge	2,930,447
Miscellaneous	2,197,764
Depreciation and amortization	<u>7,546,500</u>
Total Operating Expenses	<u>\$ 161,135,996</u>
Operating Income (Loss)	<u>\$ (3,731,275)</u>
Nonoperating Revenues (Expenses)	
Investment earnings	\$ 3,659,513
Increase (decrease) in fair value of investments	(1,212,702)
Gifts and contributions	10,456,840
Interest expense	(1,438,474)
Loss on sale/disposal of capital assets	<u>(22,451)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 11,442,726</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 7,711,451</u>
Capital grants and contributions, net of expenditures	<u>464,761</u>
Change in Net Position	<u>\$ 8,176,212</u>
Net Position - January 1	<u>97,405,041</u>
Net Position - December 31	<u><u>\$ 105,581,253</u></u>

See accompanying Notes to the Financial Statements.

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Business-Type Activities</u> <u>Hospital Operating Enterprise Fund</u>
Cash Flows from Operating Activities	
Receipts from and on behalf of patients	\$ 156,653,085
Payments to suppliers and contractors	(95,708,778)
Payments to employees	(59,383,865)
Other receipts and payments	<u>25,785,448</u>
Net cash provided by (used in) operating activities	<u>\$ 27,345,890</u>
Cash Flows from Noncapital Financing Activities	
Noncapital grants and contributions	<u>\$ 10,456,840</u>
Cash Flows from Capital and Related Financing Activities	
Capital grants and contributions, net of expenditures	\$ 464,761
Repayment of long-term debt	(2,365,453)
Interest paid on long-term debt	(1,438,474)
Proceeds from the sale of capital assets	79,343
Purchase of capital assets, net of change in construction in progress payable	<u>(4,566,851)</u>
Net cash provided by (used in) capital and related financing activities	<u>\$ (7,826,674)</u>
Cash Flows from Investing Activities	
Sales of noncurrent investments	\$ 126,719,811
Purchases of noncurrent investments and net reinvested income	(126,696,562)
Investment income	<u>2,446,811</u>
Net cash provided by (used in) investing activities	<u>\$ 2,470,060</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 32,446,116
Cash and Cash Equivalents at January 1	<u>35,036,179</u>
Cash and Cash Equivalents at December 31	<u>\$ 67,482,295</u>

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	Business-Type Activities
	Hospital Operating Enterprise Fund
Cash and Cash Equivalents - Net Position	
Cash and cash equivalents in current assets	\$ 2,867,041
Investments	98,550,138
Less investments not meeting definition of cash equivalent	<u>(33,934,884)</u>
Total Cash and Cash Equivalents	<u>\$ 67,482,295</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	<u>\$ (3,731,275)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization expense	\$ 7,546,500
Provision for bad debts	2,027,459
Debt forgiven on physician loans	870,510
(Increase) decrease in accounts receivable	5,105,936
(Increase) decrease in inventories	92,713
(Increase) decrease in prepaid items	(445,124)
(Increase) decrease in postemployment related deferred outflows	8,384
(Increase) decrease in pension related deferred outflows	658,147
Increase (decrease) in accounts payable	(1,331,632)
Increase (decrease) in accrued expenses	710,001
Increase (decrease) in unearned revenue	18,376,449
Increase (decrease) in net pension liability	2,038,076
Increase (decrease) in pension related deferred inflows	(4,471,274)
Increase (decrease) in postemployment related deferred inflows	<u>(108,980)</u>
Total adjustments	<u>\$ 31,077,165</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 27,345,890</u>

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2020**

	<u>Social Welfare Private Purpose Trust Fund</u>	<u>Other Custodial Funds</u>	<u>Total</u>
<u>Assets</u>			
Cash and pooled investments	\$ 2,265	\$ 1,774,375	\$ 1,776,640
Due from other governments	1,422	114,334	115,756
Delinquent taxes for other governments	<u>-</u>	<u>431,497</u>	<u>431,497</u>
Total Assets	<u>\$ 3,687</u>	<u>\$ 2,320,206</u>	<u>\$ 2,323,893</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 6,204	\$ 6,204
Due to other governments	<u>3,687</u>	<u>876,347</u>	<u>880,034</u>
Total Liabilities	<u>\$ 3,687</u>	<u>\$ 882,551</u>	<u>\$ 886,238</u>
<u>Deferred Inflows of Resources</u>			
Taxes Collected in Advance of Levy	<u>\$ -</u>	<u>\$ 51,907</u>	<u>\$ 51,907</u>
<u>Net Position</u>			
Restricted for			
Individuals, organizations and other governments	<u>\$ -</u>	<u>\$ 1,385,748</u>	<u>\$ 1,385,748</u>

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDED DECEMBER 31, 2020**

	<u>Social Welfare Private Purpose Trust Fund</u>	<u>Other Custodial Funds</u>	<u>Total</u>
<u>Additions</u>			
Contributions			
Individuals	\$ 40,626	\$ 254,891	\$ 295,517
Property tax collections for other governments	-	47,541,023	47,541,023
License and fees collected for state	-	3,564,417	3,564,417
Miscellaneous	-	503,496	503,496
Total Additions	<u>\$ 40,626</u>	<u>\$ 51,863,827</u>	<u>\$ 51,904,453</u>
<u>Deductions</u>			
Beneficiary payments to individuals	\$ 49,722	\$ 266,961	\$ 316,683
Payments of property tax to other governments	-	47,535,788	47,535,788
Payments to state	-	3,564,417	3,564,417
Payments to other governments	-	75,136	75,136
Administrative expense	-	10,500	10,500
Payments to other entities	-	284,705	284,705
Total Deductions	<u>\$ 49,722</u>	<u>\$ 51,737,507</u>	<u>\$ 51,787,229</u>
Net increase (decrease) in fiduciary net position	<u>\$ (9,096)</u>	<u>\$ 126,320</u>	<u>\$ 117,224</u>
Net position - beginning	<u>9,096</u>	<u>1,259,428</u>	<u>1,268,524</u>
Net position - ending	<u>\$ -</u>	<u>\$ 1,385,748</u>	<u>\$ 1,385,748</u>

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2020**

	<u>Pope/Douglas Solid Waste Management</u>	<u>Housing and Redevelopment Authority</u>	<u>Total</u>
<u>Assets</u>			
Current assets			
Cash and pooled investments	\$ 2,112,365	\$ 1,178,505	\$ 3,290,870
Petty cash and change funds	300	-	300
Investments	2,666,040	-	2,666,040
Special assessments receivable			
Current	92,232	-	92,232
Prior	27,876	-	27,876
Accounts receivable - net	841,749	59,531	901,280
Accrued interest receivable	2,530	-	2,530
Due from other governments	263,307	14,653	277,960
Loan receivable - net	-	34,441	34,441
Prepaid items	10,229	110,372	120,601
Total current assets	<u>\$ 6,016,628</u>	<u>\$ 1,397,502</u>	<u>\$ 7,414,130</u>
Restricted assets			
Cash and pooled investments	\$ 4,311,749	\$ 82,121	\$ 4,393,870
Investments	1,792,783	-	1,792,783
Accrued interest receivable	13,587	-	13,587
Total restricted assets	<u>\$ 6,118,119</u>	<u>\$ 82,121</u>	<u>\$ 6,200,240</u>
Noncurrent assets			
Loans receivable - long-term	\$ -	\$ 58,973	\$ 58,973
Capital assets			
Nondepreciable	2,815,578	917,641	3,733,219
Depreciable - net	18,622,739	3,343,211	21,965,950
Total noncurrent assets	<u>\$ 21,438,317</u>	<u>\$ 4,319,825</u>	<u>\$ 25,758,142</u>
Total Assets	<u>\$ 33,573,064</u>	<u>\$ 5,799,448</u>	<u>\$ 39,372,512</u>
Deferred Outflows of Resources			
OPEB related deferred outflows	\$ 9,049	\$ -	\$ 9,049
Pension related deferred outflows of resources	361,375	-	361,375
Total deferred outflows of resources	<u>\$ 370,424</u>	<u>\$ -</u>	<u>\$ 370,424</u>

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING STATEMENT OF NET POSITION (CONTINUED)
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2020**

	Pope/Douglas Solid Waste Management	Housing and Redevelopment Authority	Total
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 338,538	\$ 45,766	\$ 384,304
Salaries payable	192,149	-	192,149
Accrued payroll taxes	-	4,558	4,558
Contracts payable	141,627	-	141,627
Due to other governments	35,721	2,523	38,244
Accrued interest payable	275,984	2	275,986
Deposits held for others	-	60,574	60,574
Compensated absences payable - current	128,081	20,321	148,402
OPEB liability - current	9,049	-	9,049
Bonds payable - current	865,000	105,000	970,000
Notes payable - current	60,742	231,756	292,498
Unearned revenue	-	161,348	161,348
Total current liabilities	\$ 2,046,891	\$ 631,848	\$ 2,678,739
Noncurrent liabilities			
Compensated absences payable - long-term	\$ 210,243	\$ -	\$ 210,243
Landfill closure costs - long-term	972,074	-	972,074
OPEB liability - long-term	142,136	-	142,136
Bonds payable - long-term	21,595,895	940,000	22,535,895
Notes payable - long-term	235,256	1,480,160	1,715,416
Net pension liability	2,290,265	-	2,290,265
Total noncurrent liabilities	\$ 25,445,869	\$ 2,420,160	\$ 27,866,029
Total Liabilities	\$ 27,492,760	\$ 3,052,008	\$ 30,544,768
Deferred inflows of resources			
OPEB related deferred inflows	\$ 5,655	\$ -	\$ 5,655
Pension related deferred inflows	93,574	-	93,574
Deferred amount on refunding bonds	232,726	-	232,726
Total deferred inflows of resources	\$ 331,955	\$ -	\$ 331,955
<u>Net Position</u>			
Net investment in capital assets	\$ 2,618,820	\$ 1,503,936	\$ 4,122,756
Restricted for			
Closure and postclosure care costs	834,297	-	834,297
Housing and redevelopment	-	457,195	457,195
Unrestricted	2,665,656	786,309	3,451,965
Total Net Position	\$ 6,118,773	\$ 2,747,440	\$ 8,866,213

See accompanying Notes to the Financial Statements.

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR YEAR ENDED DECEMBER 31, 2020

	Revenues			Net (Expense) Revenue and Changes in Net Position		
	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Pope/Douglas Solid Waste Management	Housing and Redevelopment Authority	Total
Component Units						
Pope/Douglas Solid Waste Management	\$ 11,745,744	\$ 390,948	\$ -	\$ (230,826)	\$ -	\$ (230,826)
Housing and Redevelopment Authority	2,949,757	1,694,387	48,259	-	(501,203)	(501,203)
Total Component Units	\$ 14,695,501	\$ 2,085,335	\$ 48,259	\$ (230,826)	\$ (501,203)	\$ (732,029)
General Revenues						
Property taxes				\$ -	\$ 826,524	\$ 826,524
Investment income				65,172	3,098	68,270
Increase (decrease) in fair value of investments				13,527	-	13,527
Total general revenues				\$ 78,699	\$ 829,622	\$ 908,321
Change in net position				\$ (152,127)	\$ 328,419	\$ 176,292
Net Position - Beginning				6,270,900	2,419,021	8,689,921
Net Position - Ending				\$ 6,118,773	\$ 2,747,440	\$ 8,866,213

See accompanying Notes to the Financial Statements.

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Douglas County was established March 8, 1858, and is an organized county having the powers, duties, and privileges granted counties by *Minnesota Statutes* § 373.01. As required by accounting principles generally accepted in the United States of America, these financial statements present Douglas County (primary government) and its component units for which the County is financially accountable. 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.

Blended Component Units

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

Component Unit Included in Reporting Entity Because	Separate Financial Statements
Alomere Health provides medical and surgical care on an inpatient and outpatient basis to the County area.	Alomere Health 111 - 17th Avenue East Alexandria, Minnesota 56308
County Commissioners make up five of the nine members of the Alomere Health Board. The County has potential financial responsibilities for the Hospital.	

The Douglas Health Care Foundation (Foundation) is a 501(c)(3) organization whose sole purpose is to support Alomere Health. The Foundation conducts fundraising campaigns on behalf of Alomere Health. The Foundation is dependent on the Hospital to pay outstanding debt through ongoing lease payments from the Hospital. The Foundation's operations have been presented as a blended component unit of the Hospital.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Discretely Presented Component Units

While part of the reporting entity, discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Douglas County are discretely presented:

Component Unit Included in Reporting Entity Because	Separate Financial Statements
Housing and Redevelopment Authority (HRA) of Douglas County provides services pursuant to <i>Minnesota Statutes</i> §§ 469.001 - 469.047.	The County appoints members, and the HRA is a financial burden. Douglas County HRA 1224 North Nokomis Alexandria, Minnesota 56308
Pope/Douglas Solid Waste Management (PDSW) provides for the management and disposal of solid waste in Pope and Douglas Counties pursuant to <i>Minnesota Statutes</i> cts. 115A and 400.	The County appoints a majority of PDSW members and must approve any debt. The County has potential financial responsibilities to PDSW. Pope/Douglas Solid Waste Management 2115 South Jefferson Alexandria, Minnesota 56308

Joint Ventures

The County participates in several joint ventures described in Note 8.C. The County also participates in jointly-governed organizations described in Note 8.D.

B. Basic Financial Statements

1. Government-Wide Statements

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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

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 that recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

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

2. Fund Financial Statements

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

The County reports the following major governmental funds:

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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

- The Public Works 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. Revenue sources include property taxes, intergovernmental, and charges for services.

- The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs. Revenue sources include property taxes, intergovernmental, and charges for services.

- The Bonds and Interest Debt Service Fund is used to account for accumulation of resources for, and payment of, principal and interest on general long-term debt. The primary revenue source in this fund is property taxes.

The County reports the following major enterprise fund:

- The Hospital Operating Enterprise Fund is used to account for providing hospital and emergency care to the sick, injured, and newborn of the Douglas County Hospital, a blended component unit of Douglas County. Financing is provided primarily by user service charges.

Additionally, the County reports the following fund types:

- Fiduciary 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.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. Douglas County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, shared revenues, 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. Payments to escrow agents as a result of refunding bonds issued are reported as other financing uses.

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred 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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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer to increase earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2020, based on market prices. Pursuant to *Minnesota Statutes* § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$281,166. Pooled investments as of December 31, 2020, reflect a net increase in fair value of \$137,922 during the year ended December 31, 2020.

The 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 *Minnesota Statutes* § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the amortized cost per share provided by the pool. More information including the most recent audited financial statement is available on their website www.magicfund.org.

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 nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables, including those of the discretely presented component units, are shown net of an allowance for uncollectibles.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

3. Receivables and Payables (Continued)

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. Inventories and Prepaid Items

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

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

5. Restricted Assets

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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as 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 at the date of donation.

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.

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

Assets	Years
Buildings	5 - 40
Land and building improvements	3 - 30
Public domain infrastructure	20 - 75
Machinery, furniture, and equipment	3 - 20

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

7. Compensated Absences

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

8. Unearned Revenue

All County funds and the government-wide financial statements record unearned revenue for resources that have been received, but not yet earned.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the 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 amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

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.

10. Deferred Outflows of Resources

The County's government-wide and proprietary fund statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

10. Deferred Outflows of Resources (Continued)

The County has three items, which reflect only under an accrual basis of accounting that qualify for reporting in this category. The items are pension related deferred outflows, OPEB related deferred outflows, and deferred amount on refunding bonds. The pension related deferred outflows consist of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, changes in proportionate share, the differences between projected and actual earnings on pension plan investments and the outflows consist of contributions paid subsequent to the measurement date and the difference between expected and actual economic experience. The OPEB related deferred outflows consist of contributions paid subsequent to the measurement date and the difference between expected and actual liability. The deferred amount on refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is amortized over the remaining life of the refunding bonds as part of interest expense.

11. Deferred Inflows of Resources

The County's government-wide, proprietary, and fiduciary fund statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The County has four items, which reflect only under an accrual basis of accounting that qualify for reporting in this category. The items are pension related deferred inflows, OPEB related deferred inflows, deferred amount on refunding bonds and taxes collected for subsequent year. The pension related deferred inflows consist of differences between expected and actual pension plan economic experience, changes in actuarial assumptions and pension plan changes in proportionate share. The OPEB related deferred inflows consist of changes in actuarial assumptions and the difference between the expected and actual liability. The deferred amount on refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. The taxes collected for subsequent year consists of property tax receipts received prior to the year they were levied for.

The County's governmental fund financial statements also have a separate section for deferred inflows of resources. The County is reporting two types of items which occur relating to revenue recognition: The taxes collected for subsequent year consists of property tax receipts received prior to the year they were levied for and the deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

12. Net Pension Liability

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

13. Classifications of Fund Balance

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 – the nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 – fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed – the committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County's highest level of decision-making authority, which is the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Commitments must be made or removed prior to the end of the year.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (Continued)

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

13. Classifications of Fund Balance (Continued)

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

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 first reduced 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.

Douglas County is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The County tries to maintain an unassigned fund balance level of no less than five (5) months of operating expenditures. The sufficiency of the minimum fund balance level shall be reviewed regularly.

14. Use of Estimates

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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
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2. Stewardship, Compliance, and Accountability

A. Deficit Fund Equity

The Ditch Special Revenue Fund had a deficit fund balance of \$199,559 as of December 31, 2020. The Ditch Special Revenue Fund's deficit will be eliminated with future special assessment levies against benefited properties.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the General Fund by \$3,482,294 mainly due to CARES related expenditures which were funded by federal grants. The Bonds and Interest Fund exceeded appropriations by \$6,690,169 due to the redemption of debt in 2020, expenditures in the Public Works Fund exceeded appropriations by \$1,740,166, and expenditures in the Library Fund exceeded appropriations by \$14,358. These expenditures in excess of budget were funded by revenues in excess of budget and the spend down of fund balance.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Government-wide statement of net position	
Governmental funds	
Cash and pooled investments	\$ 46,872,456
Petty cash and change funds	4,566
Departmental cash	40,400
Investments	522,410
Restricted assets	
Investments	312,416
Business-type activities	
Cash and pooled investments	2,799,807
Petty cash and change funds	3,725
Departmental cash	63,509
Investments	98,550,138
Restricted cash for self-funded health insurance obligations	1,137,084
Expendable for capital acquisitions	35,101
Expendable for cancer services	621,784
Funds designated for capital improvements	15,755,145
Funds restricted by donor	16,515
Funds restricted under indenture agreement	218,632
Component units	
Cash and pooled investments	3,290,870
Petty cash and change funds	300
Investments	2,666,040
Restricted assets	
Cash and pooled investments	4,393,870
Investments	1,792,783
Fiduciary funds	
Cash and pooled investments	1,776,640
Total Cash and Investments	<u>\$ 180,874,191</u>

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy is to minimize deposit custodial credit risk by obtaining collateral or bonds for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2020, the County's deposits were not exposed to custodial credit risk.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments

The County may invest in the following types of investments as authorized by *Minnesota Statutes* §§ 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 *Minnesota Statutes* § 118A.04, Subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County has adopted an investment policy that minimizes its exposure to interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Credit Risk

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

	Level	Duration	Rating	Fair Value	
				NAV	\$
Investment pool/MAGIC fund	Amortized Cost	Variable	N/R		3,800,000
Investment pool/MAGIC fund		Variable	N/R		41,656,647
Commercial paper	I	Variable	N/R		1,324,482
Corporate bonds	II	1-4	AA- thru BBB/ Aa1 - Baa2		19,248,131
Mutual funds	I	Variable	N/R		29,781,416
Municipal bonds	II	1-7	AAA thru AA/ Aa1 - Aa3		2,866,624
Certificates of deposits	I	1-4	N/R		1,373,428
Certificates of deposits	II	1-6	N/R		6,023,548
Money market funds	Amortized Cost	Variable	N/R		47,653,471
					<u>\$ 153,727,747</u>

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's investment policy is to minimize custodial credit risk by permitting brokers that obtain investments for Douglas County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to the County's custodian. At December 31, 2020, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. 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 County did not have any investments in any one issuer of 5% or more in 2020.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value Measurements

The County uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level I - Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level II - Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level III - Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

Investments are measured as follows:

	12/31/2020	Fair Value Measurement Using		
		Level I	Level II	Level III
Investments by Fair Value Level				
Commercial paper	\$ 1,324,482	\$ 1,324,482	\$ -	\$ -
Corporate bonds	19,248,131	-	19,248,131	-
Mutual funds	29,781,416	29,781,416	-	-
Municipal bonds	2,866,624	-	2,866,624	-
Certificates of deposit	7,396,976	1,373,428	6,023,548	-
Total investments by fair value level	\$ 60,617,629	\$ 32,479,326	\$ 28,138,303	\$ -
Investments measured at amortized cost				
MAGIC portfolio external investment pool	\$ 41,656,647			
Money market funds	47,653,471			
Total investments measured at amortized cost	89,310,118			
Investments measured at net asset value (NAV)				
MAGIC term investment external investment pool	3,800,000			
Total Investments	153,727,747			
Cash and Cash equivalents	27,146,444			
Total Cash and Investments	\$ 180,874,191			

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value Measurements (Continued)

The MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its new asset value not reasonably practical. The MAGIC term investment pool is valued at net asset value (NAV) as it does not meet the liquidity criteria to be valued at amortized cost. The County would face penalties if early redemptions were made from the term investment pool. There are no unfunded commitments relating to this investment. The County reports its investment in the term investment pool at the NAV per share, the fair value established by the pool.

