

BECKER COUNTY
DETROIT LAKES, MINNESOTA
YEAR ENDED DECEMBER 31, 2015



915 Lake Avenue
Detroit Lakes, MN 56501

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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DETROIT LAKES, MINNESOTA**

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COUNTY OF BECKER

Office of Auditor-Treasurer

915 Lake Ave. • Detroit Lakes, MN 56501-3403

Phone: 218-846-7311 • Fax: 218-846-7257

E-Mail: auditor@co.becker.mn.us

Honorable Chairman and Commissioners
Becker County Board of Commissioners
915 Lake Avenue
Detroit Lakes, MN 56501

Gentlemen,

The Annual Financial Report of Becker County is submitted for the fiscal year ended December 31, 2015. This report was prepared by the County Auditor-Treasurer's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the County and results of operation of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

INDEPENDENT AUDIT

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

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

ACKNOWLEDGMENTS

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

Sincerely,

A handwritten signature in cursive script, reading "Darin O Halvorson", followed by a long horizontal flourish.

Darin O Halvorson
Becker County Accountant

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**ORGANIZATION
DECEMBER 31, 2015**

Office	Name	Term Expires
Commissioners		
1st District	Larry Knutson	January 2019
2nd District	Ben Grimsley*	January 2019
3rd District	John Okeson	January 2017
4th District	Donald Skarie	January 2017
5th District	Barry Nelson**	January 2017
Officers		
Elected		
Attorney	Gretchen Thilmony	January 2019
Auditor-Treasurer	Mary Hendrickson	January 2019
Recorder	Patricia Swenson	January 2019
Registrar of Titles	Patricia Swenson	January 2019
Sheriff	Todd Glander	January 2019
Surveyor	Roy Smith	January 2019
Appointed		
Administrator	Jack Ingstad	Indefinite
Assessor	Steve Carlson	January 2017
Highway Engineer	Jim Olson	Indefinite
Coroner	Knute Thorsgard	January 2019
Human Services Director	Vacant***	Indefinite
Natural Resource Manager	Vacant	Indefinite
Personnel Director	Nancy Grabanski	Indefinite
Solid Waste Officer	Steve Skoog	January 2017

*2015 Chair

**2015 Vice Chair

***Fiscal Supervisor, Denise Warren filled the position as of June 1, 2016

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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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525 PARK STREET
SAINT PAUL, MN 55103-2139

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Becker County
Detroit Lakes, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Becker County, Minnesota, as of and for the year ended December 31, 2015, including the Sunnyside Care Center as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Becker County as of December 31, 2015, including the Sunnyside Care Center as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1.E. to the financial statements, in 2015 the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, and GASB Statement No. 82, *Pension Issues*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Becker County's basic financial statements. The introductory section and the supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016, on our consideration of Becker 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 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 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 Becker County's internal control over financial reporting and compliance. It does not include Sunnyside Care Center, which was audited by other auditors, or the Becker County Economic Development Authority component unit, which was issued as a separate report.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015
(Unaudited)**

The management of Becker County offers readers of the County's financial statements this narrative overview and analysis of the financial activities of Becker County for the fiscal year ended December 31, 2015. The Management's Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the County's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The total net position of governmental activities is \$76,424,317, of which \$62,787,329 is net investment in capital assets, \$5,994,836 is restricted for specific purposes, and \$7,642,152 is unrestricted. The total net position of governmental activities increased by \$5,432,121 for the year ended December 31, 2015, after restatement of beginning net position related to GASB No. 68, GASB Statement No. 71, and GASB No. 82.

The total net position of business-type activities is \$226,200, of which \$476,468 is net investment in capital assets, \$9,080 is restricted for capital projects, and negative \$259,348 is unrestricted. The total net position of business-type activities decreased by \$181,109 for the year ended September 30, 2015, after restatement of beginning net position related to GASB No. 68, GASB Statement No. 71, and GASB No. 82.

At the close of 2015, the County's governmental funds reported combined ending fund balances of \$25,030,430, an increase of \$497,988 from the prior year. Of the total fund balance amount, \$1,421,921 is nonspendable, \$3,015,235 is legally or contractually restricted, \$5,314,007 is formally committed for specific purposes, \$8,131,515 is assigned for specific purposes, and \$7,147,752 is noted as unassigned fund balance in the General Fund. Maintaining an adequate fund balance is necessary to provide County services throughout the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Becker County's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances. These statements include all assets and deferred outflow of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

- **Governmental activities**--Most of the County's basic services are reported here, including general government, public safety, public transportation, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities**--The County charges fees to cover the costs of certain services it provides. Included here are the operations of the Sunnyside Care Center.

- **Component unit**--The County includes one separate legal entity in its report. The Becker County Economic Development Authority is presented in a separate column. Although legally separate, this "component unit" is important because the County is financially accountable for it. Complete financial statements of the Becker County Economic Development Authority can be obtained from the Becker County Auditor-Treasurer's Office located at 915 Lake Avenue, Detroit Lakes, Minnesota 56501.

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

Fund Financial Statements

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

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

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

The County reports three governmental fund types: General, Special Revenue, and Debt Service. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Public Safety Special Revenue Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, and the Environmental Affairs Special Revenue Fund, all of which are considered to be major funds. Data from the other five special revenue funds and the Debt Service Fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in combining statements after the notes to the financial statements.

Becker County adopts annual budgets for its general and special revenue funds. Budgetary comparisons have been provided for these funds to demonstrate compliance with their budgets.

Proprietary Funds. Becker County maintains one proprietary fund. The Sunnyside Care Center Enterprise Fund is used to account for the operations of the Sunnyside Care Center. Financing is provided by charges to residents for services. Proprietary funds provide the same type of information as the government-wide financial statements, and are included in the Statement of Net Position and the Statement of Activities as business-type activities.

Fiduciary Funds. Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Becker County's fiduciary funds consist of three agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In addition, the Agency Funds are not reflected in the government-wide financial statements because those resources are not available to support the County's programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in Exhibit C-1, Combining Statement of Changes in Assets and Liabilities - All Agency Funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 38 of this report.

Other Information--In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The County also provides supplementary information and other schedules, including combining statements, budgetary comparison schedules, a schedule of intergovernmental revenue, and a schedule of expenditures of federal awards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities, and deferred inflows of resources by \$76,650,517 at the close of 2015. The largest portion of the County's net position (approximately 82.5 percent) reflects its net investment in capital assets (land, right-of-way, construction in progress, infrastructure, buildings and improvements, land improvements, machinery, furniture and equipment), less any related outstanding debt used to acquire those assets. It should be noted that this amount is not available for future spending. Approximately 7.8 percent of the County's net position is restricted, and 9.7 percent of the County's net position is unrestricted. The unrestricted net position amount of \$7,382,804 as of December 31, 2015, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased from last year. Total assets increased by \$5,275,733 from the prior year as a result of various road projects that were added to the infrastructure and equipment purchases and updates. This resulted in increased net position of \$5,251,012 from the prior year.

Net Position

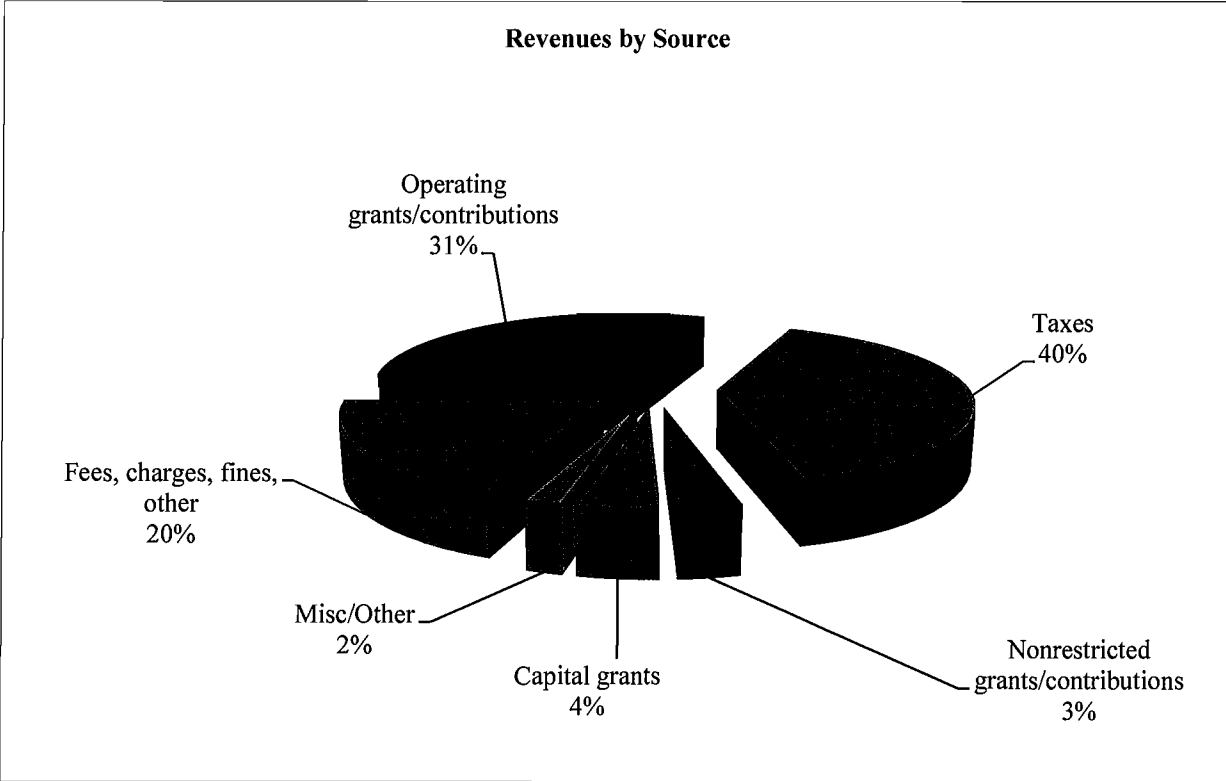
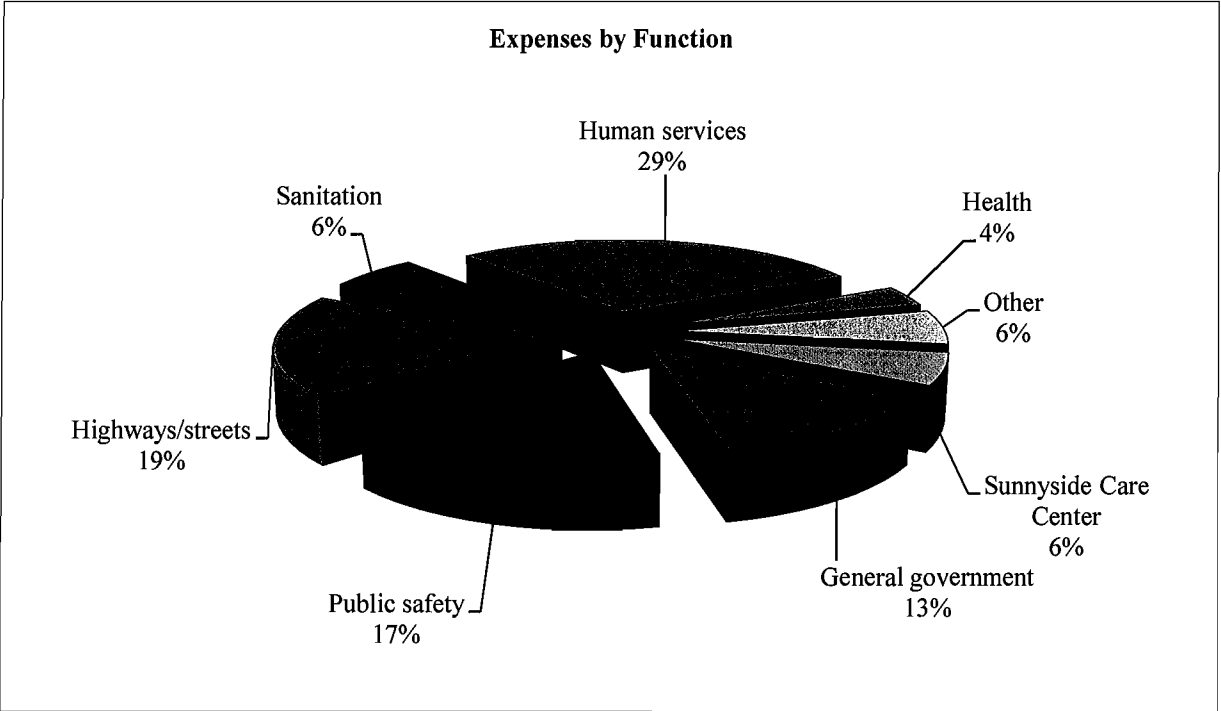
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 31,476,120	\$ 30,164,454	\$ 20,652	\$ 136,128	\$ 31,496,772	\$ 30,300,582
Capital assets	<u>67,112,329</u>	<u>62,976,438</u>	<u>1,526,718</u>	<u>1,583,066</u>	<u>68,639,047</u>	<u>64,559,504</u>
Total Assets	<u>\$ 98,588,449</u>	<u>\$ 93,140,892</u>	<u>\$ 1,547,370</u>	<u>\$ 1,719,194</u>	<u>\$ 100,135,819</u>	<u>\$ 94,860,086</u>
Deferred Outflows of Resources	<u>\$ 2,007,484</u>	<u>\$ -</u>	<u>\$ 114,995</u>	<u>\$ -</u>	<u>\$ 2,122,479</u>	<u>\$ -</u>
Liabilities						
Other liabilities	\$ 3,267,629	\$ 3,260,569	\$ 229,260	\$ 227,162	\$ 3,496,889	\$ 3,487,731
Long-term liabilities outstanding	<u>19,469,797</u>	<u>7,635,862</u>	<u>1,051,044</u>	<u>63,000</u>	<u>20,520,841</u>	<u>7,698,862</u>
Total Liabilities	<u>\$ 22,737,426</u>	<u>\$ 10,896,431</u>	<u>\$ 1,280,304</u>	<u>\$ 290,162</u>	<u>\$ 24,017,730</u>	<u>\$ 11,186,593</u>
Deferred Inflows of Resources	<u>\$ 1,434,190</u>	<u>\$ -</u>	<u>\$ 155,861</u>	<u>\$ -</u>	<u>\$ 1,590,051</u>	<u>\$ -</u>
Net Position						
Net investment in capital assets	\$ 62,787,329	\$ 58,325,891	\$ 476,468	\$ 488,762	\$ 63,263,797	\$ 58,814,653
Restricted	<u>5,994,836</u>	<u>3,866,132</u>	<u>9,080</u>	<u>9,909</u>	<u>6,003,916</u>	<u>3,876,041</u>
Unrestricted	<u>7,642,152</u>	<u>20,052,438</u>	<u>(259,348)</u>	<u>930,361</u>	<u>7,382,804</u>	<u>20,982,799</u>
Total Net Position, as reported	<u>\$ 76,424,317</u>	<u>\$ 82,244,461</u>	<u>\$ 226,200</u>	<u>\$ 1,429,032</u>	<u>\$ 76,650,517</u>	<u>\$ 83,673,493</u>
Change in accounting principle*		<u>(11,252,265)</u>		<u>(1,021,723)</u>		<u>(12,273,988)</u>
Total Net Position, as restated		<u>\$ 70,992,196</u>		<u>\$ 407,309</u>		<u>\$ 71,399,505</u>

*This is the first year the County implemented the new pension accounting and financial reporting standards, GASB Statements 68, 71, and 82. The County had to make a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources.

