

BECKER COUNTY
DETROIT LAKES, MINNESOTA
YEAR ENDED DECEMBER 31, 2021



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DETROIT LAKES, MINNESOTA
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**BECKER COUNTY
DETROIT LAKES, MINNESOTA
ORGANIZATION
DECEMBER 31, 2021**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners		
1st District	Larry Knutson**	January 2023
2nd District	Ben Grimsley	January 2023
3rd District	John Okeson	January 2025
4th District	Richard Vareberg	January 2025
5th District	Barry Nelson*	January 2025
Officers		
Elected		
Attorney	Brian McDonald	January 2023
Auditor-Treasurer	Mary Hendrickson	January 2023
Sheriff	Todd Glander	January 2023
Appointed		
Administrator	Mike Brethorst	Indefinite
Assessor	Lisa Will	Appointed
Highway Engineer	Jim Olson	Indefinite
Coroner	Knute Thorsgard	Appointed
Human Services Director	Denise Warren	Indefinite
Human Resources Director	Amy Rissmann	Indefinite
Recorder/ Registrar of Titles	Patty Swenson	Indefinite
Land Use Director	Steve Skoog	Indefinite
Surveyor	Roy Smith	Appointed

*2021 Chair

**2021 Vice Chairman

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Becker County
Detroit Lakes, Minnesota

Report on the Audit of the Financial Statements

Opinions

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 (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, including the Sunnyside Care Center, a blended component unit, as of September 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 6.F. to the financial statement, the County restated beginning balances to correct accounting errors in the previously issued financial statement. Our opinions are not modified with respect to the restatement.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of changes in the County's total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset) and schedule of pension contributions (required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, and schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Alexandria, Minnesota
August 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

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, 2021. 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 \$124,999,124 of which \$105,264,929 is net investment in capital assets, \$9,052,622 is restricted for specific purposes, and \$10,681,573 is unrestricted. The total net position of governmental activities increased by \$7,314,782, before restatement, for the year ended December 31, 2021.

The total net position of business-type activities is \$655,491, of which \$311,147 is net investment in capital assets, \$12,999 is restricted for capital projects, and \$331,345 is unrestricted. The total net position of business-type activities decreased by \$38,255 for the year ended September 30, 2021.

At the close of 2021, the County's governmental funds reported combined ending fund balances of \$28,396,576 an increase of \$1,015,425 from the prior year, before restatement. Of the total fund balance amount, \$1,421,916 is nonspendable, \$3,296,494 is legally or contractually restricted, \$700,989 is formally committed for specific purposes, \$12,169,580 is assigned for specific purposes, and \$10,807,597 is noted as unassigned fund balance. 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 outflows of resources and liabilities and deferred inflows of resources using the full 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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

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, and conservation of natural resources. 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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

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 Balance - 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, Environmental Affairs Special Revenue Fund, and the Opioid Endemic Response 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, special revenue and debt service funds, with the exception of the Opioid Endemic Response special revenue fund. 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 others. Fiduciary 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 and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

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 \$125,654,615 at the close of 2021. The largest portion of the County's net position (approximately 84.0%) 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 or contracts payable used to acquire those assets. It should be noted that this amount is not available for future spending. Approximately 7.2%% of the County's net position is restricted, and 8.8%% of the County's net position is unrestricted. The unrestricted net position amount of \$11,012,918 as of December 31, 2021, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased \$7,276,527 from last year. Total assets increased by \$6,102,663 from the prior year as a result of various road projects that were added to infrastructure.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