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3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2020, for the County, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 332,120	\$ -
Special assessments	217,360	12,628
Accounts	113,624	-
Interest	45,655	-
Due from other governments	3,997,226	-
Total Governmental Activities	\$ 4,705,985	\$ 12,628
Business-Type Activities		
Accounts	\$ 53,069,221	\$ -
Less: Allowance for uncollectible accounts	(35,655,360)	-
Total Business-Type Activities	\$ 17,413,861	\$ -

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued).

A. Assets (Continued)

3. Capital Assets

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

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 7,476,837	\$ 2,141,601	\$ -	\$ 9,618,438
Construction in progress	44,469,909	11,473,876	11,987,292	3,956,493
Total capital assets not depreciated	\$ 11,946,746	\$ 13,615,477	\$ 11,987,292	\$ 13,574,931
Capital assets depreciated				
Land and building improvements	\$ 3,894,389	\$ 100,139	\$ -	\$ 3,994,528
Buildings	48,658,635	175,117	-	48,833,752
Machinery, furniture, and equipment	14,066,296	1,717,419	1,017,541	14,766,174
Infrastructure	128,126,842	11,678,205	-	139,805,047
Total capital assets depreciated	\$ 194,746,162	\$ 13,670,880	\$ 1,017,541	\$ 207,399,501
Less: accumulated depreciation for				
Land and building improvements	\$ 1,099,329	\$ 162,939	\$ -	\$ 1,262,268
Buildings	15,686,145	1,296,104	-	16,982,249
Machinery, furniture, and equipment	8,225,324	1,171,839	936,218	8,460,945
Infrastructure	46,212,696	2,783,347	-	48,996,043
Total accumulated depreciation	\$ 71,223,494	\$ 5,414,229	\$ 936,218	\$ 75,701,505
Total capital assets depreciated, net	\$ 123,522,668	\$ 8,256,651	\$ 81,323	\$ 131,697,996
Governmental Activities Capital Assets, Net	\$ 135,469,414	\$ 21,872,128	\$ 12,068,615	\$ 145,272,927

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued).

A. Assets (Continued)

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,096,827	\$ 1,048,468	\$ -	\$ 3,145,295
Construction in progress	180,562	1,162,933	181,485	1,162,010
Total capital assets not depreciated	\$ 2,277,389	\$ 2,211,401	\$ 181,485	\$ 4,307,305
Capital assets depreciated				
Land improvements	\$ 5,167,830	\$ 25,952	\$ 19,280	\$ 5,174,502
Buildings and improvements	91,415,792	254,502	597,070	91,073,224
Machinery, furniture, and equipment	39,266,903	2,259,565	2,437,686	39,088,782
Total capital assets depreciated	\$ 135,850,525	\$ 2,540,019	\$ 3,054,036	\$ 135,336,508
Less: accumulated depreciation for				
Land improvements	\$ 2,673,707	\$ 268,531	\$ 19,280	\$ 2,922,958
Buildings and improvements	39,815,526	3,246,776	597,070	42,465,232
Machinery, furniture, and equipment	24,080,908	3,811,533	2,335,893	25,556,548
Total accumulated depreciation	\$ 66,570,141	\$ 7,326,840	\$ 2,952,243	\$ 70,944,738
Total capital assets depreciated, net	\$ 69,280,384	\$ (4,786,821)	\$ 101,793	\$ 64,391,770
Business-Type Activities Capital Assets, Net	\$ 71,557,773	\$ (2,575,420)	\$ 283,278	\$ 68,699,075

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

A. Assets (Continued)

3. Capital Assets (Continued)

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

Governmental Activities	
General government	\$ 862,918
Public safety	887,959
Highways and streets, including depreciation of infrastructure assets	3,323,645
Human services	52,516
Culture and recreation	278,280
Conservation	8911
Total Depreciation Expense - Governmental Activities	<u>\$ 5,414,229</u>
Business-Type Activities	
Hospital operation	<u>\$ 7,326,840</u>

B. Interfund Receivables, Payables, and Transfers

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

1. <u>Due To/From Other Funds</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General		Human Services	\$ 22,826
		Public Works	392
		Other Governmental	408
Total due to General Fund			<u>\$ 23,626</u>
Public Works		General	\$ 12,217
		Other Governmental	10,713
Total due to Public Works Fund			<u>\$ 22,930</u>

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3. Detailed Notes on All Funds (Continued)

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

1. Due To/From Other Funds (Continued)

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental		Public Works	\$ 6,281
Total Due To/From Other Funds			<u>\$ 52,837</u>

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

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General		Ditch	\$ 302,500

The purpose of the advance from the General Fund to the Ditch Special Revenue fund is to provide cash flow for various drainage systems. The advance will be repaid in future years using special assessments levied on the benefited parcels.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued).

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

3. Transfers

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

Transfers to Capital Projects Fund from General Fund	\$	812,672	Provide funding for capital outlay
Transfers to General Fund from Capital Projects Fund		93,463	Provide funding for capital outlay
Total Transfers	\$	906,135	

C. Liabilities

1. Construction Commitments

The County has active construction projects as of December 31, 2020. The projects include the following:

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Courthouse boiler and switchgear	\$ 415,174	\$ 2,074
822 Douglas Admin Building	216,890	107,841
Roads and Bridges	5,673,152	68,838
Total Construction Commitments	\$ 6,305,216	\$ 178,753

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued).

C. Liabilities (Continued)

2. Vacation and Sick Leave

Governmental Activities

Under the County's personnel policies and union contracts, employees are granted vacation leave in varying amounts based on their length of service. Vacation leave accrual varies from 10 to 25 days per year. Sick leave accrual is 12 days per year.

Business-Type Activities

The Hospital sponsors an employee benefit program whereby employees retiring in good standing from the Hospital under the State of Minnesota Public Employees Retirement Association of Minnesota (PERA) retirement plan after 30 calendar years of employment will receive their unused sick and vacation leave by placing it into the Health Care Savings Plan, which is administered by the Minnesota State Retirement System. As of December 31, 2020, the Hospital had an estimated current sick leave benefit payable of \$788,727 and a long-term benefit payable of \$2,440,462.

3. Other Postemployment Benefits

Persons who retire with at least 25 years of service to Douglas County will have the option of leaving all of their regular and banked sick leave in a reserve fund to pay for continued health insurance coverage with the County, if eligible, or to pay the Medicare portion or the supplemental portion of their own and dependent insurance coverage.

The County's contribution for the year ended December 31, 2020 was \$7,696.

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

4. Leases

Operating Leases

Governmental Activities

The County has operating lease agreements in place as of December 31, 2020, with Marco Inc. for photo copiers and with Enterprise Fleet Management Trust for vehicles. Total lease payments for the year ended December 31, 2020, was \$228,038. Minimum future lease payments are as follows:

Year Ending December 31	Amount
2021	\$ 222,729
2022	180,061
2023	151,194
2024	109,468
2025	25,254
	<u>\$ 688,706</u>

Business-Type Activities

The Hospital leases certain equipment and office space under noncancelable long-term lease agreements. Total lease expense for the year ended December 31, 2020, for all operating leases was \$1,072,000. Minimum future lease payments for all operating leases are as follows:

Year Ending December 31	Amount
2021	\$ 667,930
2022	637,370
2023	637,370
2024	637,370
2025	637,370
	<u>\$ 3,217,410</u>

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

4. Leases (Continued)

Capital Leases

Governmental Activities

The County has entered into lease agreements with Marco Inc., De Lage Landen Financial Services, Pitney Bowes, and Enterprise. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. At December 31, 2020, the County had total assets under capital lease of \$652,745 with the related accumulated depreciation of \$242,157. Details about the capital leases at December 31, 2020, as follows:

Lease	Maturity	Installment	Payment Amount	Original Issue	Balance
Governmental Activities Photo Copiers, Postage Machine & Vehicle Leases	2021 - 2025	Various	Various	\$ 485,450	\$ 304,653
Total Capital Leases				<u>\$</u>	<u>\$ 304,653</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

Governmental Activities Year Ending December 31	Amount
2021	\$ 125,511
2022	111,838
2023	95,906
2024	51,167
2025	6,947
Total minimum lease payments	<u>\$ 391,369</u>
Less: amount representing interest	<u>(86,716)</u>
Present Value of Minimum Lease Payments	<u>\$ 304,653</u>

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

4. Leases (Continued)

Capital Leases (Continued)

Business-Type Activities

The Hospital has entered into a lease agreement with Intuitive Surgical, Inc. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. At December 31, 2020, the Hospital had total assets under capital lease of \$1,900,000 with the related accumulated depreciation of \$658,466. Details about the capital leases at December 31, 2020, as follows:

Lease	Maturity	Installment	Payment Amount	Original Issue	Balance
Business-Type Activities					
Da Vinci Robot Lease	2021 - 2023	Various	Various	\$ 1,900,000	\$ 1,316,938
Total Capital Leases				\$	\$ 1,316,938

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

Business-Type Activities	Amount
Year Ending	
December 31	
2021	\$ 434,907
2022	434,907
2023	507,982
	\$ 1,377,796
Total minimum lease payments	(60,858)
Less: amount representing interest	
Present Value of Minimum Lease Payments	\$ 1,316,938

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

5. Long-Term Debt

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
General Obligation Bonds					
2012C G.O. Capital Improvement Plan Bonds	2029	\$210,000 - \$485,000	2.00	\$ 7,155,000	\$ 3,905,000
2016A G.O. Jail Advanced Refunding Bonds	2030	\$625,000 - \$840,000	2.50 - 3.00	8,750,000	7,485,000
2019B Law Enforcement Center Refunding Bonds	2032	\$270,000 - \$625,000	4.00 - 5.00	5,580,000	5,580,000
2020B G.O. Capital Improvement Plan Bonds	2037	\$250,000 - \$310,000	1.00 - 2.00	4,260,000	4,260,000
Total General Obligation Bonds				\$ 25,745,000	\$ 21,230,000

In 2020, the County approved the sale of General Obligation Revenue Refunding Bonds, Series 2020A, to finance the acquisition of land and various equipment replacements and upgrades and the construction of various building modifications to accommodate the landfill mining operation for the WTE facility in Alexandria, MN.

In 2019, the County approved the sale of General Obligation Revenue Refunding Bonds, Series 2019A, to refinance the 2010A General Obligation Bonds. PDSW is responsible for making the payments on the 2019A and 2020A bonds. See Note 9.B.2.

In 2012, the County issued \$7,155,000 in General Obligation Capital Improvement Bonds, Series 2012C, for an advance refunding of the Series 2008A Public Project HRA Revenue Bonds maturing 2019-2029. The total cash savings to the County attributable to the refunding of these bonds was \$1,005,983 with a net present value of approximately \$779,297.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

5. Long-Term Debt (Continued)

Governmental Activities (Continued)

In 2016, the County also approved the full cash defeasance of General Obligation Courthouse Bonds, Series 2011B, \$896,276 was placed in an irrevocable escrow account to make the remaining principal and interest payments through February 1, 2020. The 2011B bonds are deemed defeased and therefore removed from the County's financial statements. The December 31, 2020, balance of this debt is \$-0-. The total interest payment savings to the County attributable to the defeasance of these bonds was \$181,690.

In 2016, the County issued \$8,750,000 in General Obligation Jail Refunding Bonds, Series 2016A with interest rates of 2.5% to 3.0%. These proceeds were used to provide for an advanced refunding of the General Obligation Jail Bonds, Series 2009A in 2018 when the bonds were called. Because of this refunding, the County decreased its debt service requirements \$982,302, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt service) of \$833,663.

In 2019, the County issued \$5,580,000 in General Obligation Law Enforcement Center Refunding Bonds, Series 2019B with interest rates of 4.0% to 5.0%. These proceeds were used to call the General Obligation Law Enforcement Center Bonds, Series 2011A in 2020. The December 31, 2020, balance of this debt is \$-0-. Because of this refunding, the County decreased its debt service requirements \$835,664, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt service) of \$733,975.

In 2020, the County issued \$4,260,000 in General Obligation Capital Improvement Plan Bonds, Series 2020B with interest rates of 1.0% to 2.0%. The proceeds will be used to finance various capital improvements, including remodeling the 822 Douglas Building for County offices and to reimburse the County for prior expenditures made to the acquire the property, identified in the Capital Improvement Plan, dated November 3, 2020.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

5. Long-Term Debt (Continued)

Notes from Direct Borrowings and Direct Placements

Governmental Activities

Beginning in 2004, the County has entered into loan agreements with the State of Minnesota Pollution Control Agency for implementation of a clean water partnership.

The County's outstanding notes from direct borrowings related to governmental activities of \$32,892 contain a (1) provision that if the County is unable to make a payment when due, an interest penalty of 2% per annum shall accrue per annum on the principal and interest owed commencing on the date payment is due and continuing until the late payment is received contain (2) a provision that in the event of default, demand for the full payment of all amounts due and (3) a provision that if the County fails to comply with any other provision within the note agreement a denial or withhold of disbursement requests may take place until the condition has been corrected (b) a reduction of the loan amount or termination of the note agreement.

Notes from Direct Borrowings and Direct Placements	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Sewer Clean Water Loan					
SRF0184	2021	\$ 7,171	2.00	\$ 129,397	\$ 7,100
SRF0206	2022	682	2.00	12,303	2,660
SRF0256	2026	2,211	2.00	40,263	23,132
Total Loans Payable				\$ 181,963	\$ 32,892

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

5. Long-Term Debt (Continued)

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Gross Revenue Healthcare Facilities Bonds, Series 2012A	2042	\$15,000 - \$30,000	2.74	\$ 2,500,000	\$ 2,005,000
Gross Revenue Healthcare Facilities Bonds, Series 2012B	2042	\$55,000 - \$175,000	3.91	12,500,000	4,691,121
Gross Revenue Healthcare Facilities Bonds, Series 2014A	2038	\$148,945	3.03	10,000,000	8,156,036
Gross Revenue Healthcare Facilities Bonds, Series 2015A	2038	\$589,037	2.90	10,000,000	8,149,822
Gross Revenue Healthcare Facilities Bonds, Series 2017A	2042	\$41,785	3.29	8,500,000	7,745,221
Gross Revenue Healthcare Facilities Bonds, Series 2017B	2038	\$24,204	3.01	1,500,000	1,327,531
Gross Revenue Healthcare Facilities Bonds, Series 2018A	2038	\$63,965	4.14	3,903,027	3,502,659
Gross Revenue Healthcare Facilities Bonds, Series 2018B	2042	\$88,644	3.03	1,500,000	5,609,902
Total Gross Revenue Healthcare Facilities Bonds				\$ 50,403,027	\$ 41,187,292

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

5. Long-Term Debt (Continued)

Business-Type Activities (Continued)

Notes from Direct Borrowings and Direct Placements

The Hospital's outstanding notes from direct borrowings related to business-type activities of \$6,737,354 contain (1) a provision that if the Hospital is unable to make a payment when due, in interest penalty may be imposed and one or more of the following remedies may be exercised (a) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (b) exercise any other remedy available under law including but not limited to reimbursement of collection and enforcement of payment costs incurred.

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Notes from Direct Borrowings and Direct Placements	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
Promissory Notes Ending May 31, 2021	2021	\$288,236	5.00	\$ 2,017,652	\$ 432,354
Foundation Promissory Note A Ending November 10, 2047	2047	\$13,882	1.28	4,345,250	4,345,250
Foundation Promissory Note B Ending November 10, 2047	2047	\$6,261	1.28	1,959,750	1,959,750
Total Promissory Notes				\$ 8,322,652	\$ 6,737,354

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

6. Debt Service Requirements

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

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2021	\$ 1,370,000	\$ 562,115
2022	1,470,000	546,705
2023	1,775,000	498,217
2024	1,830,000	443,467
2025	1,890,000	386,593
2026 - 2030	9,560,000	1,064,919
2031 - 2035	2,715,000	127,148
2036 - 2037	620,000	7,905
Total	\$ 21,230,000	\$ 3,637,069

Year Ending December 31	Notes from Direct Borrowings and Direct Placements		Capital Leases Payable	
	Principal	Interest	Principal	Interest
2021	\$ 12,436	\$ 560	\$ 96,145	\$ 29,366
2022	5,444	382	86,404	25,434
2023	4,183	280	74,837	21,069
2024	4,267	195	41,171	9,996
2025	4,353	110	6,096	851
2026	2,309	22	-	-
Total	\$ 32,892	\$ 1,549	\$ 304,653	\$ 86,716

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

6. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending December 31	Gross Revenue Healthcare Bonds		Capital Lease Obligations	
	Principal	Interest	Principal	Interest
2021	\$ 1,527,280	\$ 1,281,289	\$ 402,721	\$ 32,186
2022	1,604,991	1,232,369	414,309	20,598
2023	1,663,746	1,181,525	499,908	8,074
2024	1,712,982	1,130,097	-	-
2025	1,765,956	1,074,931	-	-
2026 - 2030	9,667,916	4,503,637	-	-
2031 - 2035	11,325,084	2,872,012	-	-
2036 - 2040	9,657,250	1,066,235	-	-
2041 - 2042	2,262,087	77,040	-	-
Total	\$ 41,187,292	\$ 14,419,136	\$ 1,316,938	\$ 60,858

Year Ending December 31	Notes from Direct Borrowings and Direct Placements	
	Principal	Interest
2021	\$ 432,354	\$ 102,190
2022	-	80,572
2023	-	80,572
2024	59,062	80,572
2025	238,143	79,817
2026 - 2030	1,237,374	352,647
2031 - 2035	1,318,882	271,528
2036 - 2040	1,405,759	185,066
2041 - 2045	1,498,359	92,909
2046 - 2050	547,421	10,013
Total	\$ 6,737,354	\$ 1,335,886

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

7. Changes in Long-Term Liabilities

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Bonds payable					
G.O. bonds	\$ 25,025,000	\$ 4,260,000	\$ 8,053,000	\$ 21,230,000	\$ 1,370,000
Add: unamortized premium	1,651,067	191,969	236,089	1,606,947	-
Total G.O. Bonds	\$ 26,676,067	\$ 4,451,969	\$ 8,291,089	\$ 22,836,947	\$ 1,370,000
Notes from direct borrowings and direct placements	52,112	-	19,220	32,892	12,436
Capital leases payable	269,307	127,130	91,784	304,653	96,145
Compensated absences	3,639,086	893,135	967,450	3,564,771	1,578,871
Governmental Activities Long-Term Liabilities	\$ 30,636,572	\$ 5,472,234	\$ 9,369,543	\$ 26,739,263	\$ 3,057,452

Debt is generally paid from the Bonds and Interest Debt Service Fund. The loans are paid from the General Fund. The capital leases, compensated absences, and other postemployment benefits are paid from the General Fund, Public Works, Human Services, and Library Special Revenue Funds.

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Bonds payable					
Gross Revenue Healthcare Facilities Bonds	\$ 42,728,933	\$ -	\$ 1,541,641	\$ 41,187,292	\$ 1,527,280
Notes from direct borrowings and direct placements	71,697,708	-	432,354	6,737,354	432,354
Capital leases payable	1,708,396	-	391,458	1,316,938	402,721
Compensated absences	2,365,703	2,440,462	2,365,703	2,440,462	-
Business-Type Activities Long-Term Liabilities	\$ 53,972,740	\$ 2,440,462	\$ 4,731,156	\$ 51,682,046	\$ 2,362,355

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Detailed Notes on All Funds (Continued)

C. Liabilities (Continued)

8. Unearned Revenue

Business-Type Activities

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Given the significant impact the pandemic had on global markets, supply chains, businesses and communities, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers. Total grant funds approved and received by the Hospital from these grants was approximately \$9.5M. The HHS grant funds are subject to certain restrictions on eligible expenses or uses, and reporting requirements. The total amount received was recognized as revenue and is included in noncapital grants, contributions and other in the statements of revenues, expenses, and changes in net position.