Changes in Net Position

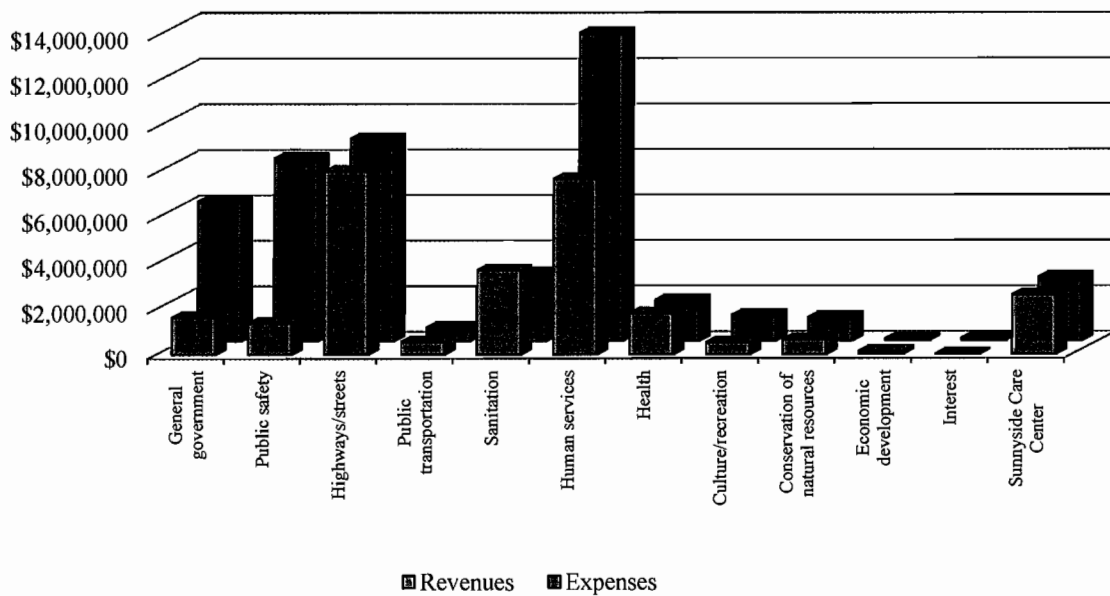
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Fees, charges, fines, and other	\$ 7,551,060	\$ 6,973,992	\$ 2,572,997	\$ 2,910,011	\$ 10,124,057	\$ 9,884,003
Operating grants and contributions	16,256,725	15,835,591	22,596	36,240	16,279,321	15,871,831
Capital grants and contributions	2,235,388	162,832	557	646	2,235,945	163,478
General Revenues						
Property taxes	18,787,673	18,575,610	-	-	18,787,673	18,575,610
Local sales tax	1,944,867	1,011,035	-	-	1,944,867	1,011,035
Other taxes	208,400	204,929	-	-	208,400	204,929
Grants and contributions not restricted to specific programs	1,693,067	1,723,417	-	250	1,693,067	1,723,667
Other general revenues	1,000,594	1,097,399	(715)	(276)	999,879	1,097,123
Total Revenues	\$ 49,677,774	\$ 45,584,805	\$ 2,595,435	\$ 2,946,871	\$ 52,273,209	\$ 48,531,676
Expenses						
General government	\$ 6,126,872	\$ 6,328,592	\$ -	\$ -	\$ 6,126,872	\$ 6,328,592
Public safety	8,015,412	7,546,431	-	-	8,015,412	7,546,431
Public transportation	586,463	604,148	-	-	586,463	604,148
Highways and streets	8,886,631	9,496,179	-	-	8,886,631	9,496,179
Sanitation	2,969,214	2,488,095	-	-	2,969,214	2,488,095
Human services	13,515,631	13,419,309	-	-	13,515,631	13,419,309
Health	1,792,233	1,690,128	-	-	1,792,233	1,690,128
Culture and recreation	1,133,966	846,834	-	-	1,133,966	846,834
Conservation of natural resources	1,032,507	1,162,510	-	-	1,032,507	1,162,510
Economic development	77,450	145,020	-	-	77,450	145,020
Interest	109,274	115,139	-	-	109,274	115,139
Sunnyside Care Center	-	-	2,776,544	2,930,327	2,776,544	2,930,327
Total Expenses	\$ 44,245,653	\$ 43,842,385	\$ 2,776,544	\$ 2,930,327	\$ 47,022,197	\$ 46,772,712
Increase (decrease) in net position	\$ 5,432,121	\$ 1,742,420	\$ (181,109)	\$ 16,544	\$ 5,251,012	\$ 1,758,964
Net Position, January 1, as restated*	70,992,196	80,502,041	407,309	1,412,488	71,399,505	81,914,529
Net Position, December 31, as reported	\$ 76,424,317	\$ 82,244,461	\$ 226,200	\$ 1,429,032	\$ 76,650,517	\$ 83,673,493

*This is the first year the County implemented the new pension accounting and financial reporting standards, GASB Statements 68, 71, and 82. The County had to make a prior year change in accounting principles to record the County's net pension liability and related deferred outflows of resources.

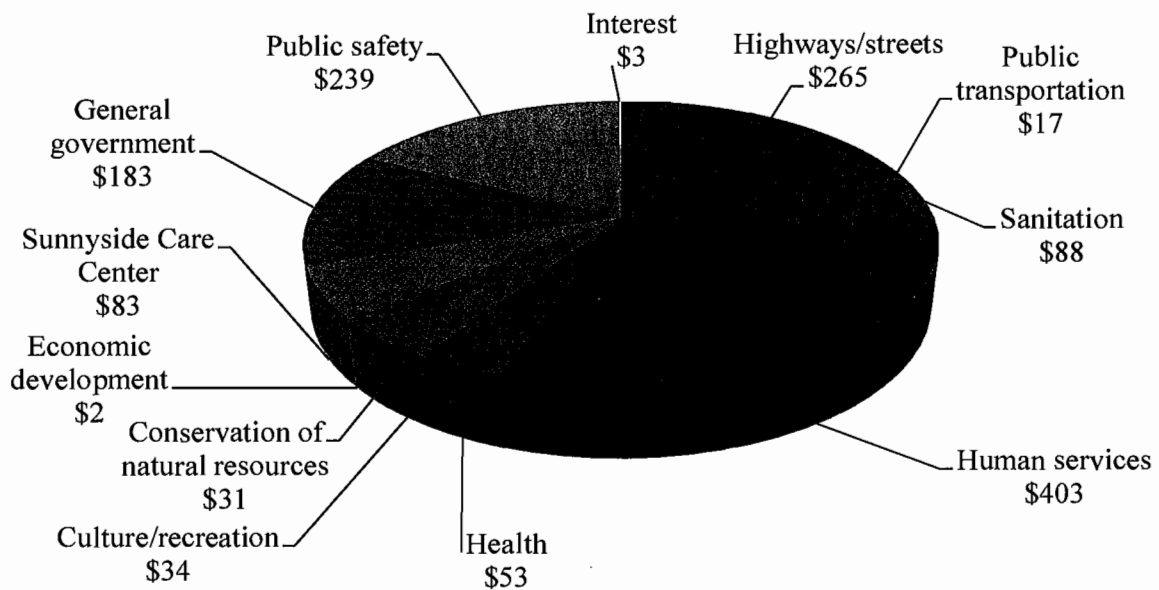


(Unaudited)

Program Revenues and Expenses



Expenditures Per Capita 33,567 Population from 2015 State Demographic Center



(Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, with a focus on short-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

Governmental Funds

At the end of 2015, the County's governmental funds reported combined ending fund balances of \$25,030,430. Of this amount, approximately 5.7 percent constitutes nonspendable fund balance, 12.1 percent constitutes legally or contractually restricted fund balance, 21.2 percent constitutes formally committed fund balance, 32.5 percent constitutes specifically assigned fund balance, and 28.5 percent constitutes unassigned fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the General Fund's total fund balance was \$9,198,870. The General Fund's nonspendable fund balance was \$994,249, restricted fund balance was \$1,041,008, committed fund balance was \$15,861, and unassigned fund balance was \$7,147,752. As a measure of the General Fund's liquidity, it is useful to compare both unrestricted fund balance and total fund balance to total fund expenditures for 2015. Unrestricted fund balance represents 99.4 percent of total General Fund expenditures, while total fund balance represents 127.6 percent of that same amount.

In 2015, the fund balance amount in the General Fund increased by \$471,040. The increase is due to conservative budget practices in revenues and expenditures.

The fund balance of the Public Safety Special Revenue Fund increased \$171,365 from the prior year, due primarily to a Homeland Security Grant for radios.

The fund balance of the Road and Bridge Special Revenue Fund decreased \$429,341 in 2015, due to local project revenue not received in 2015.

The fund balance of the Human Services Special Revenue Fund increased \$688,457 from the prior year, due mainly to additional revenue in new grants.

The fund balance of the Environmental Affairs Special Revenue Fund decreased \$466,062 from construction costs for the new Transfer Station Building.

Proprietary Fund

The Sunnyside Care Center Enterprise Fund's total operating revenues decreased \$350,658, or approximately 11.9 percent. Net resident services revenues decreased 11.7 percent from \$2,833,564 in fiscal year 2014 to \$2,500,737 in fiscal year 2015. Nursing facility occupancy for fiscal year 2014 was 87.8 percent compared to 95.3 percent in fiscal year 2015. Operating expenses decreased \$152,577, or 5.3 percent, which primarily resulted from decreased expenses in Nursing, Administration, and Employee Benefits. This combination of a decrease in operating revenues and a decrease in operating expenses resulted in an operating loss of \$149,321. When the nonoperating revenues and expenses and capital contributions are added to the analysis, the total change in net position was a negative \$181,109.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original budget as approved for 2015.

Actual revenues were more than overall final budgeted revenues by \$99,413, with the largest positive variance due to conservative budgeting.

Actual expenditures were less than overall final budgeted expenditures by \$302,609, mainly as a result of vacancies not being filled and accurate budgeting practices.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2015, and business-type activities as of September 30, 2015, amounted to \$68,639,047 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was approximately 6 percent. This was primarily due to the capitalized infrastructure and building projects.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,627,382	\$ 1,627,382	\$ 118,625	\$ 118,625	\$ 1,746,007	\$ 1,746,007
Right-of-way	882,631	701,665	-	-	882,631	701,665
Construction in progress	1,567,468	453,879	-	-	1,567,468	453,879
Infrastructure	49,526,946	46,151,234	-	-	49,526,946	46,151,234
Buildings and improvements	9,694,148	10,227,934	1,257,665	1,317,500	10,951,813	11,545,434
Land improvements	693,163	755,680	50,208	55,111	743,371	810,791
Machinery, furniture, and equipment	3,120,591	3,058,664	100,220	91,830	3,220,811	3,150,494
Total Capital Assets	<u>\$ 67,112,329</u>	<u>\$ 62,976,438</u>	<u>\$ 1,526,718</u>	<u>\$ 1,583,066</u>	<u>\$ 68,639,047</u>	<u>\$ 64,559,504</u>

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

Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$5,375,250, which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 4,325,000	\$ 4,650,000	\$ -	\$ -	\$ 4,325,000	\$ 4,650,000
General obligation revenue notes	-	-	56,000	63,000	56,000	63,000
Advance from other funds	-	-	994,250	1,031,304	994,250	1,031,851
Capital leases	-	547	-	-	-	-
Total Long-Term Debt	\$ 4,325,000	\$ 4,650,547	\$ 1,050,250	\$ 1,094,304	\$ 5,375,250	\$ 5,744,851

The County's net decrease in debt of \$369,601 during the fiscal year was primarily due to principal payments.

Minnesota statutes limit the amount of debt that a county may have to three percent of its total market value, excluding revenue bonds. At the end of 2015, overall debt of the County is below the three percent debt limit.

Becker County's bond rating is "AA" from Standard and Poor's.

Additional information on the County's long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The County depends on financial resources flowing from, or associated with, both the Federal Government and the State of Minnesota. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.
- The unemployment rate for Becker County was 5.1 percent as of December 31, 2015. This is higher than the statewide rate of 3.7 percent and lower than the national average rate of 4.8 percent.
- Becker County's 2015 population estimation was 33,567, an increase of 1,063 since the 2010 census of 32,504.
- On December 15, 2015, Becker County set its 2016 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

This annual financial report is designed to provide a general overview of Becker County for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Becker County Auditor-Treasurer's Office, 915 Lake Avenue, Detroit Lakes, Minnesota 56501.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 23,491,739	\$ 844,142	\$ 24,335,881	\$ 946,721
Restricted cash	-	-	-	819,110
Petty cash and change funds	9,100	-	9,100	-
Taxes receivable				
Current	351,488	-	351,488	3,025
Prior	183,567	-	183,567	5,122
Special assessments receivable				
Current	19,185	-	19,185	-
Prior	2,418	-	2,418	-
Accounts receivable	1,087,608	131,611	1,219,219	107,976
Accrued interest receivable	51,546	-	51,546	-
Loans receivable	-	-	-	36,037
Property held for resale	-	-	-	162,626
Internal balances	994,250	(994,250)	-	-
Due from other governments	4,857,547	-	4,857,547	31,784
Loans receivable - noncurrent	-	-	-	894,898
Inventories	427,672	-	427,672	-
Prepaid items	-	17,692	17,692	-
Restricted assets				
Donor restricted assets	-	9,080	9,080	-
Resident trust funds	-	12,377	12,377	-
Capital assets				
Non-depreciable	4,077,481	118,625	4,196,106	357,532
Depreciable - net of accumulated depreciation	63,034,848	1,408,093	64,442,941	3,500,613
Total Assets	\$ 98,588,449	\$ 1,547,370	\$ 100,135,819	\$ 6,865,444
<u>Deferred Outflows of Resources</u>				
Deferred pension outflows	\$ 2,007,484	\$ 114,995	\$ 2,122,479	\$ -

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
DECEMBER 31, 2015**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable	\$ 782,112	\$ 68,749	\$ 850,861	\$ 2,049
Salaries payable	1,367,644	54,030	1,421,674	-
Compensated absences	-	82,166	82,166	-
Contracts payable	183,260	-	183,260	-
Due to other governments	889,853	-	889,853	19,158
Other liabilities	-	-	-	29,207
Accrued interest payable	44,760	2,486	47,246	-
Unearned revenue	-	9,452	9,452	-
Security deposits	-	-	-	19,514
Prepaid rent	-	-	-	2,425
Customer deposits	-	12,377	12,377	-
Long-term liabilities	-	-	-	-
Due within one year	1,681,306	8,000	1,689,306	-
Due in more than one year	4,812,176	48,000	4,860,176	2,417,300
Other postemployment benefits	787,730	-	787,730	-
Net pension liability	12,188,585	995,044	13,183,629	-
Total Liabilities	\$ 22,737,426	\$ 1,280,304	\$ 24,017,730	\$ 2,489,653
<u>Deferred Inflows of Resources</u>				
Deferred pension inflows	\$ 1,434,190	\$ 155,861	\$ 1,590,051	\$ -
<u>Net Position</u>				
Net Investment in capital assets	\$ 62,787,329	\$ 476,468	\$ 63,263,797	\$ 1,286,837
Restricted for				
General government	2,046,214	-	2,046,214	-
Public safety	142,014	-	142,014	-
Highways and streets	1,967,288	-	1,967,288	-
Capital projects	-	9,080	9,080	-
Conservation of natural resources	1,230,596	-	1,230,596	-
Debt service	603,820	-	603,820	-
Housing	-	-	-	1,769,681
Held in trust for other purposes	4,904	-	4,904	-
Unrestricted	7,642,152	(259,348)	7,382,804	1,319,273
Total Net Position	\$ 76,424,317	\$ 226,200	\$ 76,650,517	\$ 4,375,791