Net Position

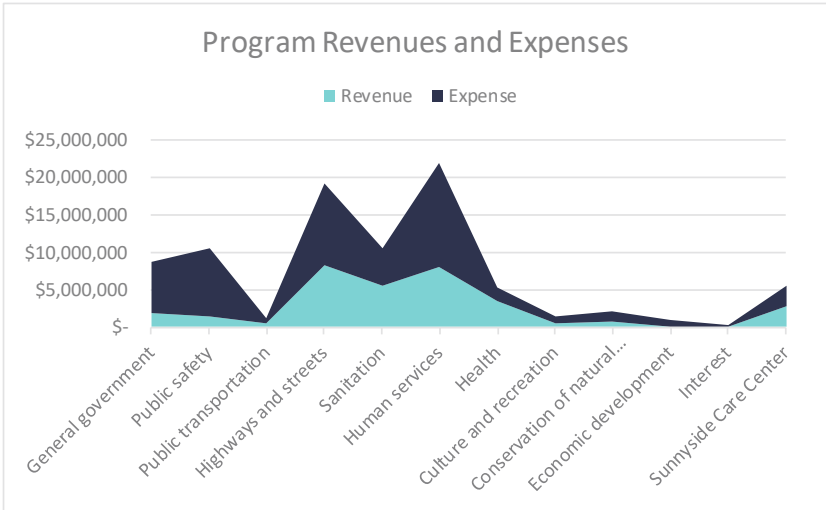
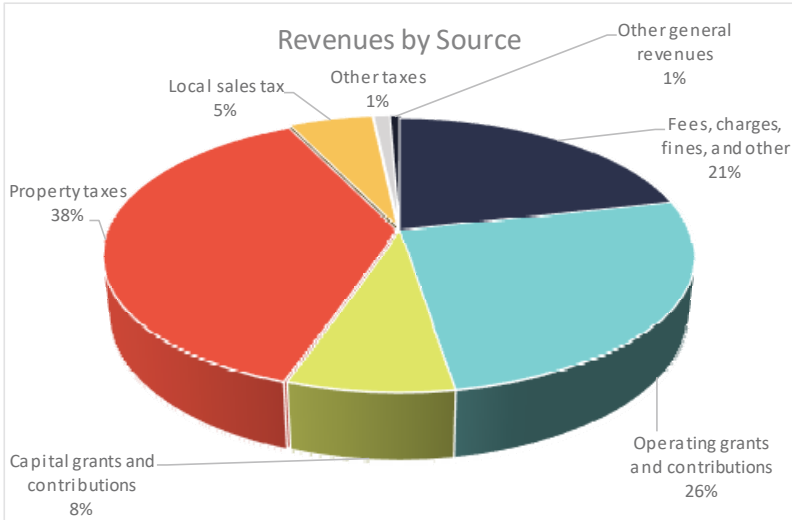
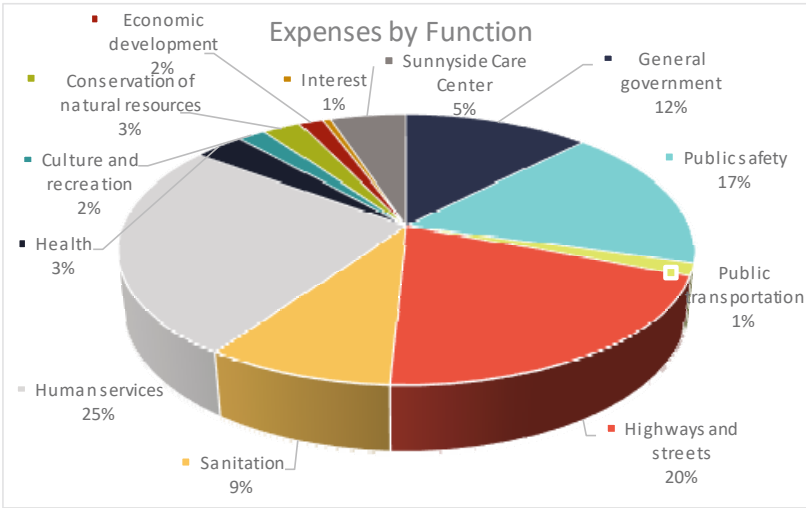
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 42,529,936	\$ 38,498,317	\$ 853,301	\$ 1,192,948	\$ 43,383,237	\$ 39,691,265
Capital assets	116,268,259	113,775,241	1,066,657	1,148,984	117,334,916	114,924,225
Total Assets	158,798,195	152,273,558	1,919,958	2,341,932	160,718,153	154,615,490
Deferred Outflows of Resources	9,248,023	2,392,427	495,897	51,846	9,743,920	2,444,273
Liabilities						
Other liabilities	7,569,812	5,844,347	218,246	445,724	7,788,058	6,290,071
Long-term liabilities outstanding	23,423,470	28,308,907	772,411	1,149,142	24,195,881	29,458,049
Total Liabilities	30,993,282	34,153,254	990,657	1,594,866	31,983,939	35,748,120
Deferred Inflows of Resources	12,053,812	2,828,389	769,707	105,166	12,823,519	2,933,555
Net Position						
Net investment in capital assets	105,264,929	99,569,035	311,147	341,500	105,576,076	99,910,535
Restricted	9,052,622	7,946,531	12,999	3,067	9,065,621	7,949,598
Unrestricted	10,681,573	10,168,776	331,345	349,179	11,012,918	10,517,955
Total Net Position	\$ 124,999,124	\$ 117,684,342	\$ 655,491	\$ 693,746	\$ 125,654,615	\$ 118,378,088