Specific to the Hospital, COVID-19 may impact various parts of its 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Hospital is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act the Centers for Medicare & Medicaid Services (CMS) administered an Accelerated and Advanced Payment Program to provide additional relief funds to providers. During the year ended December 31, 2020 the Hospital received total advanced funds through the Accelerated and Advanced Payment Program of approximately \$18.4M, which is to be recouped by CMS within one year from the date the funds were received. These amounts are reflected as unearned revenue in the statements of net position.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems

A. Defined Benefit Plans

Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan
All full-time and certain part-time employees of the County not required to be part of the Public Employee Police and Fire Plan or the Public Employees Correctional Plan are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.
2. Public Employees Police and Fire Plan
The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.
3. Local Government Correctional Plan
The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients every January 1. Beginning in 2019, the postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 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 Rule of 90 are exempt from the delay to normal retirement.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Benefits Provided (Continued)

2. Police and Fire Plan Benefits
Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. 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.

3. Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the 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 2.5 percent to 1.5 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.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions
Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2020. The County was required to contribute 7.50 percent for Coordinated Plan members in calendar year 2020. The County's, the Hospital's and Pope/Douglas Solid Waste Management's contributions to the General Employees Fund for the year ended December 31, 2020, were \$991,129, \$3,272,610 and \$219,516, respectively. The County's, the Hospital's and Pope/Douglas Solid Waste Management's contributions were equal to the required contributions as set by state statute.
2. Police and Fire Fund Contributions
Plan members contribution rates increased from 11.3 percent of pay to 11.8 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$497,856. The County's contributions were equal to the required contributions as set by state statute.
3. Correctional Fund Contributions
Plan members were required to contribute 5.83 percent of their annual covered salary and the County was required to contribute 8.75 percent of pay for plan members in fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020, were \$150,927. The County's contributions were equal to the required contributions as set by state statute.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2020, the County reported a liability of \$10,761,845 for its proportionate share of the General Employees Fund's net pension liability. The County's net position liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with Douglas County totaled \$331,973. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .1795 at the end of the measurement period and .1743 percent for the beginning of the period.

At December 31, 2020, the Hospital reported a liability of \$37,405,656 for its proportionate share of the General Employees Fund's net pension liability. The Hospital's net position liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Hospital totaled \$1,153,567. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hospital's proportion of the net pension liability was based on the Hospital's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The Hospital's proportionate share was .6239 percent at the end of the measurement period and .6397 percent for the beginning of the period.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2020, Pope/Douglas Solid Waste Management reported a liability of \$2,290,265 for its proportionate share of the General Employees Fund's net pension liability. PDSW's net position liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with PDSW totaled \$70,663. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. PDSW's proportion of the net pension liability was based on PDSW's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. PDSW's proportionate share was .0382 percent at the end of the measurement period and .0354 percent for the beginning of the period.

	Governmental Activities	Hospital	Pope/Douglas Solid Waste Management
Proportionate share of net pension liability	\$ 10,761,845	\$ 37,405,656	\$ 2,290,265
State of Minnesota's proportionate share of the net pension liability associated with	331,973	1,153,567	70,663
Total	\$ 11,093,818	\$ 38,559,223	\$ 2,360,928

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2020, the County recognized pension expense of \$424,608 for its proportionate share of the General Employees Plan's pension expense. The Hospital recognized pension expense of \$2,256,171 for its proportionate share of the General Employees Plan's pension expense. Pope/Douglas Solid Waste Management recognized pension expense of \$155,475 for its proportionate share of the General Employees Plan pension expense.

In addition, the County recognized an additional \$28,892 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employee Fund. The Hospital recognized an additional \$100,395 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund. PDSW recognized an additional \$6,150 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2020, 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:

	Douglas County		Hospital	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 98,121	\$ 40,717	\$ 341,048	\$ 141,525
Changes in actuarial assumptions	-	398,983	-	1,386,772
Difference between projected and actual investment earnings	185,918	-	646,210	-
Changes in proportion	248,450	223,309	438,689	1,144,564
Contributions paid to PERA subsequent to the measurement date	504,818	-	1,696,369	-
Total	\$ 1,037,307	\$ 663,009	\$3,122,316	\$2,672,861

	Pope/Douglas Solid Waste Management	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 20,882	\$ 8,665
Changes in actuarial assumptions	-	84,909
Difference between projected and actual investment earnings	39,566	-
Changes in proportion	186,575	-
Contributions paid to PERA subsequent to the measurement date	114,352	-
Total	\$ 361,375	\$ 93,574

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

\$2,315,539 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Douglas County Expense Amount	Hospital Expense Amount	Pope/Douglas Solid Waste Management Expense Amount
2021	(708,789)	(2,542,906)	(53,811)
2022	30,754	(67,240)	65,789
2023	287,425	459,536	88,137
2024	260,010	903,696	55,334

2. Police and Fire Fund Pension Costs

At December 31, 2020, the County reported a liability of \$3,179,274 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .2412 at the end of the measurement period and .2446 percent for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the County recognized pension expense of \$435,564 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$21,708 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The County also recognized \$21,708 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

Proportionate share of net pension liability	Governmental Activities
	\$ 3,179,274
State of Minnesota's proportionate share of the net pension liability associated with	74,903
Total	\$ 3,254,177

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2020, 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:

	Douglas County	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 140,478	\$ 150,981
Changes in actuarial assumptions	1,065,441	1,982,801
Difference between projected and actual investment earnings	96,569	-
Changes in proportion	182,146	48,590
Contributions paid to PERA subsequent to the measurement date	252,605	-
Total	\$ 1,737,239	\$ 2,182,372

\$252,605 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	Douglas County Expense Amount
2021	\$ (170,446)
2022	(847,152)
2023	164,876
2024	162,466
2025	(7,482)

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

3. Correctional Plan Pension Costs

At December 31, 2020, the County reported a liability of \$219,514 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .8090 at the end of the measurement period and .8092 percent for the beginning of the period.

For the year ended December 31, 2020, the County recognized pension expense of \$(432,591) for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2020, 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:

	Douglas County	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 2,059	\$ 80,779
Changes in actuarial assumptions	-	444,544
Difference between projected and actual investment earnings	41,764	-
Changes in proportion	-	33,178
Contributions paid to PERA subsequent to the measurement date	74,168	-
Total	\$ 117,991	\$ 558,501

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
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4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

\$74,168 was reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31:	Douglas County Expense Amount
2021	\$ (530,092)
2022	(36,363)
2023	12,173
2024	39,604

The total pension expense for all plans recognized by the County for the year ended December 31, 2020, was \$478,181 for governmental activities.

Actuarial Assumptions

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

	General	Police & Fire	Corrections
Inflation	2.25% per year	2.50% per year	2.50% per year
Active Member Payroll Growth	3.00% per year	3.25% per year	3.25% per year
Investment Rate of Return	7.50%	7.50%	7.50%

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disableds were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 2.0 percent per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0 percent per year as set by state statute.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Actuarial Assumptions (Continued)

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

B. Defined Benefit Plans (Continued)

Actuarial Assumptions (Continued)

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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	35.5%	5.10%
International Equity	17.5%	5.30%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
Unallocated Cash	2.0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. 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.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

A. Defined Benefit Plans (Continued)

Pension Liability Sensitivity

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

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
County's Proportionate Share of the General Employee Retirement Plan Net Pension Liability	\$ 17,247,505	\$ 10,761,845	\$ 5,411,697
Hospital's Proportionate Share of the General Employee Retirement Plan Net Pension Liability	59,948,292	37,405,656	18,809,793
PDSW's Proportionate Share of the General Employee Retirement Plan Net Pension Liability	3,670,500	2,290,265	1,151,681
County's Proportionate Share of the Public Employee Police and Fire Plan Net Pension Liability	6,336,751	3,179,274	567,015
County's Proportionate Share of the Public Employee Correctional Plan Net Pension Liability	1,364,257	219,514	(697,026)

Pension Plan Fiduciary Net Position

Detailed information about each 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.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

B. Defined Contribution Plan

Six elected officials of Douglas County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee 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 twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2020 were:

Contribution Amount	Percentage of Covered Payroll		Required Rate
	Employee	Employer	
\$ 16,024	\$ 16,024	5%	5%

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB)

Plan Description

The County provides a single-employer OPEB that provide basic medical and hospitalization plan coverage to eligible retirees. County policy allows employees retiring under PERA to continue their coverage under the County's group health insurance program for life. At retirement, employees of Douglas County receiving a retirement or disability benefit, or eligible to receive a benefit from a Minnesota public pension plan, may continue to participate in the County-sponsored group health insurance plan that the employee was a participant of immediately prior to retirement, with premiums to be paid by the employee. Employees may obtain dependent coverage at retirement, at their own cost, only if the employee was receiving dependent coverage immediately prior to retirement.

Retirees, spouses, and dependents are eligible to remain in the County-sponsored group health insurance plan, provided the applicable premiums are paid. Retirees that elect not to continue health coverage at any time (postemployment) are not eligible to re-enroll in the County-sponsored group health insurance plan. Retirees who initially obtained spouse and/or dependent coverage may drop spouse and/or dependent coverage and maintain coverage for themselves; retirees may not drop coverage for themselves and maintain spouse and/or dependent coverage. At December 31, 2020, the County had one and the Hospital had 13 inactive plan members entitled to but not receiving benefits. Covered spouses and/or dependents may continue coverage after the retiree's death, provided the applicable premiums are paid.

At December 31, 2020, the following participants were covered were receiving benefits:

	Douglas County	Douglas County Hospital
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	15	20
Active Plan Members	286	805
Total	301	825

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Funding Policy

The County and the Hospital have no assets accumulated in a trust that meets the criteria in GASB 75. Contribution requirements are negotiated between the County and union representatives. The eligibility for, amount of, duration of and the County's contribution to the cost of the benefits provided varies by contract and date of retirement. Retirees and their beneficiaries contribute to the health care plan at the same rate as County employees plus a 2% administrative charge. The County and Hospital are funding this liability on a pay-as-you-go basis. For fiscal year 2020, the County contributed \$145,481 and the Hospital contributed \$198,795 to the plan.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Governmental Activities

The total OPEB liability of \$1,358,535 was measured as of January 1, 2020, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2020. Management engages the actuary for the valuation as of a specific date, based on census data. This report may or may not match the County's fiscal year end. It may have a measurement date up to 12 months prior to the County's year end.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service graded table
Health Care Trend Rates	6.50% in 2020 decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Governmental Activities (Continued)

The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2020 valuation were based on the Public Employees Retirement Association of Minnesota actuarial experience studies. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The discount rate used to measure the total OPEB liability was 2.90%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Since the most recent valuation, the following assumption changes have been made:

- The health care trend rates, mortality tables, and salary scale assumptions were updated.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The assumed percentage of future retirees electing to continue coverage on the County's plan was changed from 65% to 55%.
- The discount rate was changed from 3.80% to 2.90%.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Business-Type Activities

The Hospital administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and their spouses through the Hospital's group health insurance plan, which covers both active and retired members. The healthcare plan does not issue a publicly available financial report.

The total OPEB liability of \$3,099,190 was measured as of January 1, 2020, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2019. Management engages the actuary for the valuation as of a specific date, based on census data. This report may or may not match the Hospital's fiscal year end. It may have a measurement date up to 12 months prior to the Hospital's year end.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.80%
20-Year Municipal Bond Rate	3.80%
Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	6.50% Decreasing to 5.00% Over 6 Years

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement.

The actuarial assumptions used in the January 1, 2019 to value GASB 75 liabilities are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

The discount rate used to measure the total OPEB liability was 3.80%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

Changes in OPEB Liability

Governmental Activities

Balances at December 31, 2019	\$ 2,142,242
Changes for the year:	
Service Cost	100,457
Interest	82,484
Assumption Changes	(162,531)
Differences Between Expected and Actual Experience	(658,636)
Benefit Payments	(145,481)
Net change in Total OPEB liability	(783,707)
Total OPEB, End of Year	<u>\$ 1,358,535</u>

Business-Type Activities

Balances at December 31, 2019	\$ 2,918,640
Changes for the year:	
Service Cost	262,214
Interest	117,131
Assumption Changes	-
Differences Between Expected and Actual Experience	-
Benefit Payments	(198,795)
Net change in Total OPEB liability	(180,550)
Total OPEB, End of Year	<u>\$ 3,099,190</u>

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4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

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

<u>Governmental Activities</u>			
	1% Decrease (1.9%)	Discount Rate (2.9%)	1% Increase (3.9%)
Total OPEB Liability	\$ 1,453,614	\$ 1,358,535	\$ 1,267,817
<u>Business-Type Activities</u>			
	1% Decrease (2.8%)	Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB Liability	\$ 3,350,406	\$ 3,099,190	\$ 2,868,003

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00% over 6 years) or 1% higher (7.50% decreasing to 6.00% over 6 years) than the current healthcare cost trend rates:

<u>Governmental Activities</u>			
	1% Decrease (5.50% Decreasing to 4%)	Current Trend Rates (6.50% Decreasing to 5%)	1% Increase (7.50% Decreasing to 6.00%)
Medical Trend Rate	\$ 1,219,837	\$ 1,358,535	\$ 1,521,467
Total OPEB Liability	<u>\$ 1,219,837</u>	<u>\$ 1,358,535</u>	<u>\$ 1,521,467</u>
<u>Business-Type Activities</u>			
	1% Decrease (5.50% Decreasing to 4%)	Current Trend Rates (6.50% Decreasing to 5%)	1% Increase (7.50% Decreasing to 6%)
Medical Trend Rate	\$ 2,748,306	\$ 3,099,190	\$ 3,522,197
Total OPEB Liability	<u>\$ 2,748,306</u>	<u>\$ 3,099,190</u>	<u>\$ 3,522,197</u>

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. Pension Plans and Employee Retirement Systems (Continued)

C. Other Postemployment Benefits (OPEB) (Continued)

For the year ended December 31, 2020, the County recognized OPEB expense of \$55,870. The Hospital recognized OPEB expense of \$379,345.

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Douglas County		Hospital	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ -	\$ 564,545	\$ 63,212	\$ -
Changes in actuarial assumptions	-	188,111	-	544,900
Contributions subsequent to the measurement date	80,107	-	203,054	-
Total	\$ 80,107	\$ 752,656	\$ 266,266	\$ 544,900

\$80,107 in deferred outflows of resources resulting from the County's and \$203,054 resulting from the Hospital's contributions subsequent to the measurement date which will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense amount as follows:

Year ending December 31:	Douglas County Expense Amount	Hospital Expense Amount
2021	\$ (127,071)	\$ (96,337)
2022	(127,071)	(96,337)
2023	(127,071)	(96,337)
2024	(127,071)	(96,337)
2025	(127,065)	(96,340)
Thereafter	(117,307)	

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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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), formerly the Minnesota Counties Insurance Trust. The County is a member of both the MCIT Workers' 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 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.

The County entered into a program to self-insure group hospitalization, medical, and major medical benefits for its employees pursuant to *Minnesota Statutes* § 471.61. The County ended this program effective December 31, 2014. Effective January 1, 2015, the County offers health insurance through a third party provider.

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and an annual aggregate limit of \$5,000,000. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. Net Patient Service Revenue – Hospital Operating Enterprise Fund

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services provided, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Gross patient revenue at established rates, less third-party payer contractual adjustments, consisted of the following as of December 31, 2020:

Patient service revenue	\$ 384,519,115
Allowances for contractual adjustments and provisions for bad debts	<u>(233,990,304)</u>
Net Patient Service Revenue	<u>\$ 150,528,811</u>

7. Investments in Affiliated Companies – Hospital Operating Enterprise Fund

The Hospital owns 50% of the outstanding stock of West Central Linen Services, Inc. The carrying value of the investment at December 31, 2020 was \$244,845 and is recorded using the equity method. The investment is included in other assets in the statement of net position at December 31, 2020. Total purchased services from West Central Linen Services, Inc. for the year ended December 31, 2020 was \$300,115.

The Hospital purchases imaging services from Alexandria Center for Diagnostic Imaging, LLC (ACDI). The Hospital had a 15% interest in ACDI at December 31, 2016. On January 31, 2017, the Hospital purchased Latoka Investments, LLC 12.75% interest in ACDI for approximately \$3,032,000. On May 31, 2017, the Hospital purchased 610 Properties, LLC, 34.85% interest in ACDI for approximately \$8,287,000, with \$2,017,652 issued as 7 identical promissory notes payable over 4 years. As of December 31, 2017, the Hospital has a 62.6% interest in ACDI. The investment in ACDI is recorded using the equity method and is included in other assets in the statement of net position at December 31, 2020. The recorded investment at December 31, 2020 is \$10,755,803. As part of the agreement, the Hospital receives 16.50% of the net patient service revenue generated by ACDI which totaled \$1,119,076 for 2020 and is recorded in other revenue in the statement of revenue, expenses, and changes in net position. Amounts receivable related to this revenue at December 31, 2020 was \$122,284 and is included in other receivables in the statement of net position. The Hospital also receives dividend payments from ACDI which totaled \$2,166,586 for 2020. The Hospital also leases certain imaging equipment from ACDI. Total lease payments for 2020 totaled \$782,322 and is included as rent in the statement of revenues, expenses, and changes in net position. The Hospital had amounts payable to ACDI of \$241 as of December 31, 2020.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. Summary of Significant Contingencies and Other Items

A. Community Benefit and Charity Care

The Hospital provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$771,291 for the year ended December 31, 2020, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients.

B. Contingent Liabilities

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

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

C. Joint Ventures

West Central Area Agency on Aging/Land of the Dancing Sky Area Agency on Aging

The West Central Area Agency on Aging was established June 2, 1992, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. In 2005, The Area Agency on Aging became part of a larger planning and service area covering 21 counties. This is a partnership between the Northwest Regional Development Commission, the 5-county service area of Region 2, and the West Central Area Agency on Aging. The combined area on aging, known as the Land of the Dancing Sky Area on Aging, was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area. Each county may be assessed a proportional share of the 25% of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25% of the administrative costs will be based upon the number of persons age 60 or older living within that county. In 2020, the County paid \$7,544 to the Northwest Regional Development Commission for Land of the Dancing Sky Area Agency on Aging as its share of the 2020 assessment.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures

West Central Area Agency on Aging/Land of the Dancing Sky Area Agency on Aging (Continued)

The Land of the Dancing Sky umbrella board meets quarterly to discuss and approve major items such as the area plan and dollar allocations, while the advisory councils and joint powers boards continue to meet monthly to make decisions affecting their local counties.

Control is vested in the West Central Board on Aging. The Board consists of one Commissioner from each of the counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the beginning of the fiscal year. The chair shall forward a copy to each of the counties. Withdrawal shall not act to discharge any liability incurred or chargeable to any county prior to the effective date of withdrawal.

Complete financial information can be obtained from:

Land of the Dancing Sky
109 S Minnesota St
Warren, Minnesota 56762

Rainbow Rider Transit Board

The West Central Multi-County Joint Powers Transit Board (Rainbow Rider) was established December 1, 1994, by a joint powers agreement among Douglas, Pope, Stevens, and Traverse Counties. Operations did not begin until 1995. Effective January 13, 2000, the Board changed its name from West Central Multi-County Joint Powers Transit Board to Rainbow Rider Transit Board. The agreement was established to provide a coordinated service delivery and funding source for public transportation for the mutual benefit of each of the joint participants. The joint powers agreement remains in force until any single county notifies the other parties of its intentions to withdraw at least 90 days before the termination takes effect. The remaining counties may agree to continue the agreement with the remaining counties as members.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Rainbow Rider Transit Board (Continued)

Title to three Heartland Express buses was transferred to Rainbow Rider as part of this transition. Douglas County received from Rainbow Rider a capital credit toward Douglas County's share of future capital purchases. This credit was for 20% of the present market value of the equipment transferred, which was the percentage that Douglas County originally contributed to purchase that equipment.

Control is vested in the Rainbow Rider Transit Board. The Board consists of two members from each county. Each member of the Board is appointed by the County Commissioners of the county he or she represents. Members of the Board serve an annual term and may be reappointed by their respective County Boards. Effective January 1, 2011, Grant County became a member county. Effective January 1, 2012, Todd County became a member county. In 2020, the County contributed \$15,913 to Rainbow Rider.

Complete financial information can be obtained from:

Rainbow Rider
P. O. Box 136
Lowry, Minnesota 56349

West Central Minnesota Drug and Violent Crime Task Force

The West Central Minnesota Drug and Violent Crime Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to *Minnesota Statutes* § 471.59, and includes Becker, Douglas, Grant, Otter Tail, Pope, and Wadena Counties, and the Cities of Alexandria, Fergus Falls, Glenwood, Starbuck, and Wadena. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the six-county area.