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Expenses</u>	<u>Fees Charges, Fines, and Other</u>	<u>Program Reven Operating Grants and Contributions</u>
<u>Functions/Programs</u>			
Governmental activities			
General government	\$ 6,126,872	\$ 1,339,909	\$ 276,360
Public safety	8,015,412	375,271	986,320
Public transportation	586,463	257,536	283,954
Highways and streets	8,886,631	745,792	5,914,264
Sanitation	2,969,214	2,690,050	148,429
Human services	13,515,631	1,049,629	6,653,170
Health	1,792,233	333,263	1,461,701
Culture and recreation	1,133,966	45,974	472,858
Conservation of natural resources	1,032,507	586,015	59,669
Economic development	77,450	127,621	-
Interest	109,274	-	-
Total governmental activities	\$ 44,245,653	\$ 7,551,060	\$ 16,256,725
Business-type activities			
Sunnyside Care Center	2,776,544	2,572,997	22,596
Total Primary Government	\$ 47,022,197	\$ 10,124,057	\$ 16,279,321
Component unit			
Economic Development Authority	\$ 905,945	\$ 325,424	\$ 391,218
General Revenues			
Property taxes			
Gravel taxes			
Mortgage registry and deed tax			
Taxes - local sales tax			
Grants and contributions not restricted to specific programs			
Payments in lieu of tax			
Investment earnings			
Miscellaneous			
Special item			
Total general revenues			
Change in Net Position			
Net Position - Beginning, as restated (see Note 1. E)			
Net Position - Ending			

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

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EXHIBIT 2

ues	Net (Expense) Revenue and Change in Net Position				Discretely Presented Component Unit
	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
\$	-	\$ (4,510,603)	\$ -	\$ (4,510,603)	
	-	(6,653,821)	-	(6,653,821)	
	-	(44,973)	-	(44,973)	
	1,378,255	(848,320)	-	(848,320)	
	857,133	726,398	-	726,398	
	-	(5,812,832)	-	(5,812,832)	
	-	2,731	-	2,731	
	-	(615,134)	-	(615,134)	
	-	(386,823)	-	(386,823)	
	-	50,171	-	50,171	
	-	(109,274)	-	(109,274)	
\$	2,235,388	\$ (18,202,480)	\$ -	\$ (18,202,480)	
	557	-	(180,394)	(180,394)	
\$	2,235,945	\$ (18,202,480)	\$ (180,394)	\$ (18,382,874)	
\$	-				\$ (189,303)
		\$ 18,787,673	\$ -	\$ 18,787,673	\$ 159,424
		166,080	-	166,080	-
		42,320	-	42,320	-
		1,944,867	-	1,944,867	-
		1,693,067	-	1,693,067	2,621
		460,660	-	460,660	-
		195,265	121	195,386	12,612
		344,669	(836)	343,833	-
		-	-	-	92,735
		\$ 23,634,601	\$ (715)	\$ 23,633,886	\$ 267,392
		\$ 5,432,121	\$ (181,109)	\$ 5,251,012	\$ 78,089
		70,992,196	407,309	71,399,505	4,297,702
		\$ 76,424,317	\$ 226,200	\$ 76,650,517	\$ 4,375,791

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
<u>Assets</u>			
Cash and pooled investments	\$ 8,338,553	\$ 2,957,559	\$ 2,235,670
Petty cash and change funds	7,550	200	300
Undistributed cash in agency funds (taxes and other)	3,830	-	-
Taxes receivable			
Current	51,599	121,878	50,624
Prior	30,984	58,853	27,565
Special assessments receivable			
Current	-	-	-
Prior	-	-	-
Accounts receivable	47,386	17,936	3,359
Accrued interest receivable	51,546	-	-
Due from other funds	27,866	2,912	32,974
Due from other governments	121,696	68,059	3,474,923
Advance to other funds	994,249	-	-
Inventories	-	-	427,672
Total Assets	\$ 9,675,259	\$ 3,227,397	\$ 6,253,087
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 87,618	\$ 65,541	\$ 105,035
Salaries payable	290,284	367,675	134,276
Contracts payable	-	-	183,260
Due to other funds	2,473	4,528	112
Due to other governments	30,991	190,648	9,201
Total Liabilities	\$ 411,366	\$ 628,392	\$ 431,884
Deferred Inflows of Resources			
Unavailable revenues	\$ 65,023	\$ 141,009	\$ 2,081,905

EXHIBIT 3

Human Services	Environmental Affairs	Other Governmental Funds	Total Governmental Funds
\$ 4,524,281	\$ 3,018,806	\$ 2,413,040	\$ 23,487,909
200	850	-	9,100
-	-	-	3,830
116,429	-	10,958	351,488
60,308	-	5,857	183,567
-	19,185	-	19,185
-	2,418	-	2,418
834,313	128,858	55,756	1,087,608
-	-	-	51,546
-	568	-	64,320
1,066,041	75,532	51,296	4,857,547
-	-	-	994,249
-	-	-	427,672
\$ 6,601,572	\$ 3,246,217	\$ 2,536,907	\$ 31,540,439
\$ 362,190	\$ 109,686	\$ 52,042	\$ 782,112
511,186	50,956	13,267	1,367,644
-	-	-	183,260
28,420	2,985	25,802	64,320
372,481	86,336	200,196	889,853
\$ 1,274,277	\$ 249,963	\$ 291,307	\$ 3,287,189
\$ 907,520	\$ 14,090	\$ 13,273	\$ 3,222,820

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (continued)			
Fund Balances			
Nonspendable			
Inventories	\$ -	\$ -	\$ 427,672
Advances to other funds	994,249	-	-
Restricted			
Debt service	-	-	-
Law library	31,935	-	-
Recorder's technology equipment	557,749	-	-
Enhancements	446,420	-	-
E-911	-	142,014	-
Gravel pit closure	-	-	-
Conservation of natural resources	-	-	-
Missing heirs	4,904	-	-
Committed			
Capital improvements	-	2,315,982	-
Attorney contingencies	15,861	-	-
Assigned			
Highways and streets	-	-	3,311,626
Human services	-	-	-
Culture and recreation	-	-	-
Unassigned	7,147,752	-	-
Total Fund Balances	\$ 9,198,870	\$ 2,457,996	\$ 3,739,298
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,675,259	\$ 3,227,397	\$ 6,253,087

EXHIBIT 3
(Continued)

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 427,672
-	-	-	994,249
-	-	603,820	603,820
-	-	-	31,935
-	-	-	557,749
-	-	-	446,420
-	-	-	142,014
-	-	452,082	452,082
-	-	776,311	776,311
-	-	-	4,904
-	2,982,164	-	5,298,146
-	-	-	15,861
-	-	-	3,311,626
4,419,775	-	-	4,419,775
-	-	400,114	400,114
-	-	-	7,147,752
<u>\$ 4,419,775</u>	<u>\$ 2,982,164</u>	<u>\$ 2,232,327</u>	<u>\$ 25,030,430</u>
<u>\$ 6,601,572</u>	<u>\$ 3,246,217</u>	<u>\$ 2,536,907</u>	<u>\$ 31,540,439</u>

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015**

Fund balances - total governmental funds (Exhibit 3)	\$	25,030,430
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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.		67,112,329
--	--	------------

Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.		2,007,484
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Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		3,222,820
---	--	-----------

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	\$	(4,325,000)	
Other postemployment benefits		(787,730)	
Accrued interest payable		(44,759)	
Compensated absences		(2,168,482)	
Net pension liability		<u>(12,188,585)</u>	(19,514,556)

Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.		<u>(1,434,190)</u>
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Net Position of Governmental Activities (Exhibit 1)	\$	<u><u>76,424,317</u></u>
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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Revenues			
Taxes	\$ 3,030,420	\$ 6,480,400	\$ 4,754,558
Special assessments	-	-	-
Licenses and permits	308,731	31,318	20,974
Intergovernmental	2,320,707	1,105,259	6,420,604
Charges for services	1,218,130	189,115	258,080
Fines and forfeits	45,421	24,990	-
Gifts and contributions	-	33,116	-
Investment earnings	195,265	-	-
Miscellaneous	534,400	129,848	466,738
Total Revenues	\$ 7,653,074	\$ 7,994,046	\$ 11,920,954
Expenditures			
Current			
General government	\$ 5,619,108	\$ -	\$ -
Public safety	-	7,822,681	-
Public transportation	550,261	-	-
Highways and streets	-	-	11,755,328
Sanitation	-	-	-
Human services	-	-	-
Health	49,364	-	-
Culture and recreation	424,351	-	-
Conservation of natural resources	444,655	-	-
Economic development	118,740	-	-
Intergovernmental			
Highways and streets	-	-	605,564
Debt service			
Principal	547	-	-
Interest	8	-	-
Administrative (Fiscal) Charges	-	-	-
Total Expenditures	\$ 7,207,034	\$ 7,822,681	\$ 12,360,892
Excess of Revenues Over (Under) Expenditures	\$ 446,040	\$ 171,365	\$ (439,938)
Other Financing Sources (Uses)			
Transfers in	\$ 25,000	\$ -	\$ -
Transfers out	-	-	-
Total Other Financing Sources (Uses)	\$ 25,000	\$ -	\$ -

EXHIBIT 5

Human Services	Environmental Affairs	Other Governmental Funds	Total
\$ 6,198,958	\$ -	\$ 623,411	\$ 21,087,747
-	694,887	(2,203)	692,684
-	-	-	361,023
8,255,501	1,005,562	556,368	19,664,001
-	1,773,507	8,500	3,447,332
-	-	-	70,411
-	-	-	33,116
-	-	-	195,265
1,369,248	218,908	588,745	3,307,887
\$ 15,823,707	\$ 3,692,864	\$ 1,774,821	\$ 48,859,466
\$ -	\$ -	\$ -	\$ 5,619,108
-	-	-	7,822,681
-	-	-	550,261
-	-	-	11,755,328
-	4,133,926	-	4,133,926
13,410,722	-	-	13,410,722
1,724,528	-	-	1,773,892
-	-	690,530	1,114,881
-	-	584,787	1,029,442
-	-	-	118,740
-	-	-	605,564
-	-	325,000	325,547
-	-	110,675	110,683
-	-	1,300	1,300
\$ 15,135,250	\$ 4,133,926	\$ 1,712,292	\$ 48,372,075
\$ 688,457	\$ (441,062)	\$ 62,529	\$ 487,391
\$ -	\$ -	\$ -	\$ 25,000
-	(25,000)	-	(25,000)
\$ -	\$ (25,000)	\$ -	\$ -

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Net Change in Fund Balance	\$ 471,040	\$ 171,365	\$ (439,938)
Fund Balance - January 1	8,727,830	2,286,631	4,168,639
Increase (decrease) in reserved for inventories	<u>-</u>	<u>-</u>	<u>10,597</u>
Fund Balance - December 31	<u>\$ 9,198,870</u>	<u>\$ 2,457,996</u>	<u>\$ 3,739,298</u>

EXHIBIT 5
(Continued)

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 688,457	\$ (466,062)	\$ 62,529	\$ 487,391
3,731,318	3,448,226	2,169,798	24,532,442
			10,597
<u>\$ 4,419,775</u>	<u>\$ 2,982,164</u>	<u>\$ 2,232,327</u>	<u>\$ 25,030,430</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net change in fund balances - total governmental funds (Exhibit 5) **\$ 487,391**

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

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

Deferred revenue - December 31	\$ 3,222,820	
Deferred revenue - January 1	(2,418,912)	803,908

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

Expenditures for general capital assets and infrastructure	\$ 8,665,632	
Current year depreciation	(4,529,741)	4,135,891

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

Principal repayments		
General obligation bonds	\$ 325,000	
Capital lease	547	325,547

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	\$ 2,709	
Change in compensated absences	106,516	
Change in other postemployment benefits	(77,413)	
Change in net pension liability, as restated	(338,227)	
Change in deferred outflows of resources, as restated	1,409,392	
Change in deferred inflows of resources	(1,434,190)	
Change in inventories	10,597	(320,616)

Change in Net Position of Governmental Activities (Exhibit 2) **\$ 5,432,121**

PROPRIETARY FUND

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 7

**STATEMENT OF NET POSITION
SUNNYSIDE CARE CENTER ENTERPRISE FUND
SEPTEMBER 30, 2015**

<u>Assets</u>	
Current assets	
Cash and pooled investments	\$ 844,142
Accounts receivable	131,611
Prepaid items	<u>17,692</u>
Total current assets	<u>\$ 993,445</u>
Restricted assets	
Donor restricted assets	\$ 9,080
Resident trust funds	<u>12,377</u>
Total restricted assets	<u>\$ 21,457</u>
Noncurrent assets	
Capital assets	
Nondepreciable	\$ 118,625
Depreciable - net	<u>1,408,093</u>
Total noncurrent assets	<u>\$ 1,526,718</u>
Total Assets	<u>\$ 2,541,620</u>
Deferred outflows of resources	
Pension related deferred outflows	<u>\$ 114,995</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT 7
(Continued)**

**STATEMENT OF NET POSITION
SUNNYSIDE CARE CENTER ENTERPRISE FUND
SEPTEMBER 30, 2015**

Liabilities

Current liabilities

Accounts payable	\$ 68,749
Salaries payable	54,030
Compensated absences payable	82,166
Advance from other funds	37,174
Accrued interest payable	2,486
Unearned revenue	9,452
General obligation revenue notes payable - current	<u>8,000</u>

Total current liabilities **\$ 262,057**

Current liabilities payable from restricted assets

Resident trust funds payable	\$ 12,377
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Noncurrent liabilities

Advance from other funds	\$ 957,076
General obligation revenue notes payable	48,000
Net pension liability	<u>995,044</u>

Total noncurrent liabilities **\$ 2,000,120**

Total Liabilities **\$ 2,274,554**

Deferred inflows of resources

Pension related deferred inflows	\$ 155,861
----------------------------------	-------------------

Net Position

Net investment in capital assets	\$ 476,468
Restricted for capital acquisitions	9,080
Unrestricted	<u>(259,348)</u>

Total Net Position **\$ 226,200**

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 8

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
SUNNYSIDE CARE CENTER ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Operating Revenues	
Charges for services	\$ 2,500,737
Grant revenue	22,596
Other operating revenue	<u>72,260</u>
Total Operating Revenues	\$ 2,595,593
Operating Expenses	
Employee benefits	\$ 484,416
Ancillary services	83,066
Nursing	986,699
Social services and activities	66,746
Plant operations	162,326
Administrative	381,671
Medical care surcharge	111,317
Laundry and linen	63,237
Dietary	239,729
Housekeeping	53,581
Depreciation	<u>112,126</u>
Total Operating Expenses	\$ 2,744,914
Operating Income (Loss)	\$ (149,321)
Nonoperating Revenues (Expenses)	
Interest income	\$ 121
Releases from restriction	(836)
Interest expense	<u>(31,630)</u>
Total Nonoperating Revenues (Expenses)	\$ (32,345)
Income (loss) before contributions and transfers	\$ (181,666)
Capital grants and contributions	<u>557</u>
Change in Net Position	\$ (181,109)
Net Position - October 1, as restated	<u>407,309</u>
Net Position - September 30	<u>\$ 226,200</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 9

**STATEMENT OF CASH FLOWS
SUNNYSIDE CARE CENTER ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Increase (Decrease) in Cash and Cash Equivalents**

Cash Flows from Operating Activities

Receipts from residents	\$ 2,664,195
Payments to suppliers	(756,017)
Payments to employees	(1,863,620)
Changes in pension related liabilities	<u>14,187</u>

Net cash provided by (used in) operating activities **\$ 58,745**

Cash Flows from Capital and Related Financing Activities

Capital contributions	\$ 557
Principal paid on long-term debt	(44,054)
Interest paid on long-term debt	(31,722)
Purchases of capital assets	<u>(55,778)</u>

Net cash provided by (used in) capital and related financing activities **\$ (130,997)**

Cash Flows from Investing Activities

Investment earnings received	<u>\$ 121</u>
------------------------------	---------------

Net Increase (Decrease) in Cash and Cash Equivalents **\$ (72,131)**

Cash and Cash Equivalents at October 1 **916,273**

Cash and Cash Equivalents at September 30 **\$ 844,142**

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT 9
(Continued)**

**STATEMENT OF CASH FLOWS
SUNNYSIDE CARE CENTER ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
Increase (Decrease) in Cash and Cash Equivalents**

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used in) Operating Activities

Operating income (loss)	\$ (149,321)
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**Adjustments to reconcile operating income (loss) to net cash
provided by (used in) operating activities**

Depreciation expense	\$ 112,126
Provision for bad debts	(3,050)
(Increase) decrease in accounts receivable	78,741
(Increase) decrease in deferred outflows of resources	(114,995)
(Increase) decrease in prepaid items	912
Increase (decrease) in accounts payable	6,508
Increase (decrease) in accrued liabilities	5,731
Increase (decrease) in deferred inflows of resources	155,861
Increase (decrease) in pension liability	(26,679)
Increase (decrease) unearned revenue	(7,089)

Total adjustments	\$ 208,066
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Net Cash Provided by (Used in) Operating Activities	\$ 58,745
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THE FIDUCIARY FUNDS

The Fidelity Funds are managed by Fidelity Investments, a subsidiary of Fidelity Investments Corporation, a registered investment advisor.