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Fees, charges, fines, and other	\$ 10,451,912	\$ 9,707,979	\$ 2,614,605	\$ 2,920,396	\$ 13,066,517	\$ 12,628,375
Operating grants and contributions	15,572,491	22,186,612	151,613	147,774	15,724,104	22,334,386
Capital grants and contributions	4,733,356	3,791,595	710	10,364	4,734,066	3,801,959
General Revenues:						
Property taxes	22,778,949	22,461,805	-	-	22,778,949	22,461,805
Local sales tax	3,349,776	2,830,080	-	-	3,349,776	2,830,080
Other taxes	642,143	685,982	-	-	642,143	685,982
Grants and contributions, not restricted to specific programs	1,654,753	1,614,107	-	-	1,654,753	1,614,107
Other general revenues	367,949	536,567	85	7	368,034	536,574
Total Revenues	59,551,329	63,814,727	2,767,013	3,078,541	62,318,342	66,893,268
Expenses						
General government	6,825,201	7,657,504	-	-	6,825,201	7,657,504
Public safety	9,294,054	8,771,575	-	-	9,294,054	8,771,575
Public transportation	815,445	659,373	-	-	815,445	659,373
Highways and streets	10,925,856	10,919,089	-	-	10,925,856	10,919,089
Sanitation	4,894,952	4,683,256	-	-	4,894,952	4,683,256
Human services	13,942,121	14,640,949	-	-	13,942,121	14,640,949
Health	1,859,584	1,816,065	-	-	1,859,584	1,816,065
Culture and recreation	1,021,784	696,309	-	-	1,021,784	696,309
Conservation of natural resources	1,387,568	1,521,837	-	-	1,387,568	1,521,837
Economic development	869,222	987,171	-	-	869,222	987,171
Interest	287,038	312,938	-	-	287,038	312,938
Sunnyside Care Center	-	-	2,805,268	2,938,204	2,805,268	2,938,204
Total Expenses	52,122,825	52,666,066	2,805,268	2,938,204	54,928,093	55,604,270
Increase (decrease) in net position	7,428,504	11,148,661	(38,255)	140,337	7,390,249	11,288,998
Net Position, January 1	117,684,342	106,535,681	693,746	553,409	118,378,088	107,089,090
Restatement	(113,722)	-	-	-	(113,722)	-
Net Position, January 1, As Restated	117,570,620	106,535,681	693,746	553,409	118,264,366	107,089,090
Net Position, December 31	\$ 124,999,124	\$ 117,684,342	\$ 655,491	\$ 693,746	\$ 125,654,615	\$ 118,378,088

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**



**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

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 2021, the County's governmental funds reported combined ending fund balances of \$28,396,576. Of this amount, approximately 5.0% constitutes nonspendable fund balance, 11.6% constitutes legally or contractually restricted fund balance, 2.5% constitutes formally committed fund balance, 42.4% constitutes specifically assigned fund balance, and 38.5% 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 \$13,943,479. The General Fund's nonspendable fund balance was \$809,133, restricted fund balance was \$758,813, committed fund balance was \$700,989, and unassigned fund balance was \$9,870,386. 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 2021. Unassigned fund balance represents 83.8% of total General Fund expenditures, while total fund balance represents 134.8% of that same amount.