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency. In the event of dissolution of the Task Force, the equipment will be divided and returned to the appropriate agencies. However, if only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force. The Task Force is reported as a custodial fund in Douglas County's financial statements. Financing and equipment will be provided by the full-time and associate member agencies. Douglas County provided \$5,000 to this organization in 2020.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Prime West Central County-Based Purchasing Initiative

The Prime West Central County-Based Purchasing Initiative was established in December 1998 by a joint powers agreement between Douglas County and nine other counties under the authority of *Minnesota Statutes* § 471.59. Three more counties joined in 2008. The purpose of this agreement is to plan and administer a multi-county, county-based purchasing program for medical assistance and general assistance medical care services and other health care programs as authorized by *Minnesota Statutes* § 256B.692.

Control of the Prime West Central County-Based Purchasing Initiative is vested in a Joint Powers Board. The Board consists of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county he or she represents.

In the event of termination of the joint powers agreement, all property purchased or owned pursuant to this agreement shall be sold and the proceeds, together with monies on hand, will be distributed to the current members based on their proportional share of each member's county-based purchasing-eligible population.

Financing is provided by medical assistance and general assistance medical care payments from the Minnesota Department of Human Services; initial start-up loans from the member counties; and by proportional contributions from member counties, if necessary, to cover operational costs. Douglas County did not contribute any funds to the Prime West Central County-Based Purchasing Initiative during 2020.

Complete financial information can be obtained from:

Prime West Health System
3905 Dakota St
Alexandria, Minnesota 56308

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Pomme de Terre River Association

The Pomme de Terre River Association Joint Powers Board was established August 11, 1981, by a joint powers agreement between Douglas County and five other counties and their respective soil and water conservation districts. The agreement was made to develop and implement plans to protect property from damage of flooding; control erosion of land; protect streams and lakes from sedimentation and pollution; and maintain or improve the quality of water in the streams, lakes, and ground water lying within the boundaries of the watershed of the Pomme de Terre River. Administrative costs are apportioned equally to the soil and water conservation districts based on actual costs.

Control is vested in a Joint Powers Board. The Board consists of one representative of each County Board of Commissioners and one representative from each soil and water conservation district Board of Supervisors included within the agreement. During 2020, the County didn't make a contribution to the Joint Powers Board.

Complete financial information can be obtained from:

Pomme de Terre River Association Joint
Powers Board
12 Hwy 28 E, Ste 2
Morris, MN 56267

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Central Minnesota Emergency Services Board

The Central Minnesota Emergency Services Board (previously the Central Minnesota Regional Radio Board) was established in 2007, under the authority conferred upon the member parties by *Minnesota Statutes* §§ 471.59 and 403.39, and includes the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Laacs, Morrison, Otter Tail, Pope, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota. The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by the respective County Board and one City Council member from each city appointed by the respective City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants.

In 2020, the County contributed \$15,622 to the Central Minnesota Emergency Services Board. Complete financial information can be obtained from:

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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Chippewa River Watershed Project

The Chippewa River Watershed Project Board (CRWP) was established pursuant to *Minnesota Statutes* § 471.59 and a joint powers agreement, effective October 10, 2012, and includes Chippewa, Douglas, Grant, Kandiyohi, Pope, Stevens and Swift counties. The agreement was established to develop and implement plans to promote the orderly water quality improvement and management of the Chippewa River Watershed through information sharing, fund seeking, education, coordination and related support to the members with regard to the protection of property from damage of flooding, controlling erosion of land; protection of property, streams and lakes from sedimentation and pollution; and maintaining and improving the quality of water in the streams, lakes and ground water and improving recreation and wildlife.

Control is vested in a Joint Powers Board. The Board is comprised of one representative of each County Board of Commissioners included in the agreement. A reserve account of \$25,800 will be established by the member counties based on the percent of the watershed that is in each member county. The CRWP will operate on grants obtained to carry out its purpose. The annual budget will be dependent on work plans and budgets tied directly to grant agreements. Members have the right to withdraw from the agreement on December 31 with at least a 6-month notice. The CRWP shall continue indefinitely in full force and effect until all grant funds are exhausted or until all member parties, or all remaining member parties, mutually agree to terminate the agreement by joint resolution passed by the member parties respective boards. In the event of a termination of the agreement, all property, real and personal, held by the CRWP shall be distributed by resolution to the member counties by the percent of the watershed that is located in each member county. In 2020, the County contributed \$4,200 to the CRWP Board.

Complete financial information can be obtained from:

Chippewa River Watershed Project
629 N 11th Street, Suite 17
Montevideo, MN 56265

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Horizon Public Health

Douglas County and 4 other counties and 2 other joint participants entered into a joint powers agreement to establish the Horizon Community Health Board, effective October 4, 2010 with duties commencing January 1, 2011. Prior to this date, the Board was previously called Mid-State Community Health Services and included Grant, Pope, Stevens, and Traverse Counties. Horizon Community Health Board disbanded effective January 1, 2015, and a new joint powers agreement was entered into by the 5 counties to operate the fiscally independent Horizon Public Health entity.

Control is vested in Horizon's Board, which consists of 13 members comprised of 11 County Commissioners and 2 community representatives. Each member of the Board is appointed by the County Commissioners of the county they represent.

Financing is provided by state and federal grants, charges for services, miscellaneous revenue, and contributions from the five member counties. During 2020, Douglas County contributed \$252,063 to Horizon Public Health.

Complete financial statements for Horizon Public Health can be obtained from:

Horizon Public Health
809 Elm Street, Suite 1200
Alexandria, MN 56308

Viking Library System

Douglas County, along with 10 cities and 5 other counties, participates in Viking Library System in order to establish, continue, strengthen, and improve library services in the participating cities and counties. The Viking Library System was created as a public library service in 1975 by Douglas, Grant, Otter Tail and Stevens Counties along with the Cities of Alexandria, Elbow Lake, Fergus Falls, Hancock, and Morris. Additions to the library system included the Cities of Wheaton, Browns Valley, Glenwood, New York Mills, and Perham in 1976; Pope County in 1981; Traverse County in 1983; and the City of Pelican Rapids in 1988. In 1992, the Alexandria Library became the Douglas County Library.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Viking Library System (Continued)

The Viking Library System is governed by a governing board which consists of 19 members. Each County board appoints a resident of the County, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2020, Douglas County provided \$138,314 to the Viking Library System.

Complete financial statements for Viking Library System can be obtained from:

Viking Library System
1915 Fir Avenue West
Fergus Falls, MN 56537

Counties Providing Technology

In 2018, 23 counties created a joint powers organization named Counties Providing Technology (CPT) for the purpose of purchasing their former software vendor, Computer Professionals Unlimited, Inc. (CPU) and then provide for the development, operation and maintenance of such systems for the use and benefit of the members and other governmental units.

In 2020, the County didn't make a contribution to Counties Providing Technology.

Complete financial information for Counties Providing Technology can be obtained from:

Counties Providing Technology
400 Colorado Avenue, Suite 303
Morris, MN 56267

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

C. Joint Ventures (Continued)

Mid-State Computer Collaborative

In 2018, 29 counties created a joint powers organization named Mid-State Computer Collaborative (MSCC) for the purpose of providing an organization through which the counties may jointly provide for the following: 1. the sharing of costs of computer software and other information technology, 2. jointly negotiate contracts with vendors of products and services and 3. create an entity capable of owning technology and software licenses on behalf of all the parties.

In 2020, the County didn't make a contribution to MSCC. Complete financial information is not available for MSCC. Treasurer's reports can be obtained from:

Mid-State Computer Collaborative
325 N Sibley Avenue
Litchfield, MN 55355

D. Jointly-Governed Organizations

District IV Transportation Planning

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

Region 4 South Adult Mental Health Consortium

Douglas, Grant, Pope, Stevens and Traverse Counties entered into a joint powers agreement creating and operating Region 4 South Adult Mental Health Consortium, pursuant to *Minnesota Statutes* § 471.59, to provide a system of care that will serve the needs of adults with serious and persistent mental illness for the mutual benefit of each of the joint participants.

Control of the Consortium is vested in a Governing Board, which consists of each participating County's Director of Social Services, Family Services or Human Services, as the case may be. The Governing Board operates under the ultimate authority of the Executive Commissioner Board. The Executive Commissioner Board is composed of one Commissioner of each county appointed by their respective County Board.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

D. Jointly-Governed Organizations (Continued)

Region 4 South Adult Mental Health Consortium (Continued)

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the date of the proposed withdrawal. Withdrawal does not act to discharge any liability incurred or chargeable to any county before the effective date of the withdrawal.

Dissolution of the Consortium shall occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties shall share in the current liabilities and current financial assets, including real property, of the Consortium equally if no county has contributed during the term of the Consortium or based upon their percentage of contribution to the Consortium's budget during the period applicable to such liabilities and assets.

Financing is predominantly provided by state grants. Grant County, in a fiscal host capacity, reports the cash transactions of Consortium as a fiduciary fund on its financial statements.

E. Tax Abatements

The County is subject to tax abatements granted by cities within the County pursuant to *Minnesota Statutes* § 469.174-469.1794 Tax Increment Financing (TIF). TIF can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes (of all taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

The "pay-as-you-go" financing provides for payment to the developer of a percentage of all tax increment received in the prior six months. The payment reimburses the developer for certain public improvements. During 2020, the County had 31 TIF projects and 28 of them are through "pay-as-you-go" financing. The two remaining projects are funded with advanced funding by the respective cities until the funds can be reimbursed by the increments. The tax increment taxes collected on all TIF agreements during 2020 totaled \$1,467,025 with the County portion of the tax increment abatement being \$621,154.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

A. Tax Abatements (Continued)

Douglas County has one economic development tax abatements pursuant to *Minnesota Statutes* § 469.1812-.469.1815.

The Pfeninger Warehouse LLC abatement was approved with construction of an additional 100,000 square foot facility for warehouse storage and increasing employment. The abatement will equal the County's share of property taxes not to exceed \$39,936 per year or \$319,488 over a period of eight years. In any event, the abatement shall not exceed the County's tax rate multiplied by the total tax net capacity of the parcel contracted for abatement. The abatement reimbursement began in 2015 and will continue through 2022. The developer agrees to create 5 fulltime equivalent jobs within two years of the occupancy permit being issued and maintain that goal for the existence of the abatement. Recapture provisions are provided per the County's Economic Development Tax Abatement policy on a case by case basis. For the year ending December 31, 2020, Douglas County did not abate any property taxes since job creation measures were not met.

9. Pope/Douglas Solid Waste Management (PDSW)

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, PDSW has the following significant disclosures:

1. Financial Reporting Entity

PDSW is a joint enterprise operation of Pope and Douglas Counties (the Counties). PDSW was established by a Joint Powers Agreement dated December 7, 1983, amended May 1, 1990, amended April 9, 1997 and amended again August 22, 2003, pursuant to *Minnesota Statutes* § 471.59, Joint Powers Act.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

A. Summary of Significant Accounting Policies (Continued)

1. Financial Reporting Entity (Continued)

Each of the Counties is authorized and obligated pursuant to *Minnesota Statutes* chs. 115A and 400, to provide for the management and disposal of solid waste in its respective county. It is the intention of the Counties to cooperate in a joint venture to operate and manage an integrated waste management system within Douglas and Pope Counties. This purpose, without limitation, shall include the planning, administration, and operation of recycling programs; the ownership and operation of a waste-to-energy facility; and the ownership, operation, and management of any ash and/or by-pass landfill. The facility and administrative offices are located in Alexandria, Minnesota.

PDSW is governed by a five-member Board of Directors, two members appointed from Pope County and three from Douglas County. Receipts and disbursements are recorded by the Douglas County Auditor/Treasurer. Douglas County's ownership is 75%, and Pope County's ownership is 25%.

2. Basic Financial Statements

The accounts of PDSW are organized as an enterprise fund. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of PDSW. 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. PDSW's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

3. Measurement Focus and Basis of Accounting

PDSW's financial statements are reported using the economic resources measurement focus and the 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. Special assessments 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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

A. Summary of Significant Accounting Policies (Continued)

3. Measurement Focus and Basis of Accounting (Continued)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is PDSW's policy to use restricted resources first and then unrestricted resources as needed.

4. Assets and Liabilities

Cash and Cash Equivalents

Douglas County is the fiscal agent for PDSW. PDSW can deposit or withdraw cash at any time without prior notice or penalty. Douglas County, acting as fiscal agent, obtains collateral to cover the deposits in excess of insurance coverage.

Fund Investments

The Douglas County Auditor/Treasurer purchases investments for PDSW upon its direction. Fund investments are reported at their fair value at December 31, 2020, based on market prices. Additional disclosures, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are disclosed on a County-wide basis in Note 3.A.1.

Investments available to PDSW are authorized in *Minnesota Statutes* §§ 118A.04 and 118A.05 and are detailed in Note 3.A.1.b.

Receivables

All receivables are shown net of an allowance for uncollectibles.

Special assessments receivable consists of delinquent special assessments payable in the years 2000 through 2020.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

A. Summary of Significant Accounting Policies (Continued)

4. Assets and Liabilities (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statements.

Restricted Assets

Restricted assets represent the amounts required by the Minnesota Pollution Control Agency and Minnesota Statute to be set aside by PDSW for landfill closure and postclosure financial assurances and unspent bond proceeds restricted for capital projects. Below is a summary of the restricted assets at December 31, 2020.

Restricted for closure and postclosure care costs	\$ 1,792,783
Accrued interest on restricted investments	13,587
Restricted for capital projects	4,311,749
Total	<u>\$ 6,118,119</u>

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are defined by PDSW as assets with 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 at the date of donation.

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.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

A. Summary of Significant Accounting Policies (Continued)

4. Assets and Liabilities (Continued)

Capital Assets (Continued)

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

Assets	Years
Landfill	
Buildings	Based on capacity
Building improvements	20 - 40
Furniture, equipment, and vehicles	20 - 40
Infrastructure	5 - 10
	20 - 30

Compensated Absences

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

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

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds

1. Assets

Deposits and Investments

Disclosures Relating to Custodial Credit Risk

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, PDSW's deposits may not be returned to it. PDSW, under the directive of the County, will minimize amounts on deposits, and by obtaining collateral or bonds for all uninsured amounts on deposits, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2020, PDSW's deposits were not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. PDSW minimizes its exposure to interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

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 national recognized statistical rating organization. PDSW follows the County's policy to invest only in securities that meet the ratings requirements set by the state statute.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by PDSW's investment of a single issuer. It is PDSW's policy to minimize that risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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DOUGLAS COUNTY
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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets (Continued)

Deposits and Investments (Continued)

Concentration of Credit Risk (Continued)

The following table presents PDSW's investment balances at December 31, 2020, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration of Credit Risk Over % of Portfolio	Interest Rate Risk Maturity Date	Carrying Value (Fair)
	Rating	Agency			
Tusabe Airport Improvement Bonds	Aa2	Moody's	13.4%	2/1/2027	\$ 594,481
Tusabe Transit Bonds	Aa1	Moody's	8.3%	2/1/2022	371,103
Barclays Bank Delaware	N/R	N/A	<5%	7/12/2022	103,247
Discover Bank Delaware	N/R	N/A	<5%	2/11/2022	204,884
Synchrony Bank Utah	N/R	N/A	>5%	1/13/2022	245,448
External Investment Pool MAGIC	N/R	N/A	0.0%	N/A	2,934,660
Total Investments					\$ 4,458,823

Fair Value Measurements

PDSW uses fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. PDSW's financial assets recorded on the statement of net position are categorized based on the inputs to the valuation techniques similar to the County's.

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NOTES TO THE FINANCIAL STATEMENTS
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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets (Continued)

Deposits and Investments (Continued)

Fair Value Measurements (Continued)

Investments for PDSW are measured as follows:

	Fair Value Measurement			
	12/31/2020	Level I	Level II	Level III
Investments by Fair Value Level				
Municipal Bonds	\$ 970,584	\$ -	\$ 970,584	\$ -
Brokered Certificates of Deposits	553,579	-	553,579	-
Total investments by fair value level	\$ 1,524,163	\$ -	\$ 1,524,163	\$ -
Investments measured at amortized cost				
MAGIC portfolio external investment pool	2,934,660			
Total Investments	\$ 4,458,823			

The MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as PDSW 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 new asset value not reasonably practical.

Receivables

Receivables as of December 31, 2020, including the applicable allowances for uncollectible accounts, are as follows:

	Total	
	Receivables	
Special assessments	\$	120,108
Accounts		841,749
Due from other governments		263,307
Interest - unrestricted		2,530
Interest - restricted		13,587
Total	\$	1,241,281

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DECEMBER 31, 2020

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

1. Assets (Continued)

Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 179,288	\$ -	\$ -	\$ 179,288
Construction in progress	168,044	2,829,249	361,003	2,636,290
Total capital assets not depreciated	\$ 347,332	\$ 2,829,249	\$ 361,003	\$ 2,815,578
Capital assets depreciated				
Land improvements	\$ 4,865,393	\$ 271,553	\$ -	\$ 5,136,946
Infrastructure	2,974,796	-	-	2,974,796
Buildings	7,513,205	1,835,709	-	9,348,914
Machinery, furniture, and equipment	30,282,490	1,959,426	149,396	32,092,520
Total capital assets depreciated	\$ 45,635,884	\$ 4,066,688	\$ 149,396	\$ 49,553,176
Less: accumulated depreciation for				
Land improvements	\$ 3,282,296	\$ 100,832	\$ -	\$ 3,383,128
Infrastructure	1,252,136	119,566	-	1,351,702
Buildings	4,643,979	233,385	-	4,877,364
Machinery, furniture, and equipment	19,684,721	1,776,065	142,543	21,318,243
Total accumulated depreciation	\$ 28,843,132	\$ 2,229,848	\$ 142,543	\$ 30,930,437
Total capital assets depreciated, net	\$ 16,792,752	\$ 1,836,840	\$ 6,853	\$ 18,622,739
Capital Assets, Net	\$ 17,140,084	\$ 4,666,089	\$ 367,856	\$ 21,438,317

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities

Payables

Payables at December 31, 2020, were as follows:

Accounts payable	\$ 338,538
Salaries payable	192,149
Contracts payable	141,627
Due to other governments	35,721
Accrued interest payable	275,984
Total Payables	\$ 984,019

Long-Term Debt

Type of Indebtedness	Final Maturity	Installment Amounts	Net Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2020
2019A Douglas County G.O. Refunding Bonds	2031	\$775,000 - \$1,110,000	4.00 - 5.00	\$ 10,470,000	\$ 9,695,000
2019A Pope County G.O. Revenue Bonds	2040	\$185,000 - \$310,000	2.50 - 3.00	4,900,000	4,900,000
2020A Douglas County G.O. Revenue Bonds	2041	\$235,000 - \$325,000	1.05 - 2.00	5,560,000	5,560,000
Add: Unamortized premium					2,305,895
Total General Obligation Bonds, Net					\$ 22,460,895

In 2020, Douglas County issued 2020A G.O. Revenue Bonds totaling \$5,560,000, to finance the acquisition of various equipment replacements and upgrades and the construction of various building modifications.