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2015**

Assets

Cash and pooled investments	\$ 985,996
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Liabilities

Accounts payable	\$ 68,893
Due to other governments	806,835
Deferred credits	<u>110,268</u>

Total Liabilities	\$ 985,996
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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2015. 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

Becker County was established March 18, 1858, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Becker County (primary government) and its component unit 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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

Discretely Presented Component Unit

While part of the reporting entity, the discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The following component unit of Becker County is discretely presented:

<u>Component Unit</u>	<u>Component Unit is Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
The Becker County Economic Development Authority (EDA) provides services pursuant to Minn. Stat. §§ 469.090 to 469.1081 and Minn. Stat. §§ 469.001 to 469.047.	County appoints members and the Economic Development Authority is a financial burden.	Becker County Auditor-Treasurer's Office 915 Lake Avenue Detroit Lakes, Minnesota 56501

Joint Ventures and Jointly-governed Organizations

The County participates in several joint ventures described in Note 6.B. The County also participates in the jointly-governed organizations described in Note 6.C.

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 unit. 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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

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

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

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental, 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 funds are aggregated and reported as nonmajor funds.

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

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

The Public Safety Special Revenue Fund is used to account for all funds to be used for public safety. Some of the activities covered under this fund include County Sheriff, County Jail, Sentence to Serve, Probation and Parole, County Coroner, Emergency Services, and Boat and Water Safety. Financing is provided by an annual property tax levy and special appropriations from the State of Minnesota.

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways. Revenues include property taxes, intergovernmental assistance and charges for services.

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

The Environmental Affairs Special Revenue Fund is used to account for the operations of a solid waste transfer station. Revenues are provided by charges for services and a special assessment against property owners.

The County reports the following major enterprise fund:

The Sunnyside Care Center Enterprise Fund is used to account for the operations of the Sunnyside Care Center. The Care Center's financial position and operations are presented as of and for the year ended September 30, 2015.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

Additionally, the County reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources for specified purposes other than debt service or capital projects.

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

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

C. Measurement Focus and Basis of Accounting

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies (Continued)

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

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at fair value at December 31, 2015, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds 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 2015 were a positive \$195,265.

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

3. Receivables and Payables

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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

3. Receivables and Payables (Continued)

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable government 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 unit, are shown net of an allowance for uncollectible amounts, if applicable.

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments. All special assessments receivable are shown net of an allowance for uncollectibles.

5. Inventories and Prepaid Items

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

6. Restricted Assets

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

7. Capital Assets

Capital assets, which include land, right-of-way, construction in progress, infrastructure (roads, bridges, and similar items), buildings and improvements, land improvements, and machinery, furniture, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets have initial useful lives extending beyond two years and a dollar amount for capitalization per asset of \$25,000, except all land, buildings and improvements, construction in progress, and infrastructure, which are capitalized regardless of cost. Capital assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair 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.

Infrastructure, buildings and improvements, land improvements, and machinery, furniture, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	25 - 50
Buildings and improvements	5 - 40
Land improvements	8 - 22
Machinery, furniture and equipment	4 - 12

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

7. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the current period, the County did not have any capitalized interest.

8. Unearned Revenue

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

9. Compensated Absences

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

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item, deferred pension outflows, that qualifies for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan contributions paid subsequent to the measurement date, and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

10. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows. The governmental funds report unavailable revenue from prior taxes receivable, prior and noncurrent special assessments receivable and for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has deferred pension inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

11. 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 deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

12. Pension Plan

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

13. Classification of Net Position

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

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

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

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

14. Classification of Fund Balances

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

14. Classification of Fund Balances (Continued)

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

Assigned - amounts the County intends to use for specific purposes 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, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer who has been delegated that authority by Board resolution.

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

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

15. Minimum Fund Balance

The County will maintain an unrestricted fund balance in the General Fund of an amount not less than 35 to 50 percent of next year's budgeted expenditures of the General Fund. Unrestricted fund balance can be "spent down" if there is an anticipated budget shortfall in excess of \$150,000. If spending unrestricted funds in designated circumstances has reduced unrestricted fund balance to a point below the minimum targeted level, as noted above, the County Administrator shall create a plan to restore fund balance to an appropriate level and provide this to the County Board for action. The plan for replenishment should not be longer than three years.

16. 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.

E. Change in Accounting Principles

During the year ended December 31, 2015, the County adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Change in Accounting Principles (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, modifies the measure of payroll that is presented in the required supplementary information schedules.

GASB Statements 68 and 71 require the County to report its proportionate share of the PERA total employers' unfunded pension liability. As a result, beginning net position has been restated to record the County's net pension liability and related deferred outflows of resources.

	Governmental Activities	Business-Type Activities
Net Position, January 1, 2015, as previously reported	\$ 82,244,461	\$ 1,429,032
Change in accounting principles	(11,252,265)	(1,021,723)
Net Position, January 1, 2015, as restated	\$ 70,992,196	\$ 407,309

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following is a table of the individual nonmajor funds with expenditures in excess of budget for the year ended December 31, 2015:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Special Revenue Funds			
Parks and Recreation	\$ 690,530	\$ 397,646	\$ 292,884

B. Land Management

The County manages approximately 74,286 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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:

Governmental Activities	
Cash and pooled investments	\$ 23,491,739
Petty cash and change funds	9,100
Business-Type Activities	
Cash and pooled investments	844,142
Restricted cash	
Donor-restricted cash	9,080
Resident trust funds	12,377
Fiduciary assets	
Cash and pooled investments	<u>985,996</u>
Total Cash and Investments	<u>\$ 25,352,434</u>

a. Deposits

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to obtain collateral or surety bond for all uninsured amounts on deposit, and obtain necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2015, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (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.

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 a formal investment policy that limits investment maturities to meet cash requirements for ongoing operations as a means of managing its exposure to fair value losses arising from increasing interest rates or the need to sell securities on the open market prior to maturity.

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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is the County's policy to allow brokers to hold County investments to the extent there is SIPC and excess SIPC coverage available. At December 31, 2015, 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. The County minimizes concentration of credit risk by diversifying the investment portfolio.

The following table represents the County's deposit and investment balances at December 31, 2015, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal National Mortgage Association	N/R	N/A	<5.0%	04/01/2021	\$ 4,323
Federal Farm Credit Bank	AAA	Moody	<5.0%	04/30/2024	994,800
Total U.S. government agency securities					\$ 999,123
Local securities					
Parmer County TX Hospital District GO Bonds	N/R	N/A		02/15/2016	\$ 265,156
Parmer County TX Hospital District GO Bonds	N/R	N/A		02/15/2017	135,023
New Orleans LA General Obligation Bonds	N/R	N/A		09/01/2020	659,705
Lake Park-Audubon General Obligation Bonds	N/R	N/A		02/01/2026	536,335
Total local securities			7.02%		\$ 1,596,219

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk	Interest Rate	Carrying
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Risk Maturity Date	(Fair) Value
Negotiable certificates of deposit	N/R		N/A		\$ 3,478,325
MAGIC Fund	N/R		N/A		\$ 10,403,457
Repurchase agreement	N/R		13.79%		\$ 2,656,900
Total investments					\$ 19,134,024
Deposits					6,066,607
Change funds					9,100
Restricted cash at Sunnyside Care Center					21,457
Change in Enterprise Fund cash from September 30 to December 31, 2015					121,246
Total Cash and Investments					\$ 25,352,434

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

2. Receivables

Receivables as of December 31, 2015, for the County's governmental activities and as of September 30, 2015, for the County's business-type activities, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 535,055	\$ -
Special assessments	21,603	-
Accounts	1,087,608	-
Interest	51,546	-
Due from other governments	4,857,547	-
Advance to other funds	994,250	956,075
Total Governmental Activities	\$ 7,547,609	\$ 956,075
Business-Type Activities		
Accounts	\$ 131,611	\$ -

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2015, and for the business-type activities for the year ended September 30, 2015, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,627,382	\$ -	\$ -	\$ 1,627,382
Right-of-way	701,665	180,966	-	882,631
Construction in progress	453,879	1,113,589	-	1,567,468
Total capital assets not depreciated	\$ 2,782,926	\$ 1,294,555	\$ -	\$ 4,077,481
Capital assets depreciated				
Buildings and improvements	\$ 19,166,310	\$ -	\$ -	\$ 19,166,310
Land improvements	1,277,831	-	-	1,277,831
Machinery, furniture, and equipment	8,003,757	673,657	138,281	8,539,133
Infrastructure	93,662,177	6,697,420	-	100,359,597
Total capital assets depreciated	\$ 122,110,075	\$ 7,371,077	\$ 138,281	\$ 129,342,871
Less: accumulated depreciation for				
Buildings and improvements	\$ 8,938,376	\$ 533,786	\$ -	\$ 9,472,162
Land improvements	522,151	62,517	-	584,668
Machinery, furniture, and equipment	4,945,093	611,730	138,281	5,418,542
Infrastructure	47,510,943	3,321,708	-	50,832,651
Total accumulated depreciation	\$ 61,916,563	\$ 4,529,741	\$ 138,281	\$ 66,308,023
Total capital assets depreciated, net	\$ 60,193,512	\$ 2,841,336	\$ -	\$ 63,034,848
Governmental Activities Capital Assets, Net	\$ 62,976,438	\$ 4,135,891	\$ -	\$ 67,112,329

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 118,625	\$ -	\$ -	\$ 118,625
Capital assets depreciated				
Land improvements	\$ 203,190	\$ -	\$ -	\$ 203,190
Buildings and improvements	2,658,500	19,858	-	2,678,358
Equipment	587,896	35,920	-	623,816
Vehicles	14,438	-	-	14,438
Total capital assets depreciated	\$ 3,464,024	\$ 55,778	\$ -	\$ 3,519,802
Less: accumulated depreciation for				
Land improvements	\$ 148,079	\$ 4,903	\$ -	\$ 152,982
Buildings and improvements	1,340,999	79,694	-	1,420,693
Equipment	496,067	27,529	-	523,596
Vehicles	14,438	-	-	14,438
Total accumulated depreciation	\$ 1,999,583	\$ 112,126	\$ -	\$ 2,111,709
Total capital assets depreciated, net	\$ 1,464,441	\$ (56,348)	\$ -	\$ 1,408,093
Business-Type Activities Capital Assets, Net	\$ 1,583,066	\$ (56,348)	\$ -	\$ 1,526,718

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

Governmental Activities	
General government	\$ 516,050
Public safety	205,854
Highways and streets, including depreciation of infrastructure assets	3,601,506
Human services	17,735
Sanitation	142,234
Public transportation	27,735
Culture and recreation	17,968
Conservation	659
Total Depreciation Expense – Governmental Activities	\$ 4,529,741
Business-Type Activities	
Sunnyside Care Center	\$ 112,126

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2015, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 25,160
	Gravel Tax Special Revenue Fund	2,706
Total due to General Fund		\$ 27,866
Public Safety Special Revenue Fund	Human Services Special Revenue Fund	\$ 2,912
Road and Bridge Special Revenue Fund	General Fund	\$ 2,197
	Public Safety Special Revenue Fund	4,456
	Human Services Special Revenue Fund	240
	Parks and Recreation Special Revenue Fund	250
	Environmental Affairs Special Revenue Fund	2,985
	Natural Resource Management Special Revenue Fund	995
	Gravel Tax Special Revenue Fund	21,851
Total due to Road and Bridge Special Revenue Fund		\$ 32,974
Environmental Affairs Special Revenue Fund	General Fund	\$ 276
	Public Safety Special Revenue Fund	72
	Road and Bridge Special Revenue Fund	112
	Human Services Special Revenue Fund	108
Total due to Environmental Affairs Special Revenue Fund		\$ 568
Total Due To/From Other Funds		\$ 64,320

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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

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

2. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sunnyside Care Center Enterprise Fund	<u>\$ 994,250</u>

The Sunnyside Care Center Enterprise Fund advance is a result of Becker County calling and redeeming the Care Center's Series 2004 General Obligation Nursing Home bonds with an outstanding balance of \$1,190,000 in February 2010. The County then advanced \$1,102,184 to the Care Center which bears interest of 3 percent and is to be paid back by March 2035 with semi-annual principal and interest payments.

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

Transfer to General Fund from Environmental Affairs Special Revenue Fund	<u>\$ 25,000</u>	To meet the short-term and long-term priorities of the Board.
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C. Liabilities

1. Payables

Payables at December 31, 2015, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 782,112	\$ 68,749
Salaries	1,367,644	54,030
Contracts	183,260	-
Due to other governments	889,853	-
Compensated absences	-	82,166
Resident trust funds	-	12,377
Interest	44,760	2,486
Total Payables	<u>\$ 3,267,629</u>	<u>\$ 219,808</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

2. Construction Commitments

The government has active construction projects as of December 31, 2015.