In 2021, the fund balance in the General Fund decreased by \$120,279 due to planned use of fund balance to fund small business grants and project based appropriations.

The fund balance of the Public Safety Special Revenue Fund decreased \$53,900 from the prior year restated balance. Ending fund balance totals \$1,949,888.

The fund balance of the Road and Bridge Special Revenue Fund decreased \$434,216 in 2021, due to work performed on the public works building project for which work had begun, but not all revenue sources had been received yet.

The fund balance of the Human Services Special Revenue Fund increased \$754,945 from the prior year, due mainly to expenditures coming in under budget.

The fund balance of the Environmental Affairs Special Revenue Fund increased \$757,332 due to increases in recycling activity and additional haulers.

The opioid endemic response fund was established in 2021 to account for the county's share of the national opioid settlement agreements. The amount due to the county totaled \$1,469,575.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

Proprietary Fund

The Sunnyside Care Center Enterprise Fund's total operating revenues decreased \$305,791, or approximately 10.5%. Nursing facility occupancy for fiscal year 2020 was 69.8% compared to 83.5% in fiscal year 2021. Operating expenses decreased \$131,474, or 4.5%. This combination of a decrease in operating revenues more than the decrease in operating expenses resulted in operating loss of \$167,061. When the nonoperating revenues and expenses and capital contributions are added to the analysis, the total change in net position was a negative \$38,255.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were amendments to the original budget as approved for 2021.

Actual revenues were more than overall final budgeted revenues by \$809,374, due to a higher amount of intergovernmental revenue as a result of state funded small business grant programs.

Actual expenditures were more than overall final budgeted expenditures by \$1,382,343, as a result of expenditures for small business relief grants approved in respond to the COVID-19 pandemic.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2021, and business-type activities, amounted to \$117,335,000 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was approximately 2.1%. This was primarily due to several state aid funded highway projects occurring in 2021.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,809,396	\$ 1,903,196	\$ 118,625	\$ 118,625	\$ 1,928,021	\$ 2,021,821
Right-of-way	1,308,656	1,257,146	-	-	1,308,656	1,257,146
Construction in progress	515,155	1,134,318	-	-	515,155	1,134,318
Infrastructure	75,136,541	71,544,217	-	-	75,136,541	71,544,217
Buildings and improvements	31,538,011	31,899,643	876,427	947,382	32,414,438	32,847,025
Land improvements	1,122,809	1,231,375	31,771	36,623	1,154,580	1,267,998
Machinery, furniture, and equipment	4,837,691	4,805,346	39,834	46,354	4,877,525	4,851,700
Total Capital Assets	\$ 116,268,259	\$ 113,775,241	\$ 1,066,657	\$ 1,148,984	\$ 117,334,916	\$ 114,924,225

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 \$11,210,510, which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 10,455,000	\$ 11,235,000	\$ -	\$ -	\$ 10,455,000	\$ 11,235,000
General obligation revenue notes	-	-	8,000	16,000	8,000	16,000
Advanced from other fund	-	-	747,510	791,484	747,510	791,484
Total Long-Term Debt	\$ 10,455,000	\$ 11,235,000	\$ 755,510	\$ 807,484	\$ 11,210,510	\$ 12,042,484

The County's net decrease in debt during the fiscal year was primarily due to scheduled principal payments.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2021**