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**DOUGLAS COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

2. Liabilities (Continued)

Direct Borrowings and Direct Placements

Beginning in 2020, Pope Douglas Solid Waste Management entered into a loan agreement with KS State Bank to purchase four pieces of equipment. If the obligee fails to pay a contact payment listed for 15 days after the payment is due the loan can be considered in default. The outstanding notes contain a provision that in the event of a default the obligee may declare all payments hereunder to the end of the current budget year to be immediately due and payable. The obligee may require the obligator at obligator's expense to redeliver any or all of the equipment and any additional collateral to the obligee. The balance of this note payable as of December 31, 2020 is as follows:

Notes from Direct Borrowings and Direct Placements	Final Maturity	Installment Amounts	Interest Rate (%)	Outstanding Balance	
				Original Issue Amount	December 31, 2020
Equipment Loans KS State Bank	2025	\$6,465	4.00	\$ 350,448	\$ 295,998
Total Note Payable					<u>\$ 295,998</u>

Debt Service Requirements

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

Year Ending December 31	General Obligation Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 865,000	\$ 685,776	\$ 60,742	\$ 10,377
2022	1,145,000	662,235	68,991	8,593
2023	1,185,000	615,835	71,956	5,629
2024	1,240,000	567,685	75,048	2,536
2025	1,285,000	517,135	19,261	135
2026-2030	7,275,000	1,744,875	-	-
2031-2035	3,840,000	547,615	-	-
2036-2040	2,995,000	229,618	-	-
2041	325,000	6,500	-	-
Total	\$ 20,155,000	\$ 5,577,274	\$ 295,998	\$ 27,270

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

3. Liabilities (Continued)

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Estimated liability for landfill closure and postclosure care costs	\$ 966,446	\$ 5,628	\$ -	\$ 972,074	\$ -
Compensated absences	291,227	158,974	111,877	338,324	128,081
Notes from direct borrowings and direct placements	-	350,448	54,450	295,998	60,742
General obligation bonds	15,370,000	5,560,000	775,000	20,155,000	865,000
Add: Unamortized premium	2,283,918	205,320	183,343	2,305,895	-
Long-Term Liabilities	\$ 18,911,591	\$ 6,280,370	\$ 1,124,670	\$ 24,067,291	\$ 1,053,823

Construction Commitments

PDSW has active construction and capital improvement projects as of December 31, 2020. The projects include the following:

	Spent-to-Date	Remaining Commitment
Crane Replacement	\$ 1,644,501	\$ 931,003
Landfill Equipment	975,994	108,231
Articulating Wheel Loader 956M	-	207,950
Environmental Center	15,795	8,705
Total Commitments	\$ 2,636,290	\$ 1,255,889

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

B. Detailed Notes on All Funds (Continued)

4. Liabilities (Continued)

Operating Leases

PDSW has a lease agreement in place as of December 31, 2020 with Xerox Corporation for a photo copier. Total lease payments for the year ended December 31, 2020 were \$2,926. Minimum future lease payments are as follows if they continue to lease the existing copier:

Year Ending December 31	Amount
2021	\$ 2,926

C. Employee Retirement Systems and Pension Plans

All full-time and certain part-time employees of PDSW are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota. Disclosures about the Public Employees Retirement Fund can be found in Note 4.A.

Two of the Douglas County Board members are covered by the Public Employees Defined Contribution Plan. Total contributions by dollar amount and percentage of covered payroll made by PDSW during the year ended December 31, 2020, were \$165 and 5 percent, respectively.

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

D. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require PDSW 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 post closure care costs will be paid only near or after the date that the landfill stops accepting waste, PDSW reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill closure and post closure care liability at December 31, 2020 is \$972,074. Of this liability, \$527,717 represents the cumulative amount reported to date based on the use of 36.1% of the estimated remaining capacity of the landfill post closure care liability. PDSW will recognize the remaining estimated cost of closure and post closure care of \$934,479 as the remaining estimated capacity is filled. The remaining portion of the liability of \$444,357 is based on the capacity on the closed cells. These amounts are based on what it would cost to perform all closure and post closure care in 2020.

PDSW expects to close the landfill in 2161. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

PDSW is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. PDSW is in compliance with these requirements and, at December 31, 2020, investments of \$1,792,783 are held for these purposes. These are reported as restricted assets on the statement of net position. PDSW 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.

E. Risk Management

PDSW 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 PDSW carries commercial insurance. To cover these risks, PDSW is a member of both the Minnesota Counties Intergovernmental Trust (MCIT). For other risk, PDSW 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. Disclosures about the Workers' Compensation Division and the Property and Casualty Division of MCIT can be found in Note 5.

PDSW is part of MN PEIP for employee health coverage.

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

F. Summary of Significant Contingencies and Other Items

1. Contingent Liabilities

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

2. Designated Funds

PDSW has set aside funds for equipment replacement and landfill construction. Below is a summary of the investments set aside at December 31, 2020.

Designated for equipment replacement	\$ 1,529,825
Designated for landfill construction	265,000
	<u>\$ 1,794,825</u>

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

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

3. Operating Budgets

Budget to actual results for PDSW for 2020 are as follows:

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues	\$ 7,962,464	\$ 8,232,525	\$ 270,061
Operating Expenses	10,164,745	11,176,056	(1,011,311)
Operating Income (Loss)	\$ (2,202,281)	\$ (2,943,531)	\$ (741,250)
Nonoperating Revenues (Expenses)	\$ 2,272,215	\$ 2,791,404	\$ 519,189
Change in Net Position	\$ 69,934	\$ (152,127)	\$ (222,061)

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

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

4. Other Postemployment Benefits (OPEB)

Plan Description

PDSW provides OPEB that provide basic medical and hospitalization plan coverage to eligible retirees. PDSW's policy allows employees retiring under PERA to continue their coverage under the PDSW's group health insurance program for life. There are 42 active employees, 2 inactive employees, and zero inactive employees entitled to but not yet receiving benefits. At retirement, employees of PDSW receiving a retirement or disability benefit or are eligible to receive a benefit from a Minnesota public pension plan may continue to participate in the PDSW-sponsored group health insurance plan that the employee was a participant of immediately prior to retirement. Employees may obtain dependent coverage at retirement only if the employee was receiving dependent coverage immediately prior to retirement.

Retirees, spouses, and dependents are eligible to remain in the PDSW-sponsored group health insurance plan provided the applicable premiums are paid. Retirees that elect not to continue health coverage at any time (postemployment) are not eligible to re-enroll in the PDSW-sponsored group health insurance plan. Retirees who initially obtained spouse and/or dependent coverage may drop spouse and/or dependent coverage and maintain coverage for themselves; retirees may not drop coverage for themselves and maintain spouse and/or dependent coverage. Covered spouses and/or dependents may continue coverage after the retiree's death provided the applicable premiums are paid. PDSW did not have any individuals under this coverage in 2020.

Funding Policy

PDSW has no assets accumulated in a trust that meets the criteria in GASB 75. PDSW has elected to fund the plan on a pay-as-you-go method. For fiscal year 2020 2020 PDSW has contributed \$10,578 to the plan.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

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

4. Other Postemployment Benefits (OPEB) (Continued)

reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The OPEB liability was measured as of January 1, 2020, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability was determined by an actuarial valuation as of 1/1/2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary Increases	3.00%
Health Care Trend Rates	6.50 in 2019 decreasing to 5.00% over 6 years

Mortality Rates were based on the RP-2014 adjusted to 2006 White Collar Mortality tables with MP-2018 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2019 valuation were similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

This discount rate used to measure the total OPEB liability was 3.80%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Since the most recent GASB 75 valuation, the following changes have been made:

- The discount rate was changed from 3.30% to 3.80%.
- The healthcare trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale.

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

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

4. Other Postemployment Benefits (OPEB) (Continued)

Changes in OPEB Liability

Balances at December 31, 2019	\$ 143,077
Changes for the year:	
Service Cost	12,956
Interest	5,730
Assumption Changes	-
Difference between Expected and Actual Experience	-
Benefit Payments	(10,578)
Net change in Total OPEB liability	8,108
Total OPEB, End of Year	<u>\$ 151,185</u>

The following presents the OPEB liability of PDSW, as well as that the liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.8%)	Discount Rate (3.8%)	1% Increase (4.8%)
Total OPEB Liability	\$ 161,345	\$ 151,185	\$ 141,743
The following presents the total OPEB liability for PDSW, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00% over 5 years) or 1% higher (7.50% decreasing to 6.00% over 5 years) than the current healthcare cost trend rates:			
	1% Decrease (5.5% Decreasing to 4%)	Current Trend Rates (6.5% decreasing to 5%)	1% Increase (7.5% decreasing to 6%)
Medical Trend Rate			
Total OPEB Liability	\$ 136,268	\$ 151,185	\$ 168,931

For the year ended December 31, 2020, PDSW recognized OPEB expense of \$17,272.

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9. Pope/Douglas Solid Waste Management (PDSW) (Continued)

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

4. Other Postemployment Benefits (OPEB) (Continued)

Changes in OPEB Liability (Continued)

At December 31, 2020, PDSW reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual liability	\$ -	\$ 4,344
Changes in actuarial assumptions	-	1,311
Contributions subsequent to the measurement date	9,049	-
Total	<u>\$ 9,049</u>	<u>\$ 5,655</u>

\$9,049 resulting from PDSW's contributions subsequent to the measurement date which will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense amount as follows:

Year ending December 31:	OPEB Expense Amount
2021	\$ (1,414)
2022	(1,414)
2023	(1,414)
2024	(1,413)
Thereafter	-

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
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10. Housing and Redevelopment Authority of Douglas County (HRA)

A. Summary of Significant Accounting Policies

The accounting policies of the Housing and Redevelopment Authority (HRA) of Douglas County conform to accounting principles generally accepted in the United States of America as applied to governmental units. The following is a summary of the more significant policies.

1. Financial Reporting Entity

A six-member Board of Commissioners, appointed by the County Board, governs the HRA. The HRA provides low-income public housing to eligible individuals and families in accordance with the annual contributions contracts approved by the United States Department of Housing and Urban Development (HUD) and in accordance with an agreement with the United States Department of Agriculture's Rural Economic and Community Development Agency. The HRA also administers numerous other federal, state and local housing programs for eligible households, including rehabilitation loans, down-payment assistance, housing assistance payments, and security deposit loans, among others.

2. Financial Statements

The statement of net position and the statement of activities present financial information about the HRA's overall activities, which are classified as business-type activities. The HRA has no governmental or fiduciary funds. Eliminations have been made to minimize the double counting of internal transactions. Business-type activities are financed, at least in part, by fees charged to external parties. The statement of activities presents a comparison between direct expenses and program revenues for business-type activities. Direct expenses are those specifically associated with and clearly identifiable to a particular function. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

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DOUGLAS COUNTY
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10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

A. Summary of Significant Accounting Policies (Continued)

3. Measurement Focus and Basis of Accounting

The HRA-wide proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the HRA gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under the terms of grant agreements, the HRA may fund certain programs by a combination of specific cost-reimbursement grants, block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the HRA's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

4. Investments

The HRA's investments are time deposits (savings and preferred money market accounts), and are stated at fair value, which approximates cost.

5. Accounts Receivable

An allowance for doubtful account of \$2,000 is included in these financial statements for one of its local programs. Management believes all other accounts receivable are fully collectible.

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DOUGLAS COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
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10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

A. Summary of Significant Accounting Policies (Continued)

6. Capital Assets

Capital assets are stated at cost. The cost of maintenance and repairs that do not add value to assets or materially extend assets' lives is not capitalized. The capitalization policy of the HRA is to capitalize fixed assets costing more than \$500. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation is reported on the statement of net position. Depreciation has been provided for over the estimated useful lives of the assets using the straight-line method. The estimated used lives are as follows:

Assets	Years
Buildings	40 - 50
Building improvements	10 - 25
Land improvements	10 - 20
Furniture and equipment	5 - 10

7. Budgetary Process

The HRA prepares an annual operating budget with formal Board approval prior to the start of its fiscal year. HUD requests the HRA keep the budget on file and submit to HUD the calculation for operating subsidy. The HRA must prepare a revised operating budget only when total expenditures exceed the amount originally budgeted. The revised budget, if needed, is also kept on file at the HRA office. State programs are indirectly budgeted for based on the program dollars available for expenditure.

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

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DOUGLAS COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
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10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

B. Cash and Investments

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Statement of net position	
Cash and pooled investments	\$ 1,178,505
Restricted cash and pooled investments	82,121
Total	\$ 1,260,626

Cash and investments as of December 31, 2020, consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 1,178,455	\$ 1,248,657
Petty cash	50	-
Restricted investments		
Money market investments	82,121	82,121
Total	\$ 1,260,626	\$ 1,330,778

Restricted cash and investments of \$82,121 are entirely invested in money market fund accounts where the book carrying and the bank balance are the same.

Investments Authorized by the HRA's Investment Policy

The HRA is required to invest its funds in accordance with *Minnesota Statutes* Ch. 118A. The HRA does not have an investment policy with any specific provisions intended to limit its exposure to investment rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to 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. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. At year-end, the HRA held all its available cash in money market and savings accounts.

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10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

B. Cash and Investments (Continued)

Disclosures Relating to Credit Risk (Continued)

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. At year-end, the HRA held no rated investments.

Disclosures Relating to Concentration of Credit Risk

Concentration of credit risk is an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The HRA does not have an existing investment policy regarding concentration of credit risk.

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The HRA does not have an investment policy that would limit the exposure to custodial credit risk for deposits.

The HRA had \$998,660 in deposits with financial institutions in excess of federal depository insurance limits that were partially collateralized by the HRA's depository at December 31, 2020. Collateral at December 31, 2020 was \$430,000, leaving an uninsured balance of \$568,660. Uninsured amounts could have been higher at other times during the year.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (such as a broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities in the possession of another party. The HRA does not have a policy that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools. The HRA had all investments in money market/demand and savings accounts during the year.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

C. Capital Assets

A summary of changes in capital assets is as follows:

	Balance January 1, 2020	Additions	Deposals	Balance December 31, 2020
PHA-owned				
Land	\$ 113,171	\$ -	\$ -	\$ 113,171
Land improvements	137,131	-	-	137,131
Buildings and improvements	2,143,371	57,911	75,984	2,125,298
Furniture and equipment	119,304	12,556	-	131,860
Total	\$ 2,512,977	\$ 70,467	\$ 75,984	\$ 2,507,460
Less: accumulated depreciation	(1,847,598)	(100,963)	(75,984)	(1,872,577)
Total PHA-owned	\$ 665,379	\$ (30,496)	\$ -	\$ 634,883
Housing choice vouchers				
Office equipment	\$ 1,631	\$ 4,362	\$ 1,631	\$ 4,362
Total	\$ 1,631	\$ 4,362	\$ 1,631	\$ 4,362
Less: accumulated depreciation	(1,631)	(184)	(1,631)	(184)
Total housing choice vouchers	\$ -	\$ 4,178	\$ -	\$ 4,178
Rural Economic and Community Development (RECD)				
Land	\$ 3,350	\$ -	\$ -	\$ 3,350
Construction in progress	-	2,840	-	2,840
Land improvements	94,414	-	-	94,414
Buildings and improvements	153,930	-	-	153,930
Furniture and equipment	41,172	-	-	41,172
Total	\$ 292,866	\$ 2,840	\$ -	\$ 295,706
Less: accumulated depreciation	(189,526)	(7,586)	-	(197,112)
Total RECD	\$ 103,340	\$ (4,746)	\$ -	\$ 98,594
Administrative Fund				
Land	\$ 659,330	\$ 9,500	\$ -	\$ 668,830
Land improvements	33,226	-	-	33,226
Buildings and improvements	669,189	178,515	165,982	811,722
Furniture and equipment	36,497	3,618	-	40,115
Total	\$ 1,398,302	\$ 191,633	\$ 165,982	\$ 1,423,983
Less: accumulated depreciation	(178,484)	(23,272)	(75,459)	(194,211)
Total Administrative Fund	\$ 1,219,818	\$ 168,361	\$ 158,437	\$ 1,229,742

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

C. Capital Assets (Continued)

	Balance January 1, 2020	Additions	Disposals	Balance December 31, 2020
Cardinal Estates				
Land	\$ 37,309	\$ -	\$ -	\$ 37,309
Land improvements	52,568	-	-	52,568
Buildings and improvements	1,157,450	13,290	-	1,170,740
Furniture and equipment	108,335	3,148	-	111,483
Total	\$ 1,355,662	\$ 16,438	\$ -	\$ 1,372,100
Less: accumulated depreciation	(523,240)	(31,025)	-	(554,265)
Total Cardinal Estates	\$ 832,422	\$ (14,587)	\$ -	\$ 817,835
Garfield Creamery project				
Land	\$ 16,000	\$ -	\$ -	\$ 16,000
Land improvements	39,299	-	-	39,299
Buildings and improvements	714,949	3,007	-	717,956
Furniture and equipment	16,468	-	-	16,468
Total	\$ 786,716	\$ 3,007	\$ -	\$ 789,723
Less: accumulated depreciation	(345,448)	(19,477)	-	(364,925)
Total Garfield Creamery project	\$ 441,268	\$ (16,470)	\$ -	\$ 424,798
Erickson Apartments				
Land	\$ 16,464	\$ -	\$ -	\$ 16,464
Land improvements	8,413	-	-	8,413
Buildings and improvements	199,398	-	-	199,398
Furniture and equipment	26,930	-	-	26,930
Total	\$ 251,205	\$ -	\$ -	\$ 251,205
Less: accumulated depreciation	(56,410)	(7,291)	-	(63,701)
Total Erickson Apartments	\$ 194,795	\$ (7,291)	\$ -	\$ 187,504
Towne Square Apartments				
Land	\$ 89,617	\$ -	\$ -	\$ 89,617
Buildings and improvements	792,048	41,632	-	833,680
Furniture and equipment	60,660	6,302	-	66,962
Total	\$ 912,325	\$ 47,934	\$ -	\$ 960,259
Less: accumulated depreciation	(73,992)	(22,949)	-	(96,941)
Towne Square Apartments	\$ 838,333	\$ 24,985	\$ -	\$ 863,318
Totals	\$ 4,295,355	\$ 123,934	\$ 158,437	\$ 4,266,852

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

D. Other Postemployment Benefits

The HRA offers no material postemployment benefits to employees upon separation from service. Employees receive no payments at or after separation from service other than accrued sick and vacation pay, which is already accrued in this report. The only postemployment benefit an employee may receive is COBRA continuation of his or her health insurance, for which the separated employee must pay 100% of the premium.

E. Long-Term Obligations

Cardinal Estates

In 2010, the HRA issued \$1,380,000 General Obligation Governmental Housing Refunding Bonds, Series 2010A. These bonds were issued to refinance the 2001A series General Obligation Governmental Housing Bonds of \$1,400,000. The 2001A series bonds are considered defeased as the proceeds from the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. These bonds were initially issued for all costs associated with acquiring needed land and building a ten (10) unit housing facility on Cardinal Lane in Alexandria, Minnesota, and a two (2) unit housing facility in Nelson Second Addition in Evansville, Minnesota. The bond issue and related activity is included under the caption of "Cardinal Estates." At December 31, 2001, construction was completed, and the units were available for occupancy. The units were first rented and occupied beginning in February 2002. The annual requirements to retire the refunding bonds are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 60,000	\$ 28,870	\$ 88,870
2022	65,000	27,151	92,151
2023	65,000	25,364	90,364
2024	70,000	23,420	93,420
2025	70,000	21,320	91,320
2026-2030	400,000	68,815	468,815
2031-2032	175,000	6,567	181,567
Totals	\$ 905,000	\$ 201,507	\$ 1,106,507

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

E. Long-Term Obligations (Continued)

Garfield Creamery Apartment Project

The HRA issued General Obligation Housing Refunding Bonds, Series 2010A for \$485,000 to advance refund outstanding General Obligation Housing Bonds, 2002A Series of \$525,000. The 2002A series bonds are considered defeased as the proceeds from the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds, which were originally issued for the purpose of rehabilitating the old Garfield Creamery building into rental apartments for qualified low-income individuals and families. Annual maturities to retire the bonds are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 45,000	\$ 3,231	\$ 48,231
2022	45,000	1,994	46,994
2023	50,000	687	50,687
Totals	\$ 140,000	\$ 5,912	\$ 145,912

Notes from Direct Borrowings and Direct Placements

The HRA's outstanding notes from direct borrowings of \$1,711,916 contain (1) a provision that if the HRA is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (b) exercise any other remedy available under law including but not limited to foreclosure and reimbursement of collection and enforcement of payment costs incurred and (2) a provision that if the HRA fails to fully comply with any requirement imposed the agreement one or more of the following remedies may be exercised (a) repayment of the amount of the loan balance (b) withhold approval of disbursement requests (c) assert and enforce any remedies permitted by law or equity, but not limited to specific performance of covenants and agreements, injunctive relief or any other relief as may be appropriate (d) collection of unpaid monies owed to be taken or offset against any aids or other monies the HRA is entitled to receive from the State of MN.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

E. Long-Term Obligations (Continued)

Notes from Direct Borrowings and Direct Placements (Continued)

RECD Loan Assumption

As part of the RECD project acquisition, the HRA assumed the previous owner's note payable on the project due to RECD. The note assumed was for \$84,237, with an interest rate of eight percent annually. Monthly payments of \$717, including interest, are required until maturity on February 1, 2021. Interest expense is partially subsidized by RECD each month. The 2020 subsidy totaled \$767 and is recorded as grant revenue. The outstanding note is secured by the real estate purchased. The annual requirements to retire this mortgage note are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 1,509	\$ 8	\$ 1,517
Totals	\$ 1,509	\$ 8	\$ 1,517

Viking Savings Bank

The HRA's Administrative Fund carries two loans, one taken out in December 2018 to purchase a house and acreage across the highway from its administrative offices. The second loan was taken out in 2020 to purchase another house. Note repayment terms are \$4,400 per month at 3.90% for 3 years with a balloon payment due December 2023 for the first note. The second note repayment terms were \$1,025 per month at 3.99% for 5 years with a balloon payment due June 2025, but was entirely paid off in 2021. The outstanding notes are secured by the real estate purchased. Principal and interest to retire the two notes are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 27,999	\$ 24,801	\$ 52,800
2022	29,111	23,689	52,800
2023	591,554	22,533	614,087
Totals	\$ 648,664	\$ 71,023	\$ 719,687

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

E. Long-Term Obligations (Continued)

Notes from Direct Borrowings and Direct Placements (Continued)

Viking Savings Bank (Continued)

Year Ended December 31	Principal	Interest	Total
2021	\$ 168,852	\$ 5,964	\$ 174,816
Totals	\$ 168,852	\$ 5,964	\$ 174,816

The HRA purchased the Towne Square apartment building on February 1, 2016 for \$840,000 and took out two notes payable, one for \$672,000 and the other for \$133,000 to finance the majority of the purchase. Note repayment terms are \$4,003 and \$792 per month, respectively for 20 years at 3.75%. The outstanding notes are secured by the real estate purchased. Principal and interest to retire the two notes are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 27,868	\$ 20,168	\$ 48,036
2022	28,931	19,105	48,036
2023	30,035	18,001	48,036
2024	31,181	16,855	48,036
2025	32,371	15,665	48,036
2026	400,107	2,492	402,599
Totals	\$ 550,493	\$ 92,286	\$ 642,779

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

E. Long-Term Obligations (Continued)

Notes from Direct Borrowings and Direct Placements (Continued)

Viking Savings Bank (Continued)

Year Ended December 31	Principal	Interest	Total
2021	\$ 5,528	\$ 3,988	\$ 9,516
2022	5,739	3,777	9,516
2023	5,958	3,558	9,516
2024	6,185	3,331	9,516
2025	6,421	3,095	9,516
2026	79,026	492	79,518
Totals	\$ 108,857	\$ 18,241	\$ 127,098

The Public Housing loan of \$138,234 and \$95,306 are 15-year forgivable notes from the Minnesota Housing Finance Agency to be used for public housing unit rehabilitation. No payments are required on this note during the forgiveness period. The note requires that the rehabilitated units remain low-income housing for the duration of the 15-year forgiveness period.