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Tri-City Paving, Inc	\$ 1,244,995	\$ 438,234
Midwest Contracting, LLC	725,386	66,655
Northern Escrow, Inc	1,202,994	1,676,006
Total Construction Commitments	<u>\$ 3,173,375</u>	<u>\$ 2,180,895</u>

3. Long-Term Debt

Governmental Activities

The payments on the 2012 G.O. Refunding Bonds are being made from the Debt Service Fund.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31, 2015</u>
General obligation bonds					
2012 Capital Improvement Bonds	2027	\$195,000 - \$425,000	2.00 - 3.00	\$ 5,340,000	\$ 4,325,000

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities (Continued)

4. Long-Term Debt (Continued)

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance September 30, 2015
2004 G.O. Revenue Note	2022	\$7,000 - \$8,000	1.68	\$ 135,430	\$ 56,000
Notes Payable*	2035	\$33,859	3.00	1,165,000	994,250
					<u>\$ 1,050,250</u>

*See Note 3.B.2., this note is payable to the General Fund and is reported on the government-wide statement of net position as internal balances.

5. Debt Service Requirements

Debt service requirements at December 31, 2015, for governmental activities and September 30, 2015, for business-type activities were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2016	\$ 330,000	\$ 104,125
2017	335,000	97,475
2018	345,000	90,675
2019	350,000	81,975
2020	365,000	71,250
2021 - 2025	1,980,000	198,075
2026 - 2027	620,000	12,625
Total	<u>\$ 4,325,000</u>	<u>\$ 656,200</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

6. Debt Service Requirements (Continued)

Business-Type Activities

Year Ending September 30	Notes	
	Principal	Interest
2016	\$ 45,174	\$ 30,485
2017	47,329	29,195
2018	48,517	27,873
2019	49,742	26,514
2020	51,004	25,117
2021 – 2025	251,318	103,675
2026 – 2030	273,102	65,494
2031 – 2035	284,064	21,650
Total	<u>\$ 1,050,250</u>	<u>\$ 330,003</u>

7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, for governmental activities and September 30, 2015, for business-type activities was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 4,650,000	\$ -	\$ 325,000	\$ 4,325,000	\$ 330,000
Capital leases	547	-	547	-	-
Compensated absences	2,274,998	1,762,317	1,868,833	2,168,482	1,351,306
Governmental Activities Long-Term Liabilities	<u>\$ 6,925,545</u>	<u>\$ 1,762,317</u>	<u>\$ 2,194,380</u>	<u>\$ 6,493,482</u>	<u>\$ 1,681,306</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Detailed Notes on All Funds

C. Liabilities

7. Changes in Long-Term Liabilities (Continued)

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation revenue					
Notes	\$ 63,000	\$ -	\$ 7,000	\$ 56,000	\$ 8,000
Note payable*	1,031,304	-	37,054	994,250	38,174
Business-Type Activities					
Long-Term Liabilities	\$ 1,094,304	\$ -	\$ 44,054	\$ 1,050,250	\$ 46,174

*Reported in the government-wide statements as internal balance and in the Enterprise Fund statements as advance from other funds.

For the governmental activities, compensated absences are liquidated by the General Fund, the Road and Bridge Special Revenue Fund, and the Human Services Special Revenue Fund. For the business-type activities, compensated absences are liquidated by the Sunnyside Care Center Fund.

8. Unearned Revenues/Deferred Inflows of Resources

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

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 65,023	\$ -	\$ -	\$ -	\$ 65,023
Public Safety	141,009	-	-	-	141,009
Road and Bridge	61,807	-	2,020,098	-	2,081,905
Human Services	138,860	-	-	768,660	907,520
Environmental Affairs	-	14,090	-	-	14,090
Nonmajor governmental funds					
Parks and Recreation	2,657	-	-	-	2,657
Debt Service	10,616	-	-	-	10,616
Total	\$ 419,972	\$ 14,090	\$ 2,020,098	\$ 768,660	\$ 3,222,820

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Plans

1. Plan Description

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

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Fund. For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

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

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

2. Benefits Provided (Continued)

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

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2015. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2015. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2015.

In 2015, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Public Employees Police and Fire Fund	16.20
Public Employees Correctional Fund	8.75

The General Employees Retirement Fund Coordinated Plan member and employer contribution rates each reflect a 0.25 percent increase from 2014. The Public Employees Police and Fire Fund member and employer contribution rates increased 0.60 percent and 0.90 percent, respectively, from 2014.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

3. Contributions (Continued)

The County's contributions for the year ended December 31, 2015, to the pension plans were:

General Employees Retirement Fund	\$	872,525
Public Employees Police and Fire Fund		241,450
Public Employees Correctional Fund		117,451

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

4. Pension Costs

General Employees Retirement Fund

At December 31, 2015, the County reported a liability of \$10,256,205 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was .1979 percent. It was .214 percent measured as of June 30, 2014. The County recognized pension expense of \$1,174,653 for its proportionate share of the General Employees Retirement Fund's pension expense.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

General Employees Retirement Fund (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 517,087
Difference between projected and actual investment earnings	970,907	-
Changes in proportion	-	567,223
Contributions paid to PERA subsequent to the measurement date	434,340	-
Total	<u>\$ 1,405,247</u>	<u>\$ 1,084,310</u>

A total of \$434,340 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ (118,710)
2017	(118,710)
2018	(118,710)
2019	242,727

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs (Continued)

Public Employees Police and Fire Fund

At December 31, 2015, the County reported a liability of \$1,817,974 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was .16 percent. It was .161 percent measured as of June 30, 2014. The County recognized pension expense of \$310,940 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$14,400 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Public Employees Police and Fire Fund (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 294,816
Difference between projected and actual investment earnings	316,752	-
Changes in proportion	-	9,000
Contributions paid to PERA subsequent to the measurement date	128,636	-
Total	<u>\$ 445,388</u>	<u>\$ 303,816</u>

A total of \$128,636 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	\$ 18,425
2017	18,425
2018	18,425
2019	18,425
2020	(60,764)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs (Continued)

Public Employees Correctional Fund

At December 31, 2015, the County reported a liability of \$114,404 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was .74 percent. It was .78 percent measured as of June 30, 2014. The County recognized pension expense of \$123,260 for its proportionate share of the Public Employees Correctional Fund's pension expense.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 43,801
Difference between projected and actual investment earnings	95,364	-
Changes in proportion	-	2,263
Contributions paid to PERA subsequent to the measurement date	61,485	-
Total	<u>\$ 156,849</u>	<u>\$ 46,064</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

4. Pension Costs

Public Employees Correctional Fund (Continued)

A total of \$61,485 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2016	\$ 8,487
2017	8,487
2018	8,487
2019	23,839

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2015, was \$1,608,853.

5. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.75 percent per year
Active member payroll growth	3.50 percent per year
Investment rate of return	7.90 percent

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Fund and the Public Employees Police and Fire Fund, cost of living benefit increases for retirees are assumed to be 1.0 percent effective every January 1 through 2035 and 2037, respectively, and 2.5 percent thereafter. Cost of living benefit increases for retirees are assumed to be 2.5 percent for all years for the Public Employees Correctional Fund.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the General Employees Retirement Fund was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for the Public Employees Police and Fire Fund was for the period July 1, 2004, through June 30, 2009. The experience study for the Public Employees Correctional Fund was for the period July 1, 2006, through June 30, 2011.

In 2015, an updated experience study was done for PERA's General Employees Retirement Fund for the six-year period ending June 30, 2014, which would result in a larger pension liability. However, PERA will not implement the changes in assumptions until its June 30, 2016, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans

5. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

6. Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent. The discount rate did not change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability 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 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
Proportionate share of the			
General Employees Retirement Fund			
net pension liability	\$ 16,126,400	\$ 10,256,205	\$ 5,408,326
Public Employees Police and Fire Fund			
net pension liability	3,543,251	1,817,974	392,595
Public Employees Correctional Fund			
net pension liability	796,728	114,404	(431,731)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

A. Defined Benefit Pension Plans (Continued)

8. Pension Plan Fiduciary Net Position

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

B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County during the year ended December 31, 2015, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 6,389	\$ 6,389
Percentage of covered payroll	5%	5%

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

C. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Becker County Board of Commissioners. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. This post-employment benefit is funded on a pay-as-you-go basis usually paying retiree benefits out of the General Fund. As of the January 1, 2014, actuarial valuation, there were approximately 235 participants in the plan, including four retirees.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

C. Other Postemployment Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the plan.

ARC	\$ 89,682
Interest on net OPEB obligation	30,109
Adjustment to ARC	<u>(42,378)</u>
Annual OPEB cost (expense)	<u>\$ 77,413</u>
Increase in net OPEB obligation	\$ 77,413
Net OPEB Obligation – Beginning of Year	<u>710,317</u>
Net OPEB Obligation - End of Year	<u>\$ 787,730</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014, and 2015, as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2013	\$ 108,251	\$ 68,541	63.3%	\$ 669,088
December 31, 2014	77,413	36,184	46.7	710,317
December 31, 2015	77,413	-	0.0	787,730

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Pension Plans

C. Other Postemployment Benefits (OPEB)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$652,310, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$652,310. The covered payroll (annual payroll of active employees covered by the plan) was \$12,048,174, and the ratio of the UAAL to the covered payroll was 5.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques 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.

In the January 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return (net of investment expenses), which is Becker County's implicit rate of return on the General Fund. The annual health care cost trend is 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent over 10 years. The UAAL is being amortized over 30 years on a closed basis. The remaining amortization period at December 31, 2015, was 22 years.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. 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 \$490,000 per claim in 2015 and \$500,000 per claim in 2016. 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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigation. The County Attorney identified no potential claims against the County that would materially affect the financial statements.

B. Joint Ventures

Becker County Children's Initiative

The Becker County Children's Initiative (BCCI) collaborative was established in 1995, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The BCCI includes Becker County, Detroit Lakes ISD 22, Frazee ISD 23, Lake Park Audubon ISD 2889, Pine Point ISD 25, and Mahube-OTWA Community Action Partnership. The purpose of the BCCI is to provide coordinated family services and to commit resources to an integrated fund. Control of the BCCI is vested in a Board of Directors. Becker County has two members on the Board.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Becker County Children's Initiative (Continued)

In the event of a withdrawal from the BCCI collaborative, the withdrawing party shall give a 180-day notice. This also means that the BCCI may no longer meet the requirements of Minn. Stat. § 124D.23 as a family service collaborative.

The withdrawing party shall not be entitled to any compensation as long as the BCCI continues its existence. Should the BCCI cease to exist, all surplus funds shall be returned to the parties in proportion to their contributions. All other assets will be disposed of by law and to best accomplish the continuation purposes of the BCCI.

The BCCI has no long-term debt. Financing is provided by state and federal grants, appropriations from joint powers members, and miscellaneous revenues. In 2015, Becker County contributed \$39,985 to the BCCI.

Separate financial information can be obtained from:

Becker County Children's Initiative
P. O. Box 24
Detroit Lakes, Minnesota 56502-0024

Land of the Dancing Sky Area Agency on Aging

The Land of the Dancing Sky Area Agency on Aging provides services to a 21-county service area. 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. This combined 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.

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 of the two areas on aging continue to meet monthly to make decisions affecting their local counties.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board convening meeting was held February 6, 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau.

The purpose of the Northwest Minnesota Regional Radio 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.

Control of the Northwest Minnesota Regional Radio Board is vested in the Northwest Minnesota Regional Radio Board, which is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from each city appointed by their respective City Council, as provided in the Northwest Minnesota Regional Radio Board's bylaws.

In the event of dissolution of the Northwest Minnesota Regional Radio 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 Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants.

Complete financial information can be obtained from:

Northwest Minnesota Regional Radio Board
c/o Greater Northwest EMS
2301 Johanneson Avenue N.W.
Suite 103
Bemidji, Minnesota 56601

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures (Continued)

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association (NCDPSA) was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Pennington, Polk, Roseau, and Wadena Counties. The purpose of the NCDPSA is to provide a mechanism whereby the counties may cooperatively provide for a data processing disaster recovery plan and backup system.

Control of the NCDPSA is vested in the NCDPSA Joint Powers Board, which is composed of one County Commissioner from each member county. In the event of dissolution, the net position of the NCDPSA at that time shall be distributed to the respective member counties in proportion to their contributions.

The NCDPSA has no long-term debt. Financing is provided by grants from the State of Minnesota and appropriations from member counties.

Separate financial information can be obtained from:

Clearwater County Auditor
213 North Main Avenue
Bagley, Minnesota 56621

Prairie Lakes Municipal Solid Waste Authority

The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board was established in 2010, under the authority conferred upon the member parties by Minn. Stat. § 471.59 and chs. 115A and 400, and includes the Counties of Becker, Otter Tail, Todd, and Wadena.

The purpose of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is to jointly exercise powers common to each participating party dealing with the ownership and operation of the Perham Resource Recovery Facility, as well as cooperation with efforts in other solid waste management activities that affect the operations of the Perham Resource Recovery Facility. The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is composed of one Commissioner each

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Prairie Lakes Municipal Solid Waste Authority (Continued)

from Becker, Todd, and Wadena Counties and two members from Otter Tail County. Each party may appoint alternate Board members and shall represent one vote on the Board.

In the event of dissolution of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board, all assets and liabilities of the Board shall be distributed and/or retired based on the contracted debt obligation of each of the parties of the agreement providing such entity is a party to the agreement at the time of the discharge of assets and liabilities.

Financial information can be obtained from:

Otter Tail County Solid Waste
1115 Tower Road N.
Fergus Falls, Minnesota 56537

Rural Minnesota Concentrated Employment Programs, Inc. (WIA - Rural Minnesota Workforce Service Area 2)

Rural Minnesota Concentrated Employment Programs, Inc., was established to create job training and employment opportunities for economically disadvantaged, under-employed and unemployed persons, and youthful persons in both the private the public sector.

During 2015, Becker County did not contribute any funds to this organization.

West Central Minnesota Drug Task Force

The West Central Minnesota Drug Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Becker, Clay, Douglas, Grant, Otter Tail, Pope, Wadena, and Wilkin Counties, and the Cities of Alexandria, Breckenridge, Detroit Lakes, Fargo, Fergus Falls, Moorhead, Pelican Rapids, Perham, and Wahpeton. The Task Force's objectives are to detect, investigate, and apprehend controlled substance offenders in the six-county area.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures

West Central Minnesota Drug Task Force (Continued)

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. If only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

Fiscal agent responsibilities for the Task Force are with Douglas County, which reports the Task Force as an agency fund. Financing and equipment will be provided by the full-time and associate member agencies.

During 2015, Becker County did not contribute any funds to this organization.

Separate financial information can be obtained from:

Douglas County Courthouse
305 8th Avenue W.
Alexandria, Minnesota 56308

West Central 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 percent of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county.

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures

West Central Area Agency on Aging (Continued)

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 before the effective date of withdrawal.

Complete financial information can be obtained from:

West Central Area Agency on Aging
P. O. Box 726
Fergus Falls, Minnesota 56537

Partnership4Health Community Health Board

Partnership4Health Community Health Board was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Otter Tail, and Wilkin Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. The Community Health Board became operational as of January 1, 2015. The joint powers agreement remains in force until any single county provides a resolution of withdrawal, duly passed by its governing board, to the County Boards and the auditor of the other counties participating in the agreement, and the Commissioner of Health for the State of Minnesota, at least one year before the beginning of the calendar year in which it takes effect.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

B. Joint Ventures

Partnership4Health Community Health Board (Continued)

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

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

The financial activities of Partnership4Health are accounted for in an agency fund by Clay County. The individuals who administer the activity of Partnership4Health are considered to be employees of Clay County Public Health. During 2015, Becker County did not contribute to Partnership4Health Community Health Board.