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 2021, overall debt of the County is below the 3% 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 3.2% as of December 31, 2021. This is higher than statewide rate of 2.6%
- Becker County's 2021 population estimation was 34,290, a decrease of 745 since 2018.
- On December 14, 2021, Becker County set its 2022 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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1
DECEMBER 31, 2021**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 31,701,480	\$ 1,398,635	\$ 33,100,115	\$ 1,356,265
Restricted cash	-	-	-	1,149,807
Petty cash and change funds	8,900	-	8,900	-
Taxes receivable	407,507	-	407,507	4,753
Special assessments receivable	91,424	-	91,424	-
Accounts receivable, net	244,505	160,322	404,827	22,306
Accrued interest receivable	29,824	-	29,824	-
Loans receivable	-	-	-	23,112
Property held for resale	-	-	-	47,344
Internal balances	747,510	(747,510)	-	-
Due from other governments	8,496,339	-	8,496,339	159,857
Loans receivable - noncurrent	-	-	-	513,174
Inventories	553,733	-	553,733	-
Prepaid items	120,673	21,468	142,141	11,053
Net pension asset	128,041	-	128,041	-
Restricted assets				
Donor restricted assets	-	12,999	12,999	-
Resident trust funds	-	7,387	7,387	-
Capital assets				
Nondepreciable	3,633,207	118,625	3,751,832	370,997
Depreciable - net of accumulated depreciation	112,635,052	948,032	113,583,084	2,807,587
Total Assets	\$ 158,798,195	\$ 1,919,958	\$ 160,718,153	\$ 6,466,255
<u>Deferred Outflows of Resources</u>				
Deferred pension outflows	\$ 9,122,870	\$ 495,897	\$ 9,618,767	\$ -
Deferred OPEB outflows	125,153	-	125,153	-
Total Deferred Outflows of Resources	\$ 9,248,023	\$ 495,897	\$ 9,743,920	\$ -

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1 (CONTINUED)
DECEMBER 31, 2021

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable	\$ 1,172,219	\$ 78,632	\$ 1,250,851	\$ 13,842
Salaries payable	1,538,378	92,475	1,630,853	-
Contracts payable	548,330	-	548,330	-
Due to other governments	548,262	-	548,262	64,118
Deposits	135,471	-	135,471	-
Other liabilities	-	-	-	20,168
Accrued interest payable	41,009	1,757	42,766	-
Unearned revenue	3,586,143	40,881	3,627,024	807
Security deposits	-	-	-	23,404
Customer deposits	-	4,501	4,501	-
Long-term liabilities				
Due within one year	2,379,875	8,000	2,387,875	-
Due in more than one year	10,674,850	-	10,674,850	2,417,300
Other postemployment benefits - current	41,757	-	41,757	-
Other postemployment benefits	855,707	-	855,707	-
Net pension liability	9,471,281	764,411	10,235,692	-
Total Liabilities	\$ 30,993,282	\$ 990,657	\$ 31,983,939	\$ 2,539,639
<u>Deferred Inflows of Resources</u>				
Deferred pension inflows	\$ 11,988,128	\$ 769,707	\$ 12,757,835	\$ -
Deferred OPEB inflows	65,684	-	65,684	-
Total Deferred Inflows of Resources	\$ 12,053,812	\$ 769,707	\$ 12,823,519	\$ -
<u>Net Position</u>				
Net Investment in capital assets	\$ 105,264,929	\$ 311,147	\$ 105,576,076	\$ 761,284
Restricted for				
General government	635,816	-	635,816	-
Highways and streets	4,575,356	-	4,575,356	-
Capital projects	-	12,999	12,999	-
Pension benefits	128,041	-	128,041	-
Opioid endemic response	1,469,575	-	1,469,575	-
Conservation of natural resources	1,400,663	-	1,400,663	-
Debt service	843,171	-	843,171	-
Housing	-	-	-	1,658,372
Unrestricted	10,681,573	331,345	11,012,918	1,506,960
Total Net Position	\$ 124,999,124	\$ 655,491	\$ 125,654,615	\$ 3,926,616