Reconciliation of Long-Term Debt Financial Data Schedule (FDS)	Rural Development (RECD)	Business Activities	Public Housing
Notes from Direct Borrowings and Direct Placements			
RECD loan	\$ 1,509	\$ -	\$ -
Public Housing POHP loan	-	-	233,540
Vikings Savings Bank loans	-	1,476,867	-
Bonds payable			
GO Housing bonds - Cardinal Estates	-	905,000	-
GO Housing bonds - Garfield	-	140,000	-
Subtotal	1,509	2,521,867	233,540
Less: current portion	1,509	335,247	-
Long-term debt	\$ -	\$ 2,186,620	\$ 233,540

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

E. Long-Term Obligations (Continued)

Combined principal for all long-term debt at December 31, 2020 is as follows:

Year Ended December 31	Bonds	Notes	Total
2021	\$ 105,000	\$ 231,756	\$ 336,756
2022	110,000	63,781	173,781
2023	115,000	627,547	742,547
2024	70,000	37,366	107,366
2025	70,000	38,791	108,791
2026-2030	400,000	479,135	879,135
2031-2035	175,000	233,540	408,540
Totals	\$ 1,045,000	\$ 1,711,916	\$ 2,756,916

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

10. Housing and Redevelopment Authority of Douglas County (HRA) (Continued)

F. Operating Leases

The HRA, as lessee, leases a copy machine for a monthly payment of \$192. The lease expires in April 2021. Lease expenses for the year ended December 31, 2020 were \$3,011. In addition to monthly payments, HRA pays \$.0072 per copy billed monthly. Minimum annual rentals are as follows:

Year Ended December 31	Principal
2021	\$ 576
Totals	\$ 576

G. Employee Retirement Plans

All full-time employees of the HRA are covered by a 457(b) retirement savings program. The HRA contributes up to 3% match of each employee's pay into his/her retirement account. For 2020, employee elective deferrals were available to a maximum of \$19,500 annually (\$26,000 for employees ages 50 and over). The HRA also makes a 2% contribution into a ROTH IRA account for eligible full-time employees. This 2% contribution is taxed as compensation to the employee. The payroll for employees eligible for the plans for the year ended December 31, 2020 was \$465,767, equal to the HRA's total payroll for the year. HRA contributions to the plan for the three years ended December 31, 2020, 2019 and 2018 equaled \$36,708, \$30,918 and \$25,676 respectively. In addition to the matching retirement contribution, the HRA contributes the difference between family health insurance premiums and single health insurance premiums to the retirement plan of those taking the single plan. That additional retirement contribution equaled \$16,200 for 2020.

H. Risk Management

The HRA is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for at least the past three fiscal years.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. Subsequent Events

On March 11, 2021, the President of the United States signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury was required to pay the first tranche to counties no later than 60-days after enactment. The County's projected allocation of the State and Local Coronavirus Recovery Funds is \$7,408,491.

On April 1, 2021, Pope County issued General Obligation bonds on behalf of Pope Douglas Solid Waste Management in the amount of \$5,125,000. Solid Waste Revenue Bonds, Series 2021A were issued to finance the acquisition of various equipment replacements and upgrades; and the construction of various buildings for the organic composting facility and an operation center for solid waste and solid waste handling for the Pope/Douglas waste-to-energy facility. The interest rate on this bond is 1.05% to 2.0% and is set to mature in 2041.

REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 16,690,320	\$ 16,690,320	\$ 16,617,716	\$ (72,604)
Special assessments	-	-	11,069	11,069
Licenses and permits	252,586	252,586	286,405	33,819
Intergovernmental	3,031,567	3,031,567	8,524,543	5,492,976
Charges for services	2,195,510	2,195,510	2,123,224	(72,286)
Fines and forfeits	72,300	72,300	51,744	(20,556)
Gifts and contributions	5,750	5,750	5,235	(515)
Investment earnings	645,400	645,400	280,925	(364,475)
Increase (decrease) in fair value of investments	-	-	137,922	137,922
Miscellaneous	363,640	363,640	590,123	226,483
Total Revenues	\$ 23,257,073	\$ 23,257,073	\$ 28,638,906	\$ 5,371,833
Expenditures				
Current				
General government				
Commissioners	\$ 277,314	\$ 277,314	\$ 241,379	\$ 35,935
Court administrator	173,750	173,750	159,634	14,116
Law library	48,000	48,000	20,909	27,091
County auditor/treasurer	1,352,527	1,352,527	1,264,391	88,136
License bureau	500,106	500,106	412,963	87,143
County assessor	957,410	957,410	964,836	(7,426)
Elections	259,114	259,114	425,062	(165,948)
Accounting and auditing	57,500	57,500	56,227	1,273
Information systems	1,115,314	1,115,314	1,091,161	24,153
Central services	596,869	596,869	636,616	(39,747)
Coordinator	1,168,281	1,168,281	1,130,510	37,771
Attorney	1,153,593	1,153,593	1,160,708	(7,115)
Recorder	466,395	466,395	416,050	50,345
Planning and zoning	649,770	649,770	652,668	(2,898)
Public Information Officer	18,197	18,197	18,710	(513)
Maintenance	1,348,380	1,348,380	1,236,381	111,999
Veterans service officer	218,495	218,495	196,030	22,465
Humane society	8,000	8,000	8,000	-
Total general government	\$ 10,369,015	\$ 10,369,015	\$ 10,092,235	\$ 276,780

The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 4,583,844	\$ 4,583,844	\$ 4,460,849	\$ 122,995
Drug task force	176,960	176,960	150,000	26,960
Boat and water safety	164,186	164,186	131,083	33,103
Coroner	60,550	60,550	27,400	33,150
Enhanced 911 system	115,103	115,103	136,308	(21,205)
County jail	4,454,006	4,454,006	4,136,640	317,366
Probation officer	447,443	447,443	429,227	18,216
Dispatch	973,449	973,449	954,319	19,130
Emergency management	105,227	105,227	66,451	38,776
Total public safety	\$ 11,080,768	\$ 11,080,768	\$ 10,492,277	\$ 588,491
Health				
Nursing service	\$ 252,063	\$ 252,063	\$ 252,063	\$ -
Pandemic response	-	-	1,056,044	(1,056,044)
Total health	\$ 252,063	\$ 252,063	\$ 1,308,107	\$ (1,056,044)
Culture and recreation				
Historical society	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Land of the Dancing Sky Area Agency on Aging	7,544	7,544	7,544	-
Senior citizens	107,360	107,360	56,197	51,163
Rainbow Rider	103,977	103,977	15,913	88,064
DATA trails	132,233	132,233	144,942	(12,709)
North country food bank	50,000	50,000	50,000	-
Central Minnesota Elder Network	8,000	8,000	8,000	-
Parks	33,000	33,000	38,845	(5,845)
Total culture and recreation	\$ 457,114	\$ 457,114	\$ 336,441	\$ 120,673
Conservation of natural resources				
County extension	\$ 284,526	\$ 284,526	\$ 267,785	\$ 16,741
Soil and water conservation	258,834	258,834	312,993	(54,159)
Land and resource management	478,025	478,025	480,196	(2,171)
Chippewa River watershed sewer project	4,200	4,200	4,200	-
Agricultural society	15,000	15,000	15,000	-
Foreclosure property	-	-	1,277	(1,277)
Total conservation of natural resources	\$ 1,040,585	\$ 1,040,585	\$ 1,081,451	\$ (40,866)

The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Economic development				
Housing and Redevelopment Authority	\$ 47,278	\$ 47,278	\$ 47,278	\$ -
West Central Initiative fund	8,250	8,250	8,250	-
Chamber of Commerce	2,000	2,000	2,000	-
CARES small business grants	-	-	3,305,229	(3,305,229)
Total economic development	\$ 57,528	\$ 57,528	\$ 3,362,757	\$ (3,305,229)
Debt service				
Principal	\$ -	\$ -	\$ 51,825	\$ (51,825)
Interest	-	-	14,274	(14,274)
Total debt service	\$ -	\$ -	\$ 66,099	\$ (66,099)
Total Expenditures	\$ 23,257,073	\$ 23,257,073	\$ 26,739,367	\$ (3,482,294)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 1,889,539	\$ 1,889,539
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 93,463	\$ 93,463
Transfers out	-	-	(812,672)	(812,672)
Proceeds from capital lease	-	-	77,029	77,029
Proceeds from sale of capital assets	-	-	55,128	55,128
Compensation for loss of capital assets	-	-	14,978	14,978
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (572,074)	\$ (572,074)
Net Change in Fund Balance	\$ -	\$ -	\$ 1,317,465	\$ 1,317,465
Fund Balance - January 1			20,623,532	
Fund Balance - December 31			\$ 21,940,997	

The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 7,780,784	\$ 7,780,784	\$ 8,108,687	\$ 327,903
Special assessments	-	-	795	795
Intergovernmental	8,127,873	8,127,873	8,699,904	572,031
Charges for services	393,200	393,200	361,219	(31,981)
Gifts and contributions	11,500	11,500	60,000	48,500
Investment earnings	6,600	6,600	2,079	(4,521)
Miscellaneous	267,050	267,050	170,395	(96,655)
Total Revenues	\$ 16,587,007	\$ 16,587,007	\$ 17,403,079	\$ 816,072
Expenditures				
Current				
General government				
Surveyor	\$ 631,652	\$ 631,652	\$ 546,619	\$ 85,033
Highways and streets				
Administration	\$ 317,035	\$ 317,035	\$ 308,702	\$ 8,333
Maintenance	3,034,113	3,034,113	3,482,757	(448,644)
Engineering/construction	9,905,304	9,905,304	11,391,382	(1,486,078)
Equipment, maintenance, and shop	1,040,563	1,040,563	768,318	272,245
Materials and services for resale	567,974	567,974	366,449	201,525
Central fueling	4,734	4,734	1,416	3,318
Total highways and streets	\$ 14,869,723	\$ 14,869,723	\$ 16,319,024	\$ (1,449,301)
Culture and recreation				
Parks	\$ 546,653	\$ 546,653	\$ 542,468	\$ 4,185
Conservation of natural resources				
Agriculture inspection	\$ 28,979	\$ 28,979	\$ 22,991	\$ 5,988
Intergovernmental				
Highways and streets	\$ 510,000	\$ 510,000	\$ 858,986	\$ (348,986)
Debt service				
Principal	\$ -	\$ -	\$ 30,865	\$ (30,865)
Interest	-	-	6,220	(6,220)
Total debt service	\$ -	\$ -	\$ 37,085	\$ (37,085)
Total Expenditures	\$ 16,587,007	\$ 16,587,007	\$ 18,327,173	\$ (1,740,166)

The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
PUBLIC WORKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts	Actual	Variance with
	Original	Final	Final Budget
Excess of Revenues Over (Under)			
Expenditures	\$ -	\$ -	\$ (924,094)
Other Financing Sources (Uses)			
Proceeds from capital lease/installment purchases	\$ -	\$ -	\$ 50,101
Proceeds from sale of capital assets	-	-	46,779
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 96,880
Net Change in Fund Balance	\$ -	\$ -	\$ (827,214)
Fund Balance - January 1			7,872,331
Decrease in inventories			(39,024)
Fund Balance - December 31			\$ 7,006,093

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

	Budgeted Amounts	Actual	Variance with
	Original	Final	Final Budget
Revenues			
Taxes	\$ 4,054,982	\$ 4,054,982	\$ (21,498)
Licenses and permits	10,875	10,875	(21,75)
Intergovernmental	5,188,905	5,188,905	(712,11)
Charges for services	690,038	730,714	40,676
Gifts and contributions	-	-	700
Miscellaneous	290,097	290,097	(123,421)
Total Revenues	\$ 10,234,897	\$ 10,234,897	\$ (176,929)
Expenditures			
Current			
Human services	\$ 3,389,716	\$ 3,389,716	\$ 136,372
Income maintenance	6,845,181	6,845,181	485,172
Social services			
Total Human Services	\$ 10,234,897	\$ 10,234,897	\$ 621,544
Debt service			
Principal	\$ -	\$ -	\$ (25,905)
Interest	-	-	(9,238)
Total Debt Service	\$ -	\$ -	\$ (35,143)
Total Expenditures	\$ 10,234,897	\$ 10,234,897	\$ 586,401
Net Change in Fund Balance	\$ -	\$ -	\$ 409,472
Fund Balance - January 1			8,558,123
Fund Balance - December 31			\$ 8,967,595

The notes to the required supplementary information are an integral part of this schedule.
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The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY,
RELATED RATIOS, AND NOTES
DECEMBER 31, 2020**

Governmental Activities

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability			
Service Cost	\$ 100,467	\$ 128,471	\$ 135,561
Interest	82,484	72,912	71,267
Assumption Changes	(162,531)	(68,321)	-
Differences Between Expected and Actual Experience	(658,636)	-	-
Benefit Payments	(145,481)	(142,453)	(157,202)
Net change in Total OPEB Liability	(783,707)	(9,391)	49,626
Total OPEB Liability - Beginning	2,142,242	2,151,633	2,102,007
Total OPEB Liability - Ending	\$ 1,358,535	\$ 2,142,242	\$ 2,151,633
Covered Employee Payroll	\$ 16,331,315	\$ 15,355,456	\$ 14,908,210
County's OPEB Liability as a Percentage of Covered Employee Payroll	8.0%	14.0%	14.0%

GASB 75 requires ten years of information to be presented in this table. Additional years will be included as they become available.

No assets are accumulated in a trust.

Changes in assumptions are disclosed in Note 4.C. to the basic financial statements.

The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY,
RELATED RATIOS, AND NOTES
DECEMBER 31, 2020**

Business-Type Activities

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability			
Service Cost	\$ 262,214	\$ 254,577	\$ 276,628
Interest	117,131	118,564	113,090
Assumption Changes	-	(762,860)	-
Differences Between Expected and Actual Experience	-	88,498	-
Benefit Payments	(198,795)	(234,933)	(169,137)
Net change in Total OPEB Liability	180,550	(556,154)	220,581
Total OPEB Liability - Beginning	2,918,640	3,454,794	3,234,213
Total OPEB Liability - Ending	\$ 3,099,190	\$ 2,918,640	\$ 3,454,794
Covered Employee Payroll	\$ 45,637,337	\$ 44,308,094	\$ 40,519,102
County's OPEB Liability as a Percentage of Covered Employee Payroll	6.8%	6.6%	8.5%

GASB 75 requires ten years of information to be presented in this table. Additional years will be included as they become available.

No assets are accumulated in a trust.

Changes in assumptions are disclosed in Note 4.C. to the basic financial statements.

The notes to the required supplementary information are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY,
RELATED RATIOS, AND NOTES
DECEMBER 31, 2020**

Pope Douglas Solid Waste Management

	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability			
Service Cost	\$ 12,956	\$ 12,579	\$ 12,091
Interest	5,730	4,983	4,659
Changes of Assumptions	-	(1,967)	-
Differences Between Expected and Actual Experience	-	(6,516)	-
Benefit Payments	(10,578)	(8,785)	(6,056)
Net change in Total OPEB Liability	8,108	294	10,694
Total OPEB Liability - Beginning	143,077	142,783	132,089
Total OPEB Liability - Ending	\$ 151,185	\$ 143,077	\$ 142,783
Covered Employee Payroll	\$ 2,286,813	\$ 2,220,207	\$ 1,844,814
OPEB Liability as a Percentage of Covered Employee Payroll	7.0%	6.0%	7.7%

GASB 75 requires ten years of information to be presented in this table. Additional years will be included as they become available.

No assets are accumulated in a trust.

Changes in assumptions are disclosed in Note 9.F.4 to the basic financial statements.