C. Jointly-Governed Organizations

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

Becker County Airport Commission

Becker County and the City of Detroit Lakes created the Becker County Airport Commission. The County and the City each appoint two members to the Commission. The County and the City alternately appoint the fifth Commission member for a three-year term. The Commission is reported as a special revenue fund in the financial statements of the City of Detroit Lakes. The County appropriated \$45,000 for airport operations in 2015.

Buffalo-Red River Watershed District

The Buffalo-Red River Watershed District was formed pursuant to Minn. Stat. § 103D.201, effective June 17, 1963, and includes land within Becker, Clay, Otter Tail

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Buffalo-Red River Watershed District (Continued)

and Wilkin Counties. The purpose of the District is to conserve the natural resources of the state by land-use planning, flood control, and other conservation projects by using sound scientific principles for the protection of the public health and welfare and the provident use of natural resources. Control of the District is vested in the Buffalo-Red River Watershed District Board of Managers, which is composed of seven members having staggered terms of three years each, with one appointed by the Becker County Board, three appointed by the Clay County Board, one appointed by the Otter Tail County Board, and two appointed by the Wilkin County Board.

Communities Caring for Children

The Communities Caring for Children (CCC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. The County did not contribute to the CCC during 2015.

District IV Transportation Planning

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

Region Three - Northwest Minnesota Homeland Security Emergency Management Organization

The Region Three - Northwest Minnesota Security Emergency Management Organization (NWRHSEM) was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59 and Minn. Stat. ch. 12. Members include Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties. The Board was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the NWRHSEM region.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Region Three - Northwest Minnesota Homeland Security Emergency Management Organization (Continued)

Control is vested in the Board, which is composed of 14 representatives appointed by each Board of County Commissioners. Becker County's responsibility does not extend beyond making this appointment.

Lake Agassiz Regional Library

The Lake Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1961, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties. Control of the Library is vested in the Agassiz Regional Library Board, with 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. In 2015, Becker County provided \$351,105 in the form of an appropriation.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-(c)3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

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

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Becker County paid \$396,373 in 2015 for services purchased through Lakeland Mental Health Center.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations (Continued)

Minnesota Criminal Justice Data Communications Network

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

Minnesota Red River Basin of the North Joint Powers Agreement

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

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

In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties. During 2015, the County did not contribute any funding to the Joint Powers Board.

Complete financial statements can be obtained from: International Coalition for Land – Water Stewardship in the Red River Basin 119 – 5th Street South Moorhead, Minnesota 56561.

Western Area City/County Co-Op

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. Summary of Significant Contingencies and Other Items

C. Jointly-Governed Organizations

Western Area City/County Co-Op (Continued)

The management and control of WACCO shall be vested in a Board of Directors composed of a representative appointed by each member city and county. During 2015, the County contributed \$5,000 to WACCO.

Wild Rice Watershed District

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

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

Complete financial information can be obtained from:

Wild Rice Watershed District Office
11 East 5th Avenue
Ada, Minnesota 56510

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

A. Summary of Significant Accounting Policies

The Becker County Economic Development Authority's (EDA) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2015. In addition to those identified Note 1, the EDA has the following significant policies.

1. Financial Reporting Entity

The EDA was established May 27, 1997, having all of the powers and duties of an economic development authority under Minn. Stat. §§ 469.090 to 469.1081. The Housing Department was added May 1, 1999, and has all of the powers and duties of a housing and redevelopment authority under Minn. Stat. §§ 469.001 to 469.047. The EDA is governed by a seven-member Board appointed by the Becker County Board of Commissioners.

The EDA is a component unit of Becker County because Becker County is financially accountable for the EDA. The EDA's financial statements are discretely presented in the Becker County financial statements.

2. Measurement Focus and Basis of Accounting

The EDA is reported in the County's government-wide financial statements 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The EDA has no employees; it purchases employee services from Becker County and contracts for services from Midwest Minnesota Community Development Corporation. These expenses are broken down and reported as salaries and employee benefits in the Housing Enterprise Fund.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

A. Summary of Significant Accounting Policies (Continued)

3. Assets, Liabilities, and Net Position

A. Property Held for Resale

Real property acquired for subsequent resale for redevelopment purposes and not as an investment program is recorded at the lesser of cost or net realizable value. Property held for resale is offset by a fund balance nonspendable account in the General Fund.

B. Capital Assets

Capital assets are defined by the EDA 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 estimated fair 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the EDA did not have any capitalized interest.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Furniture, equipment, and vehicles	3 - 7

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

A. Summary of Significant Accounting Policies

3. Assets, Liabilities, and Net Position (Continued)

C. 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.

B. Detailed Notes on All Funds

1. Assets

A. Deposits and Investments

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

Governmental activities	
Cash and pooled investments	\$ 419,146
Business-type activities	
Cash and pooled investments	527,575
Restricted cash	<u>819,110</u>
 Total Cash and Investments	 <u>\$ 1,765,831</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the EDA's deposits may not be returned to it. The EDA does not have a deposit policy for custodial credit risk. As of December 31, 2015, the EDA's deposits were not exposed to custodial credit risk.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

B. Detailed Notes on All Funds

1. Assets (Continued)

B. Receivables

No allowance for uncollectable accounts has been made.

Contract for Deed

The following is a summary of contracts for deed receivable resulting from the sale of Minnesota Urban and Rural Homesteading (MURL) homes to individuals for the year ended December 31, 2015.

Balance - January 1, 2015	\$ 1,140,831
Payments	(146,468)
Cancelled contracts	<u>(63,428)</u>
Balance - December 31, 2015	\$ 930,935
Less: current portion	<u>(36,037)</u>
Long-Term Portion	<u>\$ 894,898</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

B. Detailed Notes on All Funds

1. Assets

B. Receivables

Contract for Deed (Continued)

<u>Contract for Deed</u>	<u>Date</u>	<u>Interest Rate (%)</u>	<u>Due Date</u>	<u>Monthly Payment</u>	<u>Balance December 31</u>
Federal Home Funds					
MURL #02	October 1, 1999	-	October 1, 2029	\$ 303	\$ 34,684
MURL #03	March 1, 2001	-	March 1, 2021	300	61,071
MURL #05	September 1, 2002	-	September 1, 2017	609	20,755
MURL #10	May 1, 2003	-	May 1, 2028	491	63,961
MURL #12	July 1, 2004	-	July 1, 2029	465	74,494
MURL #14	December 1, 2005	-	December 1, 2035	417	68,814
MURL #09	February 1, 2006	-	February 1, 2033	626	64,881
MURL #06	February 1, 2007	-	February 1, 2032	277	105,739
MURL #08	May 1, 2010	-	May 1, 2026	385	60,608
MURL #15	November 1, 2009	-	November 1, 2029	641	112,616
MURL #11	October 1, 2013	-	October 1, 2034	564	71,653
Total Federal Home Funds					<u>\$ 739,276</u>
State Non-Home Funds					
MURL #16	May 1, 2009	-	May 1, 2039	\$ 537	\$ 57,323
MURL #17	May 1, 2009	-	May 1, 2039	488	134,336
Total State Non-Home Funds					<u>\$ 191,659</u>
Total Contracts for Deed					<u>\$ 930,935</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 326,354	\$ 31,178	\$ -	\$ 357,532
Capital assets being depreciated				
Buildings	\$ 4,814,022	\$ 204,703	\$ -	\$ 5,018,725
Equipment	155,914	3,239	-	159,153
Total capital assets being depreciated	<u>\$ 4,969,936</u>	<u>\$ 207,942</u>	<u>\$ -</u>	<u>\$ 5,177,878</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

B. Detailed Notes on All Funds

1. Assets

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less: accumulated depreciation for				
Buildings	\$ 1,392,816	\$ 126,860	\$ -	\$ 1,519,676
Equipment	145,248	12,341	-	157,589
Total accumulated depreciation	\$ 1,538,064	\$ 139,201	\$ -	\$ 1,677,265
Total capital assets, depreciated, net	\$ 3,431,872	\$ 68,741	\$ -	\$ 3,500,613
Capital Assets, Net	\$ 3,758,226	\$ 99,919	\$ -	\$ 3,858,145

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

Housing	\$ 139,201
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2. Related Party Accruals

Due To/From Becker County

Receivable Entity	Payable Entity	Amount
Becker County - General Fund	EDA - Enterprise Fund	\$ 33,072

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

B. Detailed Notes on All Funds (Continued)

3. Liabilities

A. Payables

Payables at December 31, 2015, were as follows:

Accounts	\$ 2,049
Other liabilities	29,207
Due to other governments	19,158
Prepaid rent	2,425
Tenant security deposits	<u>19,514</u>
Total Payables	<u>\$ 72,353</u>

B. Long-Term Debt

The EDA entered into an \$800,000 mortgage loan agreement with the Minnesota Housing Finance Agency in 2004 for the modernization of rental units of low-income persons. The principal sum is due and payable on December 1, 2032. However, the Minnesota Housing Finance Agency has passed a resolution that the maturity date of the loan shall be co-terminus with the Annual Contribution Contract (ACC), with payments deferred until maturity, and with annual renewals thereafter for so long as the U.S. Department of Housing and Urban Development allows renewals of the ACC.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

B. Detailed Notes on All Funds

3. Liabilities

B. Long-Term Debt (Continued)

The EDA entered into a loan with the Greater Minnesota Housing Fund of \$217,300 on December 20, 2007, to start construction for a 12-unit supportive housing project. This loan is payable in full on December 20, 2037.

In 2008, the EDA received a deferred loan of \$1,400,000 from the Minnesota Housing Finance Agency (Publicly Owned Housing Program), which will be forgiven in 20 years if the EDA is in compliance with all covenants. This loan will remain a liability until January 1, 2028, at which time it will be recorded as revenue or repaid.

The following is a schedule of long-term debt for business-type activities at December 31, 2015.

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2015
MHFA mortgage loan	N/A	N/A	0.00	\$ 800,000	\$ 800,000
Greater Minnesota Housing Fund	2037	N/A	0.00	217,300	217,300
Minnesota Housing Finance	2038	N/A	0.00	1,400,000	1,400,000
Total Long-Term Debt					<u>\$ 2,417,300</u>

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
MHFA mortgage loan	\$ 800,000	\$ -	\$ -	\$ 800,000	\$ -
Greater Minnesota Housing Fund	217,300	-	-	217,300	-
Minnesota Housing Finance	1,400,000	-	-	1,400,000	-
Business-Type Activity Long-Term Liabilities	<u>\$ 2,417,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,417,300</u>	<u>\$ -</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

C. Summary of Significant Contingencies and Other Items

1. Risk Management

The EDA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters. The EDA is covered under Becker County's membership in the Minnesota Counties Insurance Trust and through the purchase of 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.

2. 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 EDA expects such amounts, if any, to be immaterial.

3. Liens Receivable

Community Development Block Grant programs provided funds for economic development and rehabilitation of residences of qualifying low-income individuals.

Provisions of the rehabilitation contracts resulted in loans to the homeowners secured by liens against the property. Those not requiring repayment until the property is sold or the owner dies are not recorded in the financial statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

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

4. Minnesota Housing Trust Fund Loans

The EDA received loans from the Minnesota Housing Finance Agency Housing Trust Fund Program, the proceeds of which are for rental units for low-income persons. After ten years, these loans are forgiven by the state at a rate of five percent annually. The loans are for 30 years at zero percent interest. A summary of these loans which are not shown on the balance sheet are as follows:

Loan dated July 1, 1992, with a final maturity of July 1, 2022	\$ 5,307
Loan dated December 30, 1994, with a final maturity of December 30, 2024	27,038
Loan dated May 29, 2003, with a final maturity of May 29, 2033	<u>26,095</u>
Total	<u>\$ 58,440</u>

5. Minnesota Housing Revolving Fund Programs

The EDA received grants from the Minnesota Housing Finance Agency (MHFA) to be used to construct homes for low-income residents of Becker County. When the houses are sold, the grant amounts become revolving funds to build additional housing. The EDA chose to discontinue these programs, and the revolving funds were returned to the MHFA. The amounts received and balances on hand at December 31, 2015, are as follows:

	<u>Original Grant</u>	<u>Revolving Fund Cash</u>	<u>Contract for Deed Receivable</u>
Federal Home Minnesota Urban and Rural Homestead Loan	\$ 1,810,100	\$ 365,724	\$ 739,276
State Home Minnesota Urban and Rural Homesteading Loan	<u>196,185</u>	<u>34,437</u>	<u>191,659</u>
Total	<u>\$ 2,006,285</u>	<u>\$ 400,161</u>	<u>\$ 930,935</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

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

6. Operating Leases

Lakes Homes and Program Development, Inc., entered into a five-year operating lease with the EDA for property the EDA owns (carrying value of \$107,609 and accumulated depreciation of \$42,510) to be used for the operation of Hidden Hills Group Home. According to the lease terms, the EDA began receiving monthly installments of \$500 beginning January 2015. The lease shall be renewed at an agreeable rental rate and agreeable term after December 2019. Either party may give a written notice of termination to the other at least six months prior to the end of the term.

Becker County entered into a thirty-six month operating lease with the EDA for property the EDA owns (carrying value of \$254,191 and accumulated depreciation of \$57,992) to be used for the Becker County Workshop. According to the lease terms, the EDA began receiving monthly installments of \$1,440 beginning January 2013. The lease shall be reviewed annually. Becker County also entered into a five-year operating lease with the EDA for the front 1,050 square feet of the same property to be used for the Becker County Extension. According to the lease terms, the EDA began receiving monthly installments of \$310 beginning January 2013. The lease shall be reviewed in December 2018, and an agreeable rent amount established at that time. Both leases state that in the event that the cost for utilities increases and the lessor is paying more for utilities than the lease allows for, the lessee agrees to reimburse the lessor the amount needed to make up the difference. Either party may give a written notice of termination to the other at least six months prior to the end of the term.

7. Housing Program

The EDA has 74 units of Section 8 existing housing assistance payments (C-4101E). The EDA also has a contract with the U.S. Department of Housing and Urban Development to operate 25 dwelling units for lower-income housing (C-4161).

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

7. Becker County Economic Development Authority (EDA)

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

8. Special Item

Effective January 1, 2015, the EDA obtained full control of the Maple Avenue Apartments by paying Wells Fargo Bank, National Association, \$100 for Wells Fargo's share. All assets and liabilities associated with Maple Avenue Apartments operations as of January 1, 2015, were transferred to the EDA. The net position of the operations transferred was \$92,735 and is reported in the financial statements as a special item.