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2
YEAR ENDED DECEMBER 31, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 6,825,201	\$ 1,722,331	\$ 148,274	\$ -
Public safety	9,294,054	731,186	639,506	-
Public transportation	815,445	77,677	394,382	-
Highways and streets	10,925,856	851,766	3,080,355	4,438,341
Sanitation	4,894,952	5,466,623	192,392	4,600
Human services	13,942,121	917,693	7,100,581	-
Health	1,859,584	343,887	3,195,262	-
Culture and recreation	1,021,784	12,400	146,976	290,415
Conservation of natural resources	1,387,568	328,349	544,774	-
Economic development	869,222	-	129,989	-
Interest	287,038	-	-	-
Total governmental activities	\$ 52,122,825	\$ 10,451,912	\$ 15,572,491	\$ 4,733,356
Business-type activities				
Sunnyside Care Center	2,805,268	2,614,605	151,613	710
Total Primary Government	\$ 54,928,093	\$ 13,066,517	\$ 15,724,104	\$ 4,734,066
Component unit				
Economic Development Authority	\$ 974,098	\$ 388,238	\$ 309,533	\$ -

General Revenues

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

Total general revenues

Change in Net Position

Net Position - Beginning

Restatement

Net Position - Beginning, As Restated

Net position - Ending

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Net (Expense) Revenue and Change in Net Position			
Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (4,954,596)	\$ -	\$ (4,954,596)	
(7,923,362)	-	(7,923,362)	
(343,386)	-	(343,386)	
(2,555,394)	-	(2,555,394)	
768,663	-	768,663	
(5,923,847)	-	(5,923,847)	
1,679,565	-	1,679,565	
(571,993)	-	(571,993)	
(514,445)	-	(514,445)	
(739,233)	-	(739,233)	
(287,038)	-	(287,038)	
\$ (21,365,066)	\$ -	\$ (21,365,066)	
-	(38,340)	(38,340)	
\$ (21,365,066)	\$ (38,340)	\$ (21,403,406)	
			<u>\$ (276,327)</u>
\$ 22,449,746	\$ -	\$ 22,449,746	\$ 123,682
251,777	-	251,777	-
77,426	-	77,426	-
165,808	-	165,808	-
3,349,776	-	3,349,776	-
1,654,753	-	1,654,753	1,825
476,335	-	476,335	-
42,134	83	42,217	11,175
325,815	2	325,817	3,041
\$ 28,793,570	\$ 85	\$ 28,793,655	\$ 139,723
\$ 7,428,504	\$ (38,255)	\$ 7,390,249	\$ (136,604)
117,684,342	693,746	118,378,088	4,063,220
(113,722)	-	(113,722)	-
117,570,620	693,746	118,264,366	4,063,220
\$ 124,999,124	\$ 655,491	\$ 125,654,615	\$ 3,926,616

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3
DECEMBER 31, 2021**

<u>Assets</u>	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Cash and pooled investments	\$ 16,600,677	\$ 2,709,092	\$ 19,392
Petty cash and change funds	7,550	200	100
Taxes receivable			
Current	48,852	114,765	37,319
Delinquent	14,223	30,163	12,182
Special assessments receivable			
Delinquent	-	-	-
Deferred	58,600	-	-
Accounts receivable, net	6,424	6,998	-
Accrued interest receivable	29,824	-	-
Due from other funds	4,082	-	18,591
Due from other governments	338,346	61,214	4,999,340
Prepaid items	61,623	51,505	1,392
Inventories	-	-	553,733
Advance to other funds	747,510	-	-
Total Assets	<u>\$ 17,917,711</u>	<u>\$ 2,973,937</u>	<u>\$ 5,642,049</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 109,901	\$ 102,358	\$ 252,405
Salaries payable	512,375	351,524	105,111
Contracts payable	-	-	548,330
Due to other funds	5,284	10,568	-
Due to other governments	22,891	250,172	8,240
Deposits	135,471	-	-
Unearned revenue	3,213,143	125,162	247,838
Total Liabilities	<u>\$ 3,999,065</u>	<u>\$ 839,784</u>	<u>\$ 1,161,924</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>\$ 121,836</u>	<u>\$ 184,265</u>	<u>\$ 4,225,368</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2021**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Opioid Endemic Response</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 7,010,121	\$ 2,091,798	\$ -	\$ 3,270,400	\$ 31,701,480
200	850	-	-	8,900
99,706	-	-	16,187	316,829
29,432	-	-	4,678	90,678
-	26,090	-	-	26,090
-	6,734	-	-	65,334
12,949	218,134	-	-	244,505
-	-	-	-	29,824
-	1,072	-	-	23,745
1,590,028	37,836	1,469,575	-	8,496,339
1,943	-	-	4,210	120,673
-	-	-	-	553,733
-	-	-	-	747,510
\$ 8,744,379	\$ 2,382,514	\$ 1,469,575	\$ 3,295,475	\$ 42,425,640
\$ 515,219	\$ 131,514	\$ -	\$ 61,863	\$ 1,173,260
504,075	53,827	-	11,466	1,538,378
-	-	-	-	548,330
2,415	5,170	-	308	23,745
68,384	13,295	-	184,239	547,221
-	-	-	-	135,471
-	-	-	-	3,586,143
\$ 1,090,093	\$ 203,806	\$ -	\$ 257,876	\$ 7,552,548
\$ 384,160	\$ 70,447	\$ 1,469,575	\$ 20,865	\$ 6,476,516