The notes to the required supplementary information are an integral part of this schedule.
(158)

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA**

Douglas County

Schedule of Proportionate Share of Net Pension Liability

General Employees Retirement Fund

Measurement Date	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Douglas County (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of the Total Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/d)
June 30, 2015	0.2153%	\$11,155,787	\$0	\$11,155,787	\$12,628,842	88.34%	78.20%
June 30, 2016	0.1792%	\$14,553,562	\$56,678	\$14,610,240	\$11,098,864	131.13%	68.91%
June 30, 2017	0.1861%	\$11,880,501	\$149,399	\$12,029,900	\$11,990,929	99.08%	75.90%
June 30, 2018	0.1770%	\$9,819,234	\$322,078	\$10,141,312	\$11,899,319	82.52%	79.53%
June 30, 2019	0.1743%	\$9,636,657	\$299,487	\$9,936,144	\$12,331,627	78.15%	80.23%
June 30, 2020	0.1795%	\$10,761,845	\$331,973	\$11,093,818	\$12,814,081	83.98%	79.06%

This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

Douglas County

Schedule of Contributions

General Employees Retirement Fund

Fiscal Year Ending	Statutory Required Contributions (a)	Contributions in Relation to the Statutory Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2014	\$984,604	(\$984,604)	\$ -	\$13,580,724	7.25%
December 31, 2015	\$881,069	(\$881,069)	\$ -	\$11,747,549	7.50%
December 31, 2016	\$845,656	(\$845,656)	\$ -	\$11,275,395	7.50%
December 31, 2017	\$880,880	(\$880,880)	\$ -	\$11,745,067	7.50%
December 31, 2018	\$903,668	(\$903,668)	\$ -	\$12,048,890	7.50%
December 31, 2019	\$946,073	(\$946,073)	\$ -	\$12,609,814	7.50%
December 31, 2020	\$991,129	(\$991,129)	\$ -	\$13,213,481	7.50%

This schedule is presented prospectively beginning with the fiscal year ended December 31, 2014. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA**

Alomere Health

Schedule of Proportionate Share of Net Pension Liability

General Employees Retirement Fund									
Measurement Date	Employer's Proportion (Percentage)	Employer's Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Pension Liability Associated with PDSW (a-b)	Proportionate Share of the Net Pension Liability (c)	Proportionate Share of the Net Pension Liability (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
June 30, 2015	0.6331%	\$32,810,528	\$0	\$32,810,528	\$39,488,281	83.09%	78.20%		
June 30, 2016	0.6283%	\$51,014,844	\$666,162	\$51,681,006	\$39,472,694	129.24%	68.91%		
June 30, 2017	0.6498%	\$41,482,803	\$521,571	\$42,004,374	\$41,166,724	100.77%	75.90%		
June 30, 2018	0.6256%	\$34,705,723	\$1,138,373	\$35,844,096	\$43,607,000	79.59%	79.53%		
June 30, 2019	0.6397%	\$35,367,580	\$1,099,119	\$36,466,699	\$46,404,560	76.22%	80.23%		
June 30, 2020	0.6239%	\$37,405,656	\$1,153,567	\$38,559,223	\$43,634,795	85.72%	79.06%		

This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

Alomere Health

**Schedule of Contributions
General Employees Retirement Fund**

Fiscal Year Ending	Contributions in Relation to the Statutorily Required Contributions		Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	(a)	(b)			
December 31, 2014	\$2,643,639	(\$2,643,639)	\$ -	\$36,454,553	7.25%
December 31, 2015	\$2,962,323	(\$2,962,323)	\$ -	\$39,488,281	7.50%
December 31, 2016	\$2,961,644	(\$2,961,644)	\$ -	\$39,472,694	7.50%
December 31, 2017	\$3,087,504	(\$3,087,504)	\$ -	\$41,166,724	7.50%
December 31, 2018	\$3,270,525	(\$3,270,525)	\$ -	\$43,607,000	7.50%
December 31, 2019	\$3,480,342	(\$3,480,342)	\$ -	\$46,404,560	7.50%
December 31, 2020	\$3,272,610	(\$3,272,610)	\$ -	\$43,634,795	7.50%

This schedule is presented prospectively beginning with the fiscal year ended December 31, 2014. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA**

Pope/Douglas Solid Waste Management

Schedule of Proportionate Share of Net Pension Liability

General Employees Retirement Fund									
Measurement Date	Employer's Proportion (Percentage)	Employer's Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Pension Liability Associated with PDSW (a-b)	Proportionate Share of the Net Pension Liability (c)	Proportionate Share of the Net Pension Liability (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
June 30, 2015	0.0350%	\$1,816,058	\$0	\$1,816,058	\$2,102,644	86.37%	78.20%		
June 30, 2016	0.0342%	\$2,773,460	\$10,801	\$2,784,261	\$2,143,158	129.41%	68.90%		
June 30, 2017	0.0335%	\$2,138,618	\$26,883	\$2,165,501	\$2,157,495	99.13%	75.90%		
June 30, 2018	0.0339%	\$1,880,633	\$61,843	\$1,942,476	\$2,281,582	82.43%	79.53%		
June 30, 2019	0.0354%	\$1,957,187	\$60,831	\$2,018,018	\$2,509,990	77.98%	80.23%		
June 30, 2020	0.0382%	\$2,290,265	\$70,663	\$2,360,928	\$2,724,119	84.07%	79.06%		

This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

Pope/Douglas Solid Waste Management

**Schedule of Contributions
General Employees Retirement Fund**

Fiscal Year Ending	Statutorily Required Contributions		Contributions in Relation to the Statutorily Required Contributions (b)		Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	(a)						
December 31, 2014	\$148,703		(\$148,703)	\$ -		\$2,051,077	7.25%
December 31, 2015	\$167,522		(\$167,522)	\$ -		\$2,233,634	7.50%
December 31, 2016	\$156,672		(\$156,672)	\$ -		\$2,088,969	7.50%
December 31, 2017	\$160,740		(\$160,740)	\$ -		\$2,143,196	7.50%
December 31, 2018	\$181,563		(\$181,563)	\$ -		\$2,420,836	7.50%
December 31, 2019	\$193,824		(\$193,824)	\$ -		\$2,584,320	7.50%
December 31, 2020	\$219,516		(\$219,516)	\$ -		\$2,926,874	7.50%

This schedule is presented prospectively beginning with the fiscal year ended December 31, 2014. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA**

**Schedule of Proportionate Share of Net Pension Liability
Public Employees Police and Fire Retirement Fund**

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (a)	Employer's Share of the Net Pension Liability (b)	State's Proportionate Share of the Net Pension Liability (c)	Employer's Proportionate Share of the Net Pension Liability (d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (e)
June 30, 2015	0.2180%	\$2,476,990	\$0	\$2,476,990	86.60%
June 30, 2016	0.2290%	\$9,190,168	\$0	\$9,190,168	63.88%
June 30, 2017	0.2320%	\$3,132,276	\$0	\$3,132,276	85.43%
June 30, 2018	0.2328%	\$2,481,408	\$0	\$2,481,408	88.84%
June 30, 2019	0.2446%	\$2,604,014	\$0	\$2,604,014	89.26%
June 30, 2020	0.2412%	\$3,179,274	\$74,903	\$3,254,177	87.19%

This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

Schedule of Contributions

Public Employees Police and Fire Retirement Fund

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2014	\$294,334	(\$294,334)	\$	\$1,923,751	15.30%
December 31, 2015	\$358,211	(\$358,211)	\$	\$2,211,177	16.20%
December 31, 2016	\$355,931	(\$355,931)	\$	\$2,197,103	16.20%
December 31, 2017	\$384,989	(\$384,989)	\$	\$2,376,475	16.20%
December 31, 2018	\$409,411	(\$409,411)	\$	\$2,527,232	16.20%
December 31, 2019	\$47,828	(\$47,828)	\$	\$2,642,051	16.95%
December 31, 2020	\$497,856	(\$497,856)	\$	\$2,812,747	17.70%

This schedule is presented prospectively beginning with the fiscal year ended December 31, 2014. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA**

**Schedule of Proportionate Share of Net Pension Liability
Public Employees Correctional Retirement Fund**

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (a)	Employer's Share of the Net Pension Liability (b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (d)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (e)
June 30, 2015	0.9200%	\$1,653,623	\$1,653,623	8.60%	96.90%
June 30, 2016	0.8700%	\$3,178,232	\$1,637,514	194.09%	58.16%
June 30, 2017	0.8600%	\$2,451,009	\$1,714,407	142.97%	67.89%
June 30, 2018	0.8428%	\$1,386,615	\$1,708,936	8.11%	97.64%
June 30, 2019	0.8092%	\$1,120,034	\$1,725,958	6.49%	98.17%
June 30, 2020	0.8090%	\$2,195,514	\$1,748,273	12.56%	96.67%

This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

Schedule of Contributions

Public Employees Correctional Retirement Fund

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2014	\$141,934	(\$141,934)	\$	\$1,622,106	8.75%
December 31, 2015	\$150,449	(\$150,449)	\$	\$1,719,415	8.75%
December 31, 2016	\$140,191	(\$140,191)	\$	\$1,602,175	8.75%
December 31, 2017	\$148,799	(\$148,799)	\$	\$1,700,560	8.75%
December 31, 2018	\$148,861	(\$148,861)	\$	\$1,701,277	8.75%
December 31, 2019	\$154,337	(\$154,337)	\$	\$1,763,850	8.75%
December 31, 2020	\$150,927	(\$150,927)	\$	\$1,724,873	8.75%

This schedule is presented prospectively beginning with the fiscal year ended December 31, 2014. GASB 68 requires ten years of information to be presented in this table. Additional years will be included as they become available.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds.

On or before mid-summer of each year, all departments and agencies submit requests for appropriations to the Douglas County Auditor/Treasurer 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.

Encumbrance accounting is employed in governmental funds. Encumbrances (such as purchase orders or contracts) do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the General Fund and Public Works Fund.

3. Other Postemployment Benefits Funding Status

The following changes were reflected in the governmental activities OPEB valuation for year ended December 31:

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.80% to 2.90%.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

3. Other Postemployment Benefits Funding Status (Continued)

2019

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

2018

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50% to 3.30%.

4. 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 year ended June 30.

A. General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

A. General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP 2015 to MP 2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

A. General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- 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.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 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 Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.

- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Change in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

A. General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. Police and Fire Fund

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

B. Police and Fire Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP 2016 to MP 2017.

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- 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.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

B. Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP- 2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- 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.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- 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 postretirement 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

B. Police and Fire Fund (Continued)

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent

C. Correctional Fund

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The single discount rate was changed from 5.96% per annum to 7.50% 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% per year to 2.00% per year.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

C. Correctional Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- 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.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.

Changes in Plan Provisions (Continued)

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

2017 Changes

Changes in Actuarial Assumptions

- The base mortality table for health 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 health 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 MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA has been changed to 35% for vested members and 1% for non-vested members.
- The single discount rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

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

C. Correctional Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 5.31%.
- The assume future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

The Library Fund accounts for the operations of the County library. Financing is provided by an annual tax levy and fees and fines.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for capital acquisition, construction, or improvement of capital facilities.

SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue	Capital Projects	Total
Assets			
Cash and pooled investments	\$ 1,057,620	\$ 6,722,106	\$ 7,779,726
Petty cash and change funds	316	-	316
Investments	82,366	-	82,366
Taxes receivable			
Current	7,395	3,198	10,593
Delinquent	4,664	3,107	7,771
Special assessments receivable			
Current	3,517	-	3,517
Delinquent	3,009	-	3,009
Noncurrent	192,264	-	192,264
Accounts receivable	979	6,795	7,774
Due from other funds	6,281	-	6,281
Due from other governments	25,869	1,571	27,440
Prepaid items	6,290	-	6,290
Total Assets	\$ 1,390,570	\$ 6,736,777	\$ 8,127,347

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue	Capital Projects	Total
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 37,483	\$ 16,580	\$ 54,063
Salaries payable	34,307	-	34,307
Contracts payable	-	60,238	60,238
Due to other funds	11,121	-	11,121
Due to other governments	1,826	-	1,826
Advance from other funds	302,500	-	302,500
Total Liabilities	\$ 387,237	\$ 76,818	\$ 464,055
Deferred Inflows of Resources			
Unavailable taxes	\$ 7,527	\$ 4,103	\$ 11,630
Unavailable special assessments	217,851	-	217,851
Taxes collected for subsequent year	1,264	266	1,530
Total Deferred Inflows of Resources	\$ 226,642	\$ 4,369	\$ 231,011
Fund Balances			
Nonspendable for prepaid items	\$ 6,290	\$ -	\$ 6,290
Restricted for ditch maintenance	84,007	-	84,007
Restricted for capital outlay	-	4,240,509	4,240,509
Assigned for capital improvements	83,976	2,415,081	2,499,057
Assigned for library fund drive	158,273	-	158,273
Assigned for library	727,711	-	727,711
Unassigned	(283,566)	-	(283,566)
Total Fund Balances	\$ 776,691	\$ 6,655,590	\$ 7,432,281
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,390,570	\$ 6,736,777	\$ 8,127,347

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2020**

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ 1,035,782	\$ 449,551	\$ 1,485,333
Special assessments	233,403	-	233,403
Intergovernmental	163,742	66,275	230,017
Charges for services	3,973	-	3,973
Fines and forfeits	13,873	-	13,873
Gifts and contributions	7,744	1,000,000	1,007,744
Investment earnings	460	9	469
Miscellaneous	737	89,293	90,030
Total Revenues	\$ 1,459,714	\$ 1,605,128	\$ 3,064,842
Expenditures			
Current			
Culture and recreation	\$ 1,160,895	-	\$ 1,160,895
Conservation of natural resources	213,581	-	213,581
Capital outlay			
General government	-	836,052	836,052
Human services	-	1,678	1,678
Culture and recreation	-	2,000,000	2,000,000
Debt service			
Principal	2,409	-	2,409
Interest	638	-	638
Bond issuance costs	-	78,346	78,346
Total Expenditures	\$ 1,377,523	\$ 2,916,076	\$ 4,293,599
Excess of Revenues Over (Under) Expenditures	\$ 82,191	\$ (1,310,948)	\$ (1,228,757)
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 812,672	\$ 812,672
Transfers out	-	(93,463)	(93,463)
Proceeds of capital improvement bonds	-	4,188,420	4,188,420
Premium on bonds issued	-	191,969	191,969
Total Other Financing Sources (Uses)	\$ -	\$ 5,099,598	\$ 5,099,598
Net Change in Fund Balance	\$ 82,191	\$ 3,788,650	\$ 3,870,841
Fund Balance - January 1	694,500	2,866,940	3,561,440
Fund Balance - December 31	\$ 776,691	\$ 6,655,590	\$ 7,432,281

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2020**

	Ditch	Library	Total
Assets			
Cash and pooled investments	\$ 121,351	\$ 936,269	\$ 1,057,620
Petty cash and change funds	-	316	316
Investments	-	82,366	82,366
Taxes receivable	-	-	-
Current	-	7,395	7,395
Delinquent	-	4,664	4,664
Special assessments receivable	-	-	-
Current	3,517	-	3,517
Delinquent	3,009	-	3,009
Noncurrent	192,264	-	192,264
Accounts receivable	-	979	979
Due from other funds	6,281	-	6,281
Due from other governments	25,869	-	25,869
Prepaid items	-	6,290	6,290
Total Assets	\$ 352,291	\$ 1,038,279	\$ 1,390,570

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED DECEMBER 31, 2020

	Ditch	Library	Total
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	\$ 18,960	\$ 18,523	\$ 37,483
Salaries payable	-	34,307	34,307
Due to other funds	10,713	408	11,121
Due to other governments	1,826	-	1,826
Advance from other funds	302,500	-	302,500
Total Liabilities	\$ 333,999	\$ 53,238	\$ 387,237
Deferred Inflows of Resources			
Unavailable taxes	\$ -	\$ 7,527	\$ 7,527
Unavailable special assessments	217,851	-	217,851
Taxes collected for subsequent year	-	1,264	1,264
Total Deferred Inflows of Resources	\$ 217,851	\$ 8,791	\$ 226,642
Fund Balances			
Nonspendable for prepaid items	\$ -	\$ 6,290	\$ 6,290
Restricted for ditch maintenance	84,007	-	84,007
Assigned for capital improvements	-	83,976	83,976
Assigned for library fund drive	-	158,273	158,273
Assigned for library	-	727,711	727,711
Unassigned	(283,566)	-	(283,566)
Total Fund Balances	\$ (199,559)	\$ 976,250	\$ 776,691
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 352,291	\$ 1,038,279	\$ 1,390,570

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED DECEMBER 31, 2020

	Ditch	Library	Total
Revenues			
Taxes	\$ -	\$ 1,035,782	\$ 1,035,782
Special assessments	233,403	-	233,403
Intergovernmental	-	163,742	163,742
Charges for services	-	3,973	3,973
Fines and forfeits	-	13,873	13,873
Gifts and contributions	-	7,744	7,744
Investment earnings	-	460	460
Miscellaneous	-	737	737
Total Revenues	\$ 233,403	\$ 1,226,311	\$ 1,459,714
Expenditures			
Current			
Culture and recreation	\$ -	\$ 1,160,895	\$ 1,160,895
Conservation of natural resources	213,581	-	213,581
Debt service			
Principal	-	2,409	2,409
Interest	-	638	638
Total Expenditures	\$ 213,581	\$ 1,163,942	\$ 1,377,523
Excess of Revenues Over (Under) Expenditures	\$ 19,822	\$ 62,369	\$ 82,191
Net Change in Fund Balance	\$ 19,822	\$ 62,369	\$ 82,191
Fund Balance - January 1	(219,381)	913,881	694,500
Fund Balance - December 31	\$ (199,559)	\$ 976,250	\$ 776,691

(180)

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
LIBRARY/SPECIAL REVENUE FUND
FOR YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,041,904	\$ 1,041,904	\$ 1,035,782	\$ (6,122)
Intergovernmental	68,180	68,180	163,742	95,562
Charges for services	8,000	8,000	3,973	(4,027)
Fines and forfeits	27,000	27,000	13,873	(13,127)
Gifts and contributions	4,000	4,000	7,744	3,744
Investment earnings	-	-	460	460
Miscellaneous	500	500	737	237
Total Revenues	\$ 1,149,584	\$ 1,149,584	\$ 1,226,311	\$ 76,727
Expenditures				
Current				
Culture and recreation				
County library	\$ 1,149,584	\$ 1,149,584	\$ 1,160,895	\$ (11,311)
Debt service				
Principal	-	-	2,409	(2,409)
Interest	-	-	638	(638)
Total Expenditures	\$ 1,149,584	\$ 1,149,584	\$ 1,163,942	\$ (14,358)
Net Change in Fund Balance	\$ -	\$ -	\$ 62,369	\$ 62,369
Fund Balance - January 1			913,881	
Fund Balance - December 31			\$ 976,250	

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 450,024	\$ 450,024	\$ 449,551	\$ (473)
Intergovernmental	59,976	59,976	66,275	6,299
Gifts and contributions	-	-	1,000,000	1,000,000
Investment earnings	-	-	9	9
Miscellaneous	17,515	17,515	89,293	71,778
Total Revenues	\$ 527,515	\$ 527,515	\$ 1,605,128	\$ 1,077,613
Expenditures				
Capital outlay				
General government	\$ 527,515	\$ 527,515	\$ 836,052	\$ (308,537)
Public safety	-	-	-	-
Human Services	-	-	1,678	(1,678)
Culture and recreation	-	-	2,000,000	(2,000,000)
Debt service				
Bond issuance cost	-	-	78,346	(78,346)
Total Expenditures	\$ 527,515	\$ 527,515	\$ 2,916,076	\$ (2,388,561)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (1,310,948)	\$ (1,310,948)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 812,672	\$ 812,672
Transfers out	-	-	(93,463)	(93,463)
Proceeds of capital improvement bonds	-	-	4,188,420	4,188,420
Premium on bonds	-	-	191,969	191,969
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 5,099,598	\$ 5,099,598
Net Change in Fund Balance	\$ -	\$ -	\$ 3,788,650	\$ 3,788,650
Fund Balance - January 1			2,866,940	
Fund Balance - December 31			\$ 6,655,590	

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
BONDS AND INTEREST DEBT SERVICE FUND
FOR YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 2,008,912	\$ 2,008,912	\$ 1,999,782	\$ (9,130)
Intergovernmental	-	-	26,926	26,926
Investment earnings	-	-	12,094	12,094
Total Revenues	\$ 2,008,912	\$ 2,008,912	\$ 2,038,802	\$ 29,890
Expenditures				
Debt service				
Principal	\$ 1,370,000	\$ 1,370,000	\$ 8,055,000	\$ (6,685,000)
Interest	606,912	606,912	613,784	(6,872)
Administrative charges	32,000	32,000	30,297	1,703
Total Expenditures	\$ 2,008,912	\$ 2,008,912	\$ 8,699,081	\$ (6,690,169)
Excess of Revenues Over (Under)	\$ -	\$ -	\$ (6,660,279)	\$ (6,660,279)
Other Financing Sources (Uses)				
Proceeds of capital improvement bonds	-	-	\$ 71,580	\$ 71,580
Net Change in Fund Balance	\$ -	\$ -	\$ (6,588,699)	\$ (6,588,699)
Fund Balance - January 1			8,864,961	
Fund Balance - December 31			\$ 2,276,262	

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
FIDUCIARY FUNDS**

OTHER CUSTODIAL FUNDS

The Taxes and Penalties Fund accounts for the collections and payment of taxes and penalties collected for taxing districts and for prepayment of taxes until tax statements are prepared and the collected taxes can be properly distributed.

The Douglas County Children's Mental Health Collaborative Fund accounts for the collections and payment of state and federal grants and membership contributions for the Collaborative.

The Flood Control Board Fund accounts for the collections and payments for the joint venture.

The West Central Minnesota Drug Task Force Fund accounts for the collection and payments of special drug-related investigations for the Task Force.

The Jail Inmate Account Fund accounts for the receipts and disbursement of the County's inmates.

The Sheriff Bail Account Fund accounts for the collections and payments of the County's inmates bail activity.