	<u>Carrying Values</u>
Transferred Assets (Net)	
Cash	\$ 23,242
Land	31,178
Buildings and Equipment	207,942
Amortized Costs - Loan	<u>456</u>
Total Transferred Assets (Net)	<u>\$ 262,818</u>
Transferred Liabilities	
Accounts Payable	\$ 489
Security Deposits	5,390
Loans Payable	162,517
Prepaid Rents	<u>1,687</u>
Total Transferred Liabilities	<u>\$ 170,083</u>
Net Position of Transferred Operations	<u>\$ 92,735</u>

REQUIRED SUPPLEMENTARY INFORMATION

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 2,932,682	\$ 2,932,682	\$ 3,030,420	\$ 97,738
Licenses and permits	245,150	245,150	308,731	63,581
Intergovernmental	2,307,144	2,307,144	2,320,707	13,563
Charges for services	1,179,600	1,179,600	1,218,130	38,530
Fines and forfeits	44,000	44,000	45,421	1,421
Investment earnings	205,000	205,000	195,265	(9,735)
Miscellaneous	640,085	640,085	534,400	(105,685)
Total Revenues	\$ 7,553,661	\$ 7,553,661	\$ 7,653,074	\$ 99,413
Expenditures				
Current				
General government				
Commissioners	\$ 271,423	\$ 271,423	\$ 283,879	\$ (12,456)
Courts	50,000	50,000	53,841	(3,841)
County administrator	202,003	202,003	187,518	14,485
Auditor-Treasurer	704,477	704,477	631,450	73,027
License bureau	218,104	218,104	199,054	19,050
County assessor	513,792	513,792	500,938	12,854
Elections	64,383	64,383	52,963	11,420
Data processing	622,018	622,018	552,717	69,301
Central administration	24,300	24,300	15,941	8,359
Personnel	216,078	216,078	182,441	33,637
Attorney	900,956	900,956	906,786	(5,830)
Contracted legal services	70,800	70,800	61,774	9,026
Law library	39,870	39,870	41,564	(1,694)
Recorder	607,853	607,853	581,065	26,788
Surveyor	8,900	8,900	9,600	(700)
Planning and zoning	394,376	394,376	426,838	(32,462)
Buildings and plant	597,837	597,837	616,673	(18,836)
Annex	194,336	194,336	141,766	52,570
Veterans service officer	163,351	163,351	169,976	(6,625)
Unallocated	10,000	10,000	2,324	7,676
Total general government	\$ 5,874,857	\$ 5,874,857	\$ 5,619,108	\$ 255,749

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public transportation				
Transit	\$ 500,917	\$ 500,917	\$ 505,261	\$ (4,344)
Airport	45,000	45,000	45,000	-
Total public transportation	<u>\$ 545,917</u>	<u>\$ 545,917</u>	<u>\$ 550,261</u>	<u>\$ (4,344)</u>
Health				
Nursing service	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 49,364</u>	<u>\$ 2,636</u>
Culture and recreation				
Historical society	\$ 67,500	\$ 67,500	\$ 67,500	\$ -
Senior citizens	6,000	6,000	5,746	254
Agassiz Regional Library	351,105	351,105	351,105	-
Total culture and recreation	<u>\$ 424,605</u>	<u>\$ 424,605</u>	<u>\$ 424,351</u>	<u>\$ 254</u>
Conservation of natural resources				
County extension	\$ 143,999	\$ 143,999	\$ 144,675	\$ (676)
Soil and water conservation	234,064	234,064	235,059	(995)
Agricultural society/county fair	15,000	15,000	15,000	-
Water planning	24,177	24,177	24,359	(182)
Wetland challenge	24,238	24,238	24,237	1
Other conservation	1,325	1,325	1,325	-
Total conservation of natural resources	<u>\$ 442,803</u>	<u>\$ 442,803</u>	<u>\$ 444,655</u>	<u>\$ (1,852)</u>
Economic development				
Community development	<u>\$ 169,461</u>	<u>\$ 169,461</u>	<u>\$ 118,740</u>	<u>\$ 50,721</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Expenditures (Continued)				
Debt service				
Principal	\$ -	\$ -	\$ 547	\$ (547)
Interest	-	-	8	(8)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 555</u>	<u>\$ (555)</u>
Total Expenditures	<u>\$ 7,509,643</u>	<u>\$ 7,509,643</u>	<u>\$ 7,207,034</u>	<u>\$ 302,609</u>
Excess of Revenues Over (Under)				
Expenditures	\$ 44,018	\$ 44,018	\$ 446,040	\$ 402,022
Other Financing Sources (Uses)				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	\$ 69,018	\$ 69,018	\$ 471,040	\$ 402,022
Fund Balance - January 1	<u>8,727,830</u>	<u>8,727,830</u>	<u>8,727,830</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 8,796,848</u></u>	<u><u>\$ 8,796,848</u></u>	<u><u>\$ 9,198,870</u></u>	<u><u>\$ 402,022</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 6,439,488	\$ 6,439,488	\$ 6,480,400	\$ 40,912
Licenses and permits	34,750	34,750	31,318	(3,432)
Intergovernmental	971,791	971,791	1,105,259	133,468
Charges for services	206,900	206,900	189,115	(17,785)
Fines and forfeits	-	-	24,990	24,990
Gifts and contributions	-	-	33,116	33,116
Investment earnings	3,000	3,000	-	(3,000)
Miscellaneous	88,700	88,700	129,848	41,148
Total Revenues	\$ 7,744,629	\$ 7,744,629	\$ 7,994,046	\$ 249,417
Expenditures				
Current				
Public safety				
Sheriff	\$ 3,851,880	\$ 3,851,880	\$ 4,028,867	\$ (176,987)
Boat and water safety	86,517	86,517	50,397	36,120
Emergency services	41,757	41,757	41,229	528
Coroner	62,069	62,069	88,708	(26,639)
Jail	3,161,526	3,161,526	3,179,773	(18,247)
Probation and parole	328,531	328,531	329,242	(711)
Sentence to serve	127,520	127,520	104,465	23,055
Total Expenditures	\$ 7,659,800	\$ 7,659,800	\$ 7,822,681	\$ (162,881)
Net Change in Fund Balance	\$ 84,829	\$ 84,829	\$ 171,365	\$ 86,536
Fund Balance - January 1	2,286,631	2,286,631	2,286,631	-
Fund Balance - December 31	\$ 2,371,460	\$ 2,371,460	\$ 2,457,996	\$ 86,536

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 4,373,273	\$ 4,373,273	\$ 4,754,558	\$ 381,285
Special assessments	500	500	-	(500)
Licenses and permits	15,000	15,000	20,974	5,974
Intergovernmental	7,561,793	7,561,793	6,420,604	(1,141,189)
Charges for services	200,000	200,000	258,080	58,080
Miscellaneous	602,000	602,000	466,738	(135,262)
Total Revenues	\$ 12,752,566	\$ 12,752,566	\$ 11,920,954	\$ (831,612)
Expenditures				
Current				
Highways and streets				
Administration	\$ 373,573	\$ 373,573	\$ 313,615	\$ 59,958
Maintenance	2,893,723	2,893,723	3,299,658	(405,935)
Construction	7,907,580	7,907,580	6,971,857	935,723
Equipment maintenance and shops	1,485,401	1,485,401	1,074,481	410,920
Other highways and streets	92,289	92,289	95,717	(3,428)
Total highways and streets	\$ 12,752,566	\$ 12,752,566	\$ 11,755,328	\$ 997,238
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 605,564	\$ (605,564)
Total Expenditures	\$ 12,752,566	\$ 12,752,566	\$ 12,360,892	\$ 391,674
Net Change in Fund Balance	\$ -	\$ -	\$ (439,938)	\$ (439,938)
Fund Balance - January 1	4,168,639	4,168,639	4,168,639	-
Increase (decrease) in reserve for inventories	-	-	10,597	10,597
Fund Balance - December 31	\$ 4,168,639	\$ 4,168,639	\$ 3,739,298	\$ (429,341)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-4

**BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 6,151,256	\$ 6,151,256	\$ 6,198,958	\$ 47,702
Intergovernmental	8,117,727	8,117,727	8,255,501	137,774
Miscellaneous	1,265,100	1,265,100	1,369,248	104,148
Total Revenues	\$ 15,534,083	\$ 15,534,083	\$ 15,823,707	\$ 289,624
Expenditures				
Current				
Human services				
Income maintenance	\$ 3,483,456	\$ 3,483,456	\$ 3,431,847	\$ 51,609
Social services	10,315,549	10,315,549	9,938,890	376,659
Collaborative	-	-	39,985	(39,985)
Total human services	\$ 13,799,005	\$ 13,799,005	\$ 13,410,722	\$ 388,283
Health				
Nursing service	1,735,078	1,735,078	1,724,528	10,550
Total Expenditures	\$ 15,534,083	\$ 15,534,083	\$ 15,135,250	\$ 398,833
Net Change in Fund Balance	\$ -	\$ -	\$ 688,457	\$ 688,457
Fund Balance - January 1	3,731,318	3,731,318	3,731,318	-
Fund Balance - December 31	\$ 3,731,318	\$ 3,731,318	\$ 4,419,775	\$ 688,457

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-5

**BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
ENVIRONMENTAL AFFAIRS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Special assessments	\$ 677,500	\$ 677,500	\$ 694,887	\$ 17,387
Intergovernmental	2,115,550	2,115,550	1,005,562	(1,109,988)
Charges for services	1,725,000	1,725,000	1,773,507	48,507
Miscellaneous	361,800	361,800	218,908	(142,892)
Total Revenues	\$ 4,879,850	\$ 4,879,850	\$ 3,692,864	\$ (1,186,986)
Expenditures				
Current				
Sanitation				
Solid waste	\$ 4,903,509	\$ 4,903,509	\$ 3,508,857	\$ 1,394,652
Recycling	1,316,713	1,316,713	494,411	822,302
Hazardous waste	128,955	128,955	130,658	(1,703)
Total Expenditures	\$ 6,349,177	\$ 6,349,177	\$ 4,133,926	\$ 2,215,251
Excess of Revenues Over (Under)				
Expenditures	\$ (1,469,327)	\$ (1,469,327)	\$ (441,062)	\$ 1,028,265
Other Financing Sources (Uses)				
Transfers out	(25,000)	(25,000)	(25,000)	-
Net Change in Fund Balance	\$ (1,494,327)	\$ (1,494,327)	\$ (466,062)	\$ 1,028,265
Fund Balance - January 1	3,448,226	3,448,226	3,448,226	-
Fund Balance - December 31	\$ 1,953,899	\$ 1,953,899	\$ 2,982,164	\$ 1,028,265

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2008	\$ -	\$1,571,170	\$1,571,170	0.0%	\$10,744,917	14.6%
January 1, 2010	-	1,159,017	1,159,017	0.0	11,016,972	10.5
January 1, 2014	-	652,310	652,310	0.0	12,048,174	5.4

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1979%	\$ 10,256,205	\$ 11,628,744	88.20%	78.19%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2015**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 872,525	\$ 872,525	\$ -	\$ 11,633,671	7.50%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2015**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.160%	\$ 1,817,974	\$ 1,464,703	124.12%	86.61%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-10

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2015**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 241,450	\$ 241,450	\$ -	\$ 1,490,433	16.20%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-11

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2015**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.74%	\$ 114,404	\$ 1,337,132	8.56%	96.95%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT A-12

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2015**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 117,451	\$ 117,451	\$ -	\$ 1,342,302	8.75%

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

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before mid-August of each year, all departments and agencies submit requests for appropriations to the County Administrator so that a budget can be prepared. Before September 30, 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 head 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 department level. During the year, the Board made no budgetary amendments.

2. Excess of Expenditures Over Budget

The following major fund departments had expenditures in excess of budget for the year ended December 31, 2015.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund			
General government			
Commissioners	\$ 283,879	\$ 271,423	\$ 12,456
Courts	53,841	50,000	3,841
Attorney	906,786	900,956	5,830
Law library	41,564	39,870	1,694
Surveyor	9,600	8,900	700
Planning and Zoning	426,838	394,376	32,462
Building and plant	616,673	597,837	18,836
Veterans service officer	169,976	163,351	6,625
Public transportation			
Transit	505,261	500,917	4,344
Conservation of natural resources			
County extension	144,675	143,999	676
Soil and water conservation	235,059	234,064	995
Water planning	24,359	24,177	182

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

2. Excess of Expenditures Over Budget (Continued)

	Expenditures	Final Budget	Excess
General Fund (Continued)			
Debt			
Principal	\$ 547	\$ -	\$ 547
Interest	8	-	8
Public Safety Special Revenue Fund			
Public Safety			
Sheriff	4,028,867	3,851,880	176,987
Coroner	88,708	62,069	26,639
Jail	3,179,773	3,161,526	18,247
Probation and parole	329,242	328,531	711
Road and Bridge Special Revenue Fund			
Highways and streets			
Maintenance	3,299,658	2,893,723	405,935
Other highways and streets	95,717	92,289	3,428
Intergovernmental			
Highways and streets	605,564	-	605,564
Human Services Special Revenue Fund			
Human Services			
Collaborative	39,985	-	39,985
Environmental Affairs Special Revenue Fund			
Sanitation			
Hazardous waste	130,658	128,955	1,703

3. Other Postemployment Benefits

Becker County implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2008. See Note 4.C. to the financial statements for more information.

GASB Statement 45 requires a Schedule of Funding Progress - Other Postemployment Benefits for the three most recent valuations and accompanying notes to describe factors that significantly affect the trends in the amounts reported.

Currently, three actuarial valuations are available.

SUPPLEMENTARY INFORMATION

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Parks and Recreation - to provide for and report maintenance of County-owned parks and public accesses for the snowmobile trails program and the ski trails program. It is funded in part by a tax levy and by grants from the Department of Natural Resources (DNR) assigned to culture and recreation.

Resource Development - to account for the receipt and expenditure of certain state grants restricted for conservation of natural resources. The DNR funds for tax-forfeited natural resources land are to be used for resource development, forest management, recreational development, and maintenance of County-administered, tax-forfeited lands. In addition, this fund receives a share of net receipts from forfeited tax sales.

County Ditch - to account for and report financing of the construction and repair of the ditch system restricted for conservation of natural resources.

Natural Resource Management - to account for and report the sale or lease of land and sales of timber and wood restricted for conservation of natural resources. The salary and expenditures of the County Land Commissioner and clerical wages are paid from this fund. The net balance in this fund is apportioned at the end of the year.

Gravel Tax - to account for and report restricted revenues from a ten-cent-per-cubic-yard production tax on gravel removed from pits in Becker County under the provisions of Minn. Stat. § 298.75.