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2021**

<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (continued)	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Fund Balances			
Nonspendable			
Inventories	\$ -	\$ -	\$ 553,733
Advances to other funds	747,510	-	-
Prepaid items	61,623	51,505	1,392
Restricted			
Debt service	-	-	-
Law library	76,230	-	-
Recorder's technology equipment	334,546	-	-
Enhancements	225,040	-	-
Road projects - sales tax	-	-	399,489
Gravel pit closure	-	-	-
Conservation of natural resources	-	-	-
Committed			
Historical society and museums building project	633,000	-	-
Attorney contingencies	67,989	-	-
Assigned			
Environmental affairs	-	-	-
General government	143,418	-	-
Public safety	-	1,898,383	-
Human services	-	-	-
Culture and recreation	-	-	-
Unassigned	11,507,454	-	(699,857)
Total Fund Balances	\$ 13,796,810	\$ 1,949,888	\$ 254,757
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,917,711	\$ 2,973,937	\$ 5,642,049

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2021**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Opioid Endemic Response</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 553,733
-	-	-	-	747,510
1,943	-	-	4,210	120,673
-	-	-	864,736	864,736
-	-	-	-	76,230
-	-	-	-	334,546
-	-	-	-	225,040
-	-	-	-	399,489
-	-	-	319,050	319,050
-	-	-	1,077,403	1,077,403
-	-	-	-	633,000
-	-	-	-	67,989
-	2,108,261	-	-	2,108,261
-	-	-	-	143,418
-	-	-	-	1,898,383
7,268,183	-	-	-	7,268,183
-	-	-	751,335	751,335
-	-	-	-	10,807,597
<u>\$ 7,270,126</u>	<u>\$ 2,108,261</u>	<u>\$ -</u>	<u>\$ 3,016,734</u>	<u>\$ 28,396,576</u>
<u>\$ 8,744,379</u>	<u>\$ 2,382,514</u>	<u>\$ 1,469,575</u>	<u>\$ 3,295,475</u>	<u>\$ 42,425,640</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL
ACTIVITIES – EXHIBIT 4
YEAR ENDED DECEMBER 31, 2021**