The State License and Fees Fund accounts for the collection and payment of money due to the State of Minnesota.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – OTHER CUSTODIAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2020

	Taxes and Penalties	Mental Health Collaborative	Flood Control Board	West Central MN Drug Task Force	Jail Inmate Account	Sheriff Bail Account	State License and Fees	Total Other Custodial Funds
Assets								
Cash and pooled investments	\$ 550,033	\$ 367,655	\$ 4,632	\$ 470,948	\$ 15,955	\$ -	\$ 365,152	\$ 1,774,375
Due from other governments	-	79,228	-	35,106	-	-	-	114,334
Delinquent taxes for other governments	431,497	-	-	-	-	-	-	431,497
Total Assets	\$ 981,530	\$ 446,883	\$ 4,632	\$ 506,054	\$ 15,955	\$ -	\$ 365,152	\$ 2,320,206
Liabilities								
Accounts payable	-	\$ 4,300	\$ -	\$ 1,904	\$ -	\$ -	\$ -	\$ 6,204
Due to other governments	498,126	6,561	-	-	6,508	-	365,152	876,347
Total Liabilities	\$ 498,126	\$ 10,861	\$ -	\$ 1,904	\$ 6,508	\$ -	\$ 365,152	\$ 882,551
Deferred Inflows of Resources								
Taxes Collected in Advance of Levy	\$ 51,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,907
Net Position								
Restricted for individuals, organizations and other governments	\$ 431,497	\$ 436,022	\$ 4,632	\$ 504,150	\$ 9,447	\$ -	\$ -	\$ 1,385,748

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDED DECEMBER 31, 2020**

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
FOR YEAR ENDED DECEMBER 31, 2020**

Additions

Contributions					
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -
Property tax collections for other governments	47,541,023	-	-	-	-
License and fees collected for state	-	-	-	-	-
Miscellaneous	-	146,975	75	356,446	-
Total Additions	\$ 47,541,023	\$ 146,975	\$ 75	\$ 356,446	

Deductions

Beneficiary payments to individuals	\$ -	\$ 3,009	\$ -	\$ -	\$ -
Payments of property tax to other governments	47,535,788	-	-	-	-
Payments to state	-	-	-	-	-
Payments to other governments	-	75,136	-	-	-
Administrative expense	-	10,500	-	-	-
Payments to other entities	-	29,262	1,200	254,243	-
Total Deductions	\$ 47,535,788	\$ 117,907	\$ 1,200	\$ 254,243	
Net increase (decrease) in fiduciary net position	\$ 5,235	\$ 29,068	\$ (1,125)	\$ 102,203	
Net Position - Beginning	426,262	406,954	5,757	401,947	
Net position - Ending	\$ 431,497	\$ 436,022	\$ 4,632	\$ 504,150	

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	Jail Inmate Account	Sheriff Bail Account	State License and Fees	Total Other Custodial Funds
\$ 234,696	\$ 20,195	\$ -	\$ -	\$ 254,891
-	-	-	-	47,541,023
-	-	-	3,564,417	3,564,417
-	-	-	-	504,496
\$ 234,696	\$ 20,195	\$ 3,564,417	\$ 51,863,827	
\$ 243,757	\$ 20,195	\$ -	\$ -	\$ 266,961
-	-	-	-	47,535,788
-	-	-	3,564,417	3,564,417
-	-	-	-	75,136
-	-	-	-	10,500
-	-	-	-	284,705
\$ 243,757	\$ 20,195	\$ 3,564,417	\$ 51,737,507	
\$ (9,061)	\$ -	\$ -	\$ -	\$ 126,320
18,508	-	-	-	1,259,428
\$ 9,447	\$ -	\$ -	\$ 1,385,748	

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF DEPOSITS AND INVESTMENTS
DECEMBER 31, 2020**

Deposits and Investments	Number	Interest Rate (%)	Maturity Date	Fair Value
Cash on hand and checking	N/A	Variable	Continuous	\$ 27,146,444
Money market funds	N/A	Variable	Continuous	47,653,471
External investment pools	11	Variable	Continuous	45,456,647
Certificates of deposit	2	1.75 to 2.23	January 01, 2021 to June 30, 2021	192,238
Certificates of deposit with brokers	28	0.35 to 2.45	January 07, 2021 to November 30, 2026	7,204,738
Commercial paper	4	0 to 0.55	N/A	1,324,482
Mutual funds	9	N/A	N/A	29,781,416
Corporate Bonds	67	Variable	February 02, 2021 to January 01, 2023	19,248,131
Municipal bonds	6	2.05 to 3.13	July 1, 2021 to February 1, 2027	2,866,624
Total Deposits and Investments				\$ 180,874,191

OTHER SCHEDULES

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET – BY DITCH (CONTINUED)
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2020**

	Due from Other Funds	Due from Other Governments	Total
\$	3,521	\$ 3,918	\$ 52,146
	124	3,252	19,888
	90	1,362	37,680
	-	233	3,928
	227	2,759	27,055
	890	824	29,020
	-	166	3,121
	-	-	2,131
	-	6,107	13,212
	29	544	33,364
	-	40	8,509
	-	14	6,502
	-	272	10,560
	-	-	12,881
	1,340	6,198	30,548
	-	150	7,887
	-	-	12,421
	-	-	26,402
	(6)	30	15,036
\$	6,281	\$ 25,869	\$ 352,291

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET – BY DITCH
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2020**

	Assets			
	Cash	Special Current	Assessments Delinquent	Receivable Noncurrent
Joint Ditches				
2	\$ 5,992	\$ 1,561	\$ 1,774	\$ 35,380
3	7,644	253	-	8,615
4	19,094	-	-	17,134
County Ditches				
1	1,909	62	52	1,672
3	6,750	71	71	17,177
4 and 16	10,668	405	-	16,233
5	2,041	-	-	914
6	2,131	-	-	-
8	1,947	3	-	5,155
9	6,106	367	310	26,008
10	2,661	-	-	5,808
11	2,305	-	-	4,183
13	2,616	6	-	7,666
14	4,236	-	-	8,645
17	1,623	-	-	21,387
21	1,466	-	-	6,271
22	10,961	730	730	-
23	26,402	-	-	-
98	4,799	59	72	10,016
Total	\$ 121,351	\$ 3,517	\$ 3,409	\$ 192,264

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET – BY DITCH (CONTINUED)
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2020

	Accounts Payable	Liabilities			Total
		Due to Other Funds	Due to Other Governments	Advance from Other Funds	
Joint Ditches					
2	\$ 825	\$ 2,774	\$ -	\$ 46,000	\$ 49,599
3	11	341	1,297	-	1,649
4	11	561	529	-	1,101
County Ditches					
1	11	235	-	-	246
3	299	442	-	60,000	60,741
4 and 16	986	1,223	-	1,000	3,209
5	11	306	-	4,000	4,317
6	719	200	-	12,000	12,919
8	11	459	-	55,000	55,470
9	11	719	-	25,000	25,730
10	11	206	-	19,500	19,717
11	11	208	-	8,000	8,219
13	299	204	-	-	503
14	11	204	-	26,000	26,215
17	15,689	1,640	-	42,000	59,329
21	11	198	-	4,000	4,209
22	11	249	-	-	260
23	11	260	-	-	271
98	11	284	-	-	295
Total	\$ 18,960	\$ 10,713	\$ 1,826	\$ 302,500	\$ 333,999

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
BALANCE SHEET – BY DITCH (CONTINUED)
DITCH SPECIAL REVENUE FUND
DECEMBER 31, 2020

	Deferred Inflows of Resources	Restricted for Ditch Maintenance	Fund Balance		Total Liabilities, Deferred Inflows of Resources and Fund Balance
			Unassigned	Total	
	\$	\$	\$	\$	\$
	42,271	-	(39,724)	(39,724)	52,146
	9,055	9,184	-	9,184	19,888
	17,175	19,404	-	19,404	37,680
	2,014	1,668	-	1,668	3,928
	19,936	-	(53,622)	(53,622)	27,055
	17,057	8,754	-	8,754	29,020
	1,080	-	(2,276)	(2,276)	3,121
	-	-	(10,788)	(10,788)	2,131
	11,261	-	(53,519)	(53,519)	13,212
	27,211	-	(19,577)	(19,577)	33,364
	5,848	-	(17,056)	(17,056)	8,509
	4,198	-	(5,915)	(5,915)	6,502
	7,938	2,119	-	2,119	10,560
	8,645	-	(21,979)	(21,979)	12,881
	27,586	-	(56,367)	(56,367)	30,548
	6,421	-	(2,743)	(2,743)	7,887
	-	12,161	-	12,161	12,421
	-	26,131	-	26,131	26,402
	10,155	4,586	-	4,586	15,036
Total	\$ 217,851	\$ 84,007	\$ (283,566)	\$ (199,559)	\$ 352,291

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Shared Revenue	
State	
Highway users tax	\$ 7,979,490
Market value credit	312,227
Senior citizen deferral	5016
PERA indirect aid and on behalf payment	72,136
Disparity reduction aid	6014
County program aid	1,617,634
Riparian protection aid	79,639
Aquatic invasive species aid	257,991
Police aid	325,273
E-911	114,703
Total Shared Revenue	\$ 10,770,123
Reimbursement for Services	
Minnesota State Colleges/Universities	\$ 6,884
Minnesota Department of Corrections	3,115
Minnesota Department of Human Resources	356
Minnesota Department of Human Services	1,102,964
Total Reimbursement for Services	\$ 1,113,319
Payments	
Local	
Payments in lieu of taxes	\$ 283,099
Total Payments	\$ 283,099
Grants	
State	
Minnesota Department/Board of Administration	\$ 750
Corrections	105,499
Public Safety	155,000
Transportation	291,491
Natural Resources	292,330
Secretary of State	60,108
Human Services	1,136,793
Revenue	15,787
Veterans Affairs	10,000
Water and Soil Resources	54,159
Peace Officer Standards and Training Board	36,696
Pollution Control Agency	40,001
Total State	\$ 2,198,614
Grants (Continued)	
Federal	
Department of Agriculture	\$ 358,442
Justice	2,219
Election Assistance Commission	40,870
Treasury	5,087,375
Transportation	7,500
Education	84,399
Health and Human Services	2,619,824
Homeland Security	33,300
Total Federal	\$ 8,233,929
Total State and Federal Grants	\$ 10,432,543
Total Intergovernmental Revenue	\$ 22,599,084

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

Board of County Commissioners
Douglas County
Alexandria, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Douglas County (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Douglas County's basic financial statements, and have issued our report thereon dated August 18, 2021. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Authority of Douglas County discretely presented component unit, as described in our report on Douglas County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors. The financial statements of the Alomere Health Hospital were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Board of County Commissioners
Douglas County

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Douglas County's Response to Finding

Douglas County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Douglas County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

CliftonLarsonAllen LLP
Alexandria, Minnesota
August 18, 2021

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of County Commissioners
Douglas County
Alexandria, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Douglas County's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Douglas County's major federal programs for the year ended December 31, 2020. Douglas County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Douglas County's financial statements include the activities of the Housing and Redevelopment Authority (HRA) discretely presented component unit, which expended \$1,422,200 in federal awards during the year ended December 31, 2020. The federal awards for the HRA are not included in the Schedule of Expenditures of Federal Awards for Douglas County. Our audit, described below, did not include these activities because other auditors were engaged to perform a separate audit.

Management's Responsibility

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

Auditors' Responsibility

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



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Board of County Commissioners
Douglas County

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020**

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



CliftonLarsonAllen LLP

Alexandria, Minnesota
August 18, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
<ul style="list-style-type: none"> Material weakness(es) identified? 	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
<ul style="list-style-type: none"> Significant deficiency(ies) identified? 	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major federal programs:

<ul style="list-style-type: none"> Material weakness(es) identified? 	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no
<ul style="list-style-type: none"> Significant deficiency(ies) identified? 	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

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

☐ yes ☒ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
21.019	COVID-19 Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 SEGREGATION OF DUTIES

Type of Finding: Material Weakness in Internal Control over Financial Reporting

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

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

Cause: The size of Douglas County and its staffing limits the internal control that management can design and implement into the organization.

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

Repeat Finding: Yes, identified in prior year as finding 2019-001.

Recommendation: We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement some oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

View of Responsible Official: There is no disagreement with the finding.

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DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

SECTION IV - MINNESOTA LEGAL COMPLIANCE

2020-002 DITCH SPECIAL REVENUE FUND DEFICIT

Criteria: Assets should exceed liabilities in order for the County to meet its obligations and maintain a positive fund balance. Under Minnesota Statutes §103E.655, drainage project costs must be paid from the drainage system account. Through the levying of assessments, Minnesota Statutes §103E.735 subd. 1 permits the accumulation of a surplus balance for the repair costs of a ditch system not to exceed 20 percent of the assessed benefits of the ditch system or \$40,000, whichever is greater.

Condition and Context: Eleven of nineteen individual ditch systems had deficit fund balances at December 31, 2020.

Cause: Ditch expenditures were necessary, and the ditch levies were not sufficient to cover all costs.

Effect: The County is not in compliance with Minnesota Statutes.

Repeat Finding: Yes, identified in prior year as finding 2019-003.

Recommendation: We recommend the County eliminate the individual ditch fund balance deficits by levying assessments pursuant to Minnesota Statutes §103E.735, subd. 1, which permits the accumulation of a surplus balance to provide for the repair costs of a ditch system.

CLIENT'S RESPONSE:

Douglas County plans to make continued progress in the elimination of the ditch deficits over the next few years.

SECTION V - PREVIOUSLY REPORTED ITEMS RESOLVED

- 2019-002: Minnesota Legal Compliance – Insufficient Collateral
- 2019-004: Minnesota Legal Compliance – Broker Acknowledgement

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CDA Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services SNAP Cluster	10561	2020MN01S2514	\$ 388,442	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
U.S. Department of the Interior				
Passed Through Minnesota Department of Natural Resources Grant Lakes Restoration	15662	F18AS00106	\$ 4,077	-
U.S. Department of Justice				
Direct	16607	N/A	\$ 2,210	-
Bulldozer/Vets Partnership Program				
U.S. Department of the Treasury				
Passed Through Minnesota Department of Management and Budget COVID-19 Coronavirus Relief Fund	20019	STL0016	\$ 4,731,875	143,836
Passed Through the City of Alexandria COVID-19 Coronavirus Relief Fund	20019	STL0016	355,900	-
Total U.S. Department of the Treasury			\$ 5,087,275	\$ 143,836
U.S. Department of Transportation				
Passed Through Minnesota Department of Public Safety and the City of Saint Cloud Federal Transit Capital Assistance Grant	20615	A-DECN-CPE-2019-CMESB-4	\$ 7,800	-
Institute of Museum and Library Services				
Passed Through Minnesota Department of Education and Douglas County Friends and Foundation Library Services Technology Act Grant	45310	LS-00-20-0024-20	\$ 83,088	32,400
U.S. Federal Election Assistance Commission				
Passed Through Minnesota Department of Management and Budget COVID-19 HAVA Election Security Grant	90404	EAC201908MNCVID	\$ 40,870	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Board on Aging and Northwest Regional Developmental Commission Aging Cluster Special Programs for the Aging - Title III Part B - Grants for Supportive Services and Senior Centers	93044	314-20-003B-433	\$ 29,766	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93556	2001MNEPSS	13,300	-
Temporary Assistance for Needy Families	93558	2001MNTANF	256,490	-
Child Support Enforcement	93563	2001MNCSES	\$ 649,480	-
		2001MNCSEST	61,396	-

**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CDA Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Refugee and Entrant Assistance - State-Administered Programs	93566	2001MNCMA		429
Community-Based Child Abuse Prevention	93590	1901MNBCAP		3,369
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93575	2001MNCDF		7,001
Stephanie Tubbs Jones Child Welfare Services Program	93645	2001MNCWSS	\$ 9,090	-
		2001MNCWC3	1,726	10,816
Foster Care Title IV-E	93658	2001MNCOST		180,641
Social Services Block Grant	93667	2001MNCOSR		192,066
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93674	2001MNCILP		2,000
Children's Health Insurance Program	93767	2005MNS021		781
Medicaid Cluster				
Medical Assistance Program	93778	2005MNSADM	\$ 1,132,407	-
		2005MNSMAP	20,365	1,153,272
Total U.S. Department of Health and Human Services			\$ 2,560,947	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97012	DOUGLAS FBE-091820	\$ 4,280	-
		DOUGLAS FBP-110420	1,495	\$ 5,775
Emergency Management Performance Grants	97042	E-EMPG-2019-		-
		DOUGLAS-CD-3141	5,324	-
Total U.S. Department of Homeland Security			\$ 11,099	\$ -
Total Federal Awards			\$ 8,155,617	\$ 176,236

Totals by Cluster
Total Expenditures for SNA-P Cluster \$ 388,442
Total Expenditures for Aging Cluster 29,766
Total Expenditures for CCDF Cluster 7,001
Total Expenditures for Medicaid Cluster 1,153,272

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.
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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.
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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Douglas County. The County's reporting entity is defined in Note 1 to the financial statements. The Housing and Redevelopment Authority of Douglas County and Pope/Douglas Solid Waste Management, discretely presented component units, expended \$1,373,941 and \$0, respectively, in federal awards not included in this schedule because they had separate single audits in accordance with Uniform Guidance, as applicable. The schedule does not include the federal expenditures of the Alomere Health enterprise fund which issues standalone financial statements. Douglas County passed through \$176,236 to subrecipients in 2020.

2. Basis of Presentation

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

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowable costs. Under the Uniform Guidance, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Douglas County has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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**DOUGLAS COUNTY
ALEXANDRIA, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

4. Reconciliation to Schedule of Intergovernmental Revenue

Total federal revenue per Schedule of Intergovernmental Revenue	\$ 8,233,929
Grants received more than 60 days after year-end unavailable in 2020	
Temporary Assistance for Needy Families	57,253
Promoting Safe and Stable Families	3,626
Stephanie Tubbs Jones Child Welfare Services Program	1,276
Great Lakes Restoration	4,077
Grants unavailable in 2019, recognized as revenue in 2020	
Temporary Assistance for Needy Families	(63,579)
Library Services Technology Act Grant	(1,311)
Child Care Mandatory and Matching Fund of the Child Care and Development Fund	(736)
Refugee and Entrant Assistance - State-Administered Programs	(2,921)
John H. Chafee Foster Care Program for Successful Transition to Adulthood	(8,685)
Community-Based Child Abuse Prevention	(866)
Foster Care Title IV-E	(42,218)
Stephanie Tubbs Jones Child Welfare Services Program	(2,027)
Emergency Management Performance Grant	(22,201)
Total Federal Awards per Schedule of Expenditures of Federal Awards	<u>\$ 8,155,617</u>

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Douglas County
Alexandria, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Douglas County, Minnesota, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents and have issued our report thereon dated August 18, 2021. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Authority of Douglas County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of Minnesota Legal Compliance that are reported on separately by those auditors.

In connection with our audit, we noted that Douglas County failed to comply with provisions of the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they related to accounting matters as described in the schedule of findings and questioned costs as item 2020-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that Douglas County failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Douglas County's written response to the legal compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Douglas County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



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Board of County Commissioners
Douglas County

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 18, 2021

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FORM OF LEGAL OPINION

(See following pages)

Form of Opinion of Bond Counsel

Douglas County, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Solid Waste Revenue Bonds, Series 2022A
 Douglas County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Douglas County, Minnesota (the “County”), of the obligations described above, dated, as originally issued, as of August [], 2022 (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 revenues of the facilities financed by the Bonds, but if necessary for payment thereof, ad valorem taxes are required by law to be levied on all taxable property in the County, 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, trusts, and estates.

5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

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, 4, and 5 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 or the Bonds failing to be qualified tax-exempt obligations, 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 and equipment 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 [] day of August, 2022.

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

CONTINUING DISCLOSURE. (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 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 months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2021, 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 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 headings: “Valuations – Current Property Valuations;” “Debt – Direct Debt;” “Tax Levies

& Collections;” “General Information – U.S. Census Data – Population Trend;” and “General Information – 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 filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (“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 material (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 Event”):
 - (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.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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, in an electronic format as prescribed by the MSRB from time to time, 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

**\$7,155,000* GENERAL OBLIGATION SOLID WASTE REVENUE BONDS, SERIES 2022A
DOUGLAS COUNTY, MINNESOTA**

Proposals for the purchase of \$7,155,000* General Obligation Solid Waste Revenue Bonds, Series 2022A (the "Bonds") of the Douglas 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 August 1, 2022, 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 9:00 A.M., Central Time, on August 2, 2022. 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 pursuant to Minnesota Statutes, Chapter 475 and Section 400.101, as amended, by the County to finance the acquisition of various equipment replacements and upgrades, and the expansion of various buildings to process municipal solid waste for the Pope/Douglas waste-to-energy facility in Alexandria, Minnesota, operated pursuant to the terms of a Fourth Amended Joint Powers Agreement, dated August 3, 2021 between the County and Pope County. The Bonds are 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 August 18, 2022, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on August 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$255,000	2031	\$315,000	2038	\$410,000
2025	265,000	2032	330,000	2039	425,000
2026	270,000	2033	340,000	2040	445,000
2027	280,000	2034	355,000	2041	460,000
2028	285,000	2035	365,000	2042	480,000
2029	295,000	2036	380,000	2043	500,000
2030	305,000	2037	395,000		

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, 2023, 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** 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 August 1, 2033 shall be subject to optional redemption prior to maturity on August 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 August 18, 2022, 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 \$7,069,140 plus accrued interest on the principal sum of \$7,155,000 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 \$143,100 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

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

Douglas County, Minnesota

PROPOSAL FORM

The Board of Commissioners
Douglas County, Minnesota (the "County")

August 2, 2022

RE: \$7,155,000* General Obligation Solid Waste Revenue Bonds, Series 2022A (the "Bonds")
DATED: August 18, 2022

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 \$7,069,140) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035	_____ % due	2042
_____ % due	2029	_____ % due	2036	_____ % due	2043
_____ % due	2030	_____ % due	2037		

* 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 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) 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 \$143,100 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 August 18, 2022.

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.

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 August 18, 2022 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 Douglas County, Minnesota, on August 2, 2022.

By: _____ By: _____
Title: _____ Title: _____