DEBT SERVICE FUND

Debt Service - to account for and report the accumulation of resources for, and payment of, principal and interest on the long-term debt.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	<u>Special Revenue (Exhibit B-3)</u>	<u>Debt Service</u>	<u>Total (Exhibit 3)</u>
<u>Assets</u>			
Cash and pooled investments	\$ 1,812,006	\$ 601,034	\$ 2,413,040
Taxes receivable			
Current	2,389	8,569	10,958
Prior	1,024	4,833	5,857
Accounts receivable	55,756	-	55,756
Due from other governments	51,296	-	51,296
Total Assets	\$ 1,922,471	\$ 614,436	\$ 2,536,907
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 52,042	\$ -	\$ 52,042
Salaries payable	13,267	-	13,267
Due to other funds	25,802	-	25,802
Due to other governments	200,196	-	200,196
Total Liabilities	\$ 291,307	\$ -	\$ 291,307
Deferred Inflows of Resources			
Unavailable revenues	\$ 2,657	\$ 10,616	\$ 13,273
Fund Balances			
Restricted			
Debt service	\$ -	\$ 603,820	\$ 603,820
Gravel pit closure	452,082	-	452,082
Conservation of natural resources	776,311	-	776,311
Assigned			
Culture and recreation	400,114	-	400,114
Total Fund Balances	\$ 1,628,507	\$ 603,820	\$ 2,232,327
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,922,471	\$ 614,436	\$ 2,536,907

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Special Revenue (Exhibit B-4)	Debt Service	Total (Exhibit 5)
Revenues			
Taxes	\$ 166,513	\$ 456,898	\$ 623,411
Special assessments	(2,203)	-	(2,203)
Intergovernmental	545,892	10,476	556,368
Charges for services	8,500	-	8,500
Miscellaneous	588,745	-	588,745
Total Revenues	\$ 1,307,447	\$ 467,374	\$ 1,774,821
Expenditures			
Current			
Culture and recreation	\$ 690,530	\$ -	\$ 690,530
Conservation of natural resources	584,787	-	584,787
Debt service			
Principal	-	325,000	325,000
Interest	-	110,675	110,675
Administrative (fiscal) charges	-	1,300	1,300
Total Expenditures	\$ 1,275,317	\$ 436,975	\$ 1,712,292
Net Change in Fund Balance	\$ 32,130	\$ 30,399	\$ 62,529
Fund Balance - January 1	1,596,377	573,421	2,169,798
Fund Balance - December 31	\$ 1,628,507	\$ 603,820	\$ 2,232,327

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2015**

	<u>Parks and Recreation</u>	<u>Resource Development</u>	<u>County Ditch</u>	<u>Natural Resource Management</u>	<u>Gravel Tax</u>	<u>Total</u>
<u>Assets</u>						
Cash and pooled investments	\$ 402,451	\$ 704,385	\$ 5,560	\$ 132,649	\$ 566,961	\$ 1,812,006
Taxes receivable						
Current	2,389	-	-	-	-	2,389
Prior	1,024	-	-	-	-	1,024
Accounts receivable	-	-	-	1,636	54,120	55,756
Due from other governments	51,296	-	-	-	-	51,296
Total Assets	\$ 457,160	\$ 704,385	\$ 5,560	\$ 134,285	\$ 621,081	\$ 1,922,471
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 51,731	\$ 82	\$ -	\$ 229	\$ -	\$ 52,042
Salaries payable	2,189	-	-	11,078	-	13,267
Due to other funds	250	-	-	995	24,557	25,802
Due to other governments	219	-	-	55,535	144,442	200,196
Total Liabilities	\$ 54,389	\$ 82	\$ -	\$ 67,837	\$ 168,999	\$ 291,307
Deferred Inflows of Resources						
Unavailable revenues	\$ 2,657	\$ -	\$ -	\$ -	\$ -	\$ 2,657
Fund Balances						
Restricted						
Gravel pit closure	\$ -	\$ -	\$ -	\$ -	\$ 452,082	\$ 452,082
Conservation of natural resources	-	704,303	5,560	66,448	-	776,311
Assigned						
Culture and recreation	400,114	-	-	-	-	400,114
Total Fund Balances	\$ 400,114	\$ 704,303	\$ 5,560	\$ 66,448	\$ 452,082	\$ 1,628,507
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 457,160	\$ 704,385	\$ 5,560	\$ 134,285	\$ 621,081	\$ 1,922,471

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Parks and Recreation</u>	<u>Resource Development</u>	<u>County Ditch</u>	<u>Natural Resource Management</u>	<u>Gravel Tax</u>	<u>Total</u>
Revenues						
Taxes	\$ 126,821	\$ -	\$ -	\$ -	\$ 39,692	\$ 166,513
Special assessments	-	-	(2,203)	-	-	(2,203)
Intergovernmental	475,777	70,115	-	-	-	545,892
Charges for services	8,500	-	-	-	-	8,500
Miscellaneous	37,474	55,317	-	495,954	-	588,745
Total Revenues	\$ 648,572	\$ 125,432	\$ (2,203)	\$ 495,954	\$ 39,692	\$ 1,307,447
Expenditures						
Current						
Culture and recreation	\$ 690,530	\$ -	\$ -	\$ -	\$ -	\$ 690,530
Conservation of natural resources	-	78,987	-	505,800	-	584,787
Total Expenditures	\$ 690,530	\$ 78,987	\$ -	\$ 505,800	\$ -	\$ 1,275,317
Net Change in Fund Balance	\$ (41,958)	\$ 46,445	\$ (2,203)	\$ (9,846)	\$ 39,692	\$ 32,130
Fund Balance - January 1	442,072	657,858	7,763	76,294	412,390	1,596,377
Fund Balance - December 31	\$ 400,114	\$ 704,303	\$ 5,560	\$ 66,448	\$ 452,082	\$ 1,628,507

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-5

**BUDGETARY COMPARISON SCHEDULE
PARKS AND RECREATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 125,878	\$ 125,878	\$ 126,821	\$ 943
Intergovernmental	167,122	167,122	475,777	308,655
Charges for services	-	-	8,500	8,500
Miscellaneous	30,000	30,000	37,474	7,474
Total Revenues	\$ 323,000	\$ 323,000	\$ 648,572	\$ 325,572
Expenditures				
Current				
Culture and recreation				
Recreation	397,646	397,646	690,530	(292,884)
Net Change in Fund Balance	\$ (74,646)	\$ (74,646)	\$ (41,958)	\$ 32,688
Fund Balance - January 1	442,072	442,072	442,072	-
Fund Balance - December 31	\$ 367,426	\$ 367,426	\$ 400,114	\$ 32,688

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-6

**BUDGETARY COMPARISON SCHEDULE
RESOURCE DEVELOPMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 65,461	\$ 65,461	\$ 70,115	\$ 4,654
Miscellaneous	40,000	40,000	55,317	15,317
Total Revenues	\$ 105,461	\$ 105,461	\$ 125,432	\$ 19,971
Expenditures				
Current				
Conservation of natural resources				
Resource development	170,700	170,700	78,987	91,713
Net Change in Fund Balance	\$ (65,239)	\$ (65,239)	\$ 46,445	\$ 111,684
Fund Balance - January 1	657,858	657,858	657,858	-
Fund Balance - December 31	\$ 592,619	\$ 592,619	\$ 704,303	\$ 111,684

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-7

**BUDGETARY COMPARISON SCHEDULE
COUNTY DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special Assessments	\$ -	\$ -	\$ (2,203)	\$ (2,203)
 Net Change in Fund Balance	 \$ -	 \$ -	 \$ (2,203)	 \$ (2,203)
 Fund Balance - January 1	 7,763	 7,763	 7,763	 -
Fund Balance - December 31	<u>\$ 7,763</u>	<u>\$ 7,763</u>	<u>\$ 5,560</u>	<u>\$ (2,203)</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-8

**BUDGETARY COMPARISON SCHEDULE
NATURAL RESOURCE MANAGEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Miscellaneous	\$ 445,500	\$ 445,500	\$ 495,954	\$ 50,454
Expenditures				
Current				
Conservation of natural resources				
Tax forfeited sales	506,081	506,081	505,800	281
Net Change in Fund Balance	\$ (60,581)	\$ (60,581)	\$ (9,846)	\$ 50,735
Fund Balance - January 1	76,294	76,294	76,294	-
Fund Balance - December 31	<u>\$ 15,713</u>	<u>\$ 15,713</u>	<u>\$ 66,448</u>	<u>\$ 50,735</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT B-9

**BUDGETARY COMPARISON SCHEDULE
GRAVEL TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 150,000	\$ 150,000	\$ 39,692	\$ (110,308)
Expenditures				
Current				
Conservation of natural resources				
Other	150,000	150,000	-	150,000
Net Change in Fund Balance	\$ -	\$ -	\$ 39,692	\$ 39,692
Fund Balance - January 1	412,390	412,390	412,390	-
Fund Balance - December 31	<u>\$ 412,390</u>	<u>\$ 412,390</u>	<u>\$ 452,082</u>	<u>\$ 39,692</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

The Clearing Agency Fund is used to account for the payroll deductions and distributions of a County-administered cafeteria plan.

The Taxes and Penalties Agency Fund is used to account for the collection of taxes, penalties, and special assessments and their payment to the various County funds and taxing districts.

The Children's Initiative Agency Fund is used to account for the cash transactions of the Becker County Children's Initiative.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT C-1

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance January 1	Additions	Deductions	Balance December 31
<u>CLEARING FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 309,049	\$ 3,830,647	\$ 3,945,487	\$ 194,209
<u>Liabilities</u>				
Accounts payable	\$ 225,226	\$ 2,019,731	\$ 2,176,064	\$ 68,893
Due to other governments	83,823	1,810,916	1,769,423	125,316
Total Liabilities	\$ 309,049	\$ 3,830,647	\$ 3,945,487	\$ 194,209
<u>TAXES AND PENALTIES FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 708,187	\$ 48,907,396	\$ 48,916,892	\$ 698,691
<u>Liabilities</u>				
Due to other governments	\$ 608,282	\$ 48,797,128	\$ 48,816,987	\$ 588,423
Deferred credits	99,905	110,268	99,905	110,268
Total Liabilities	\$ 708,187	\$ 48,907,396	\$ 48,916,892	\$ 698,691
<u>CHILDREN'S INITIATIVE FUND</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 289,495	\$ 44,557	\$ 240,956	\$ 93,096
<u>Liabilities</u>				
Due to other governments	\$ 289,495	\$ 44,557	\$ 240,956	\$ 93,096

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT C-1
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,306,731	\$ 52,782,600	\$ 53,103,335	\$ 985,996
<u>Liabilities</u>				
Accounts payable	\$ 225,226	\$ 2,019,731	\$ 2,176,064	\$ 68,893
Due to other governments	981,600	50,652,601	50,827,366	806,835
Deferred credits	99,905	110,268	99,905	110,268
Total Liabilities	\$ 1,306,731	\$ 52,782,600	\$ 53,103,335	\$ 985,996

OTHER SCHEDULES

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Funds	Discretely Presented Component Unit	All Funds
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 4,943,706	\$ -	\$ 4,943,706
County program aid	1,327,797	-	1,327,797
PERA rate reimbursement	38,181	-	38,181
Police aid	155,524	-	155,524
Aquatic Invasive Species	319,135	-	319,135
Market value credit	308,567	2,621	311,188
Disparity reduction aid	4,122	-	4,122
Total shared revenue	\$ 7,097,032	\$ 2,621	\$ 7,099,653
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 1,385,204	\$ -	\$ 1,385,204
Payments			
Local			
Payments in lieu of taxes	\$ 460,660	\$ -	\$ 460,660
Grants			
State			
Minnesota Department/Board of			
Agriculture	\$ 2,226	\$ -	\$ 2,226
Corrections	329,175	-	329,175
Public Safety	132,722	-	132,722
Transportation	205,529	-	205,529
Health	249,350	-	249,350
Veterans Affairs	45,100	-	45,100
Natural Resources	188,814	-	188,814
Human Services	2,486,638	-	2,486,638
Water and Soil Resources	73,147	-	73,147
Minnesota Pollution Control Agency	1,003,336	-	1,003,336
Total state	\$ 4,716,037	\$ -	\$ 4,716,037

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT D-1
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Funds</u>	<u>Discretely Presented Component Unit</u>	<u>All Funds</u>
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 478,382	\$ -	\$ 478,382
Housing and Urban Development	-	383,821	383,821
Transportation	1,543,427	-	1,543,427
Education	3,255	-	3,255
Health and Human Services	3,700,779	-	3,700,779
Homeland Security	279,225	-	279,225
Total federal	<u>\$ 6,005,068</u>	<u>\$ 383,821</u>	<u>\$ 6,388,889</u>
Total state and federal grants	<u>\$ 10,721,105</u>	<u>\$ 383,821</u>	<u>\$ 11,104,926</u>
Total Intergovernmental Revenue	<u><u>\$ 19,664,001</u></u>	<u><u>\$ 386,442</u></u>	<u><u>\$ 20,050,443</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant for Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Partnership4Health Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	\$ 177,496
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	300,886
Total U.S. Department of Agriculture			\$ 478,382
U.S. Department of Housing and Urban Development			
Direct			
Public and Indian Housing	14.850		\$ 89,686
Section 8 Housing Choice Vouchers	14.871		260,323
Public Housing Capital Fund	14.872		33,812
Total U.S. Department of Housing and Urban Development			\$ 383,821
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction (Total Highway Planning and Construction Cluster \$1,384,696)	20.205	53490	\$ 1,360,292
Formula Grants for Rural Areas	20.509	07174	121,443
Passed Through Minnesota Department of Natural Resources Highway Planning and Construction Cluster Recreational Trails Program (Total Highway Planning and Construction Cluster \$1,384,696)	20.219	Not Provided	24,404
Passed Through Minnesota Department of Public Safety Highway Safety Cluster			
State and Community Highway Safety (Total Highway Safety Cluster \$10,880)	20.600	F-ENFRC15-2015- BECKERSO-1365	2,357
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC15-2015- BECKERSO-1365	26,408
Highway Safety Cluster			
National Priority Safety Programs (Total Highway Safety Cluster \$10,880)	20.616	F-ENFRC15-2015- BECKERSO-1151	8,523
Total U.S. Department of Transportation			\$ 1,543,427

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

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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant for Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Education			
Passed Through Minnesota Department of Health Special Education Grant for Infants and Families (Total Special Education - Grants for Infants and Families CFDA 84.181, \$3,255)	84.181	Not Provided	\$ 763
Passed Through Partnership4Health Community Health Board Special Education - Grants for Infants and Families (Total Special Education - Grants for Infants and Families CFDA 84.131 \$3,255)	84.181	Not Provided	2,492
Total U.S. Department of Education			\$ 3,255
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Public Health Emergency Preparedness (Total Public Health Emergency Preparedness CFDA 93.069 \$22,434)	93.069	90858	\$ 3,488
Early Hearing Detection and Intervention Information System Surveillance (EHDI-IS) Program (Total Early Hearing Detection and Intervention Information System Surveillance (EHDI-IS) Program CFDA 93.314 \$200)	93.314	Not Provided	75
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Not Provided	1,400
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	G-1601MNFPS	91,542
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$412,047)	93.558	95995	397,254
Child Support Enforcement	93.563	1604MNCES	779,371
Refugee and Entrant Assistance - State Administered Programs	93.566	1601MNRMA	402
Child Care and Development Block Grant	93.575	G1601MNCDF	13,060
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPG	5,187
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	6,977
Foster Care - Title IV-E	93.658	1601MNFOS	499,682
Social Services Block Grant	93.667	16-01MNSOS	312,899
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	13,064
Children's Health Insurance Program	93.767	1605MNS021	145
Medical Assistance Program	93.778	05-1605MNSADM	1,168,752

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant for Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Partnership4Health Community Health Board Public Health Emergency Preparedness (Total Public Health Emergency Preparedness CFDA 93.069 \$22,434)	93.069	90858	18,946
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	Not Provided	46
Universal Newborn Hearing Screening	93.251	Not Provided	182
Early Hearing Detection and Intervention Information System Surveillance (EHDI-IS) Program (Total Early Hearing Detection and Intervention Information System Surveillance (EHDI-IS) Program CFDA 93.314 \$200)	93.314	Not Provided	125
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	87929	328,164
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 \$412,047)	93.558	95995	14,793
Maternal and Child Health Services Block Grant to the States	93.994	95995	45,225
Total U.S. Department of Health and Human Services			\$ 3,700,779
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	BECKER FBG-101515	\$ 7,625
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 1830	11,180
Hazard Mitigation Grant	97.039	DR 4069.08 F-EMPG-2014	6,684
Emergency Management Performance Grants	97.042	BECKERCO-0779	42,815
Passed Through Northwest Minnesota Regional Radio Board Homeland Security Grant Program	97.067	A-DECN-SHSP-2013- NWRRB-007/3-26547	210,921
Total U.S. Department of Homeland Security			\$ 279,225
Total Federal Awards			\$ 6,388,889

Becker County did not pass any federal awards through to subrecipients during the year ended December 31, 2015.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Becker County under programs of the federal government for the year ended December 31, 2015. 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 Becker County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Becker 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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Becker County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.