Fund balances - total governmental funds (Exhibit 3)		\$ 28,396,576
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.		116,268,259
Deferred outflows of resources resulting from pension and OPEB obligations are not available resources and, therefore, are not reported in governmental funds.		9,248,023
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.		6,476,516
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	\$ (10,455,000)	
Other postemployment benefits	(897,464)	
Accrued interest payable	(41,009)	
Compensated absences	(2,599,725)	
Net pension asset	128,041	
Net pension liability	<u>(9,471,281)</u>	(23,336,438)
Deferred inflows resulting from pension and OPEB obligations are not due and payable in the current period and, therefore, are not reported in governmental funds.		<u>(12,053,812)</u>
Net Position of Governmental Activities (Exhibit 1)		<u><u>\$ 124,999,124</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5
YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Revenues			
Taxes	\$ 3,672,902	\$ 8,092,233	\$ 2,736,712
Sales tax	-	-	3,349,776
Special assessments	25,400	-	-
Licenses and permits	447,155	63,575	26,200
Intergovernmental	3,696,280	542,667	7,764,525
Charges for services	1,316,015	733,734	403,954
Fines and forfeits	25,550	37,761	-
Gifts and contributions	650	6,694	-
Investment earnings	42,134	-	-
Miscellaneous	226,841	145,137	421,612
Total Revenues	\$ 9,452,927	\$ 9,621,801	\$ 14,702,779
Expenditures			
Current			
General government	\$ 6,098,739	\$ -	\$ -
Public safety	-	9,136,764	-
Public transportation	666,358	-	-
Highways and streets	-	-	14,335,394
Sanitation	-	-	-
Human services	-	-	-
Health	18,769	-	-
Culture and recreation	779,608	-	-
Conservation of natural resources	959,084	-	-
Economic development	869,222	-	-
Intergovernmental			
General government	35,409	-	-
Highways and streets	-	-	704,356
Conservation of natural resources	-	-	-
Capital outlay			
General government	917,284	-	-
Public safety	-	538,937	-
Sanitation	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	\$ 10,344,473	\$ 9,675,701	\$ 15,039,750
Excess of Revenues Over (Under) Expenditures	\$ (891,546)	\$ (53,900)	\$ (336,971)
Other Financing Sources (Uses)			
Sale of capital assets	\$ 771,267	\$ -	\$ -

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Human Services	Environmental Affairs	Opioid Endemic Response	Other Governmental Funds	Total
\$ 7,034,761	\$ -	\$ -	\$ 1,326,499	\$ 22,863,107
-	-	-	-	3,349,776
-	1,313,937	-	-	1,339,337
-	550	-	-	537,480
8,499,003	195,981	-	250,318	20,948,774
1,073,681	3,359,787	-	25,351	6,912,522
-	-	-	-	63,311
120,465	-	-	4,000	131,809
-	-	-	-	42,134
125,680	801,448	-	422,364	2,143,082
\$ 16,853,590	\$ 5,671,703	\$ -	\$ 2,028,532	\$ 58,331,332
\$ -	\$ -	\$ -	\$ -	\$ 6,098,739
-	-	-	-	9,136,764
-	-	-	-	666,358
-	-	-	-	14,335,394
-	4,533,641	-	-	4,533,641
14,169,814	-	-	-	14,169,814
1,928,831	-	-	-	1,947,600
-	-	-	198,986	978,594
-	-	-	356,245	1,315,329
-	-	-	-	869,222
-	-	-	-	-
-	-	-	101,200	136,609
-	-	-	-	704,356
-	-	-	74,098	74,098
-	-	-	-	917,284
-	-	-	-	538,937
-	380,730	-	-	380,730
-	-	-	780,000	780,000
-	-	-	292,738	292,738
\$ 16,098,645	\$ 4,914,371	\$ -	\$ 1,803,267	\$ 57,876,207
\$ 754,945	\$ 757,332	\$ -	\$ 225,265	\$ 455,125
\$ -	\$ -	\$ -	\$ -	\$ 771,267

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Net Change in Fund Balance	\$ (120,279)	\$ (53,900)	\$ (336,971)
Fund Balance - January 1	13,917,089	2,117,510	688,973
Restatement	-	(113,722)	-
Fund Balance - January 1, As Restated	13,917,089	2,003,788	688,973
Decrease in inventory	-	-	(97,245)
Fund Balance - December 31	<u>\$ 13,796,810</u>	<u>\$ 1,949,888</u>	<u>\$ 254,757</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Opioid Endemic Response</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 754,945	\$ 757,332	\$ -	\$ 225,265	\$ 1,226,392
6,515,181	1,350,929	-	2,791,469	27,381,151
-	-	-	-	(113,722)
<u>6,515,181</u>	<u>1,350,929</u>	<u>-</u>	<u>2,791,469</u>	<u>27,267,429</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,245)</u>
<u>\$ 7,270,126</u>	<u>\$ 2,108,261</u>	<u>\$ -</u>	<u>\$ 3,016,734</u>	<u>\$ 28,396,576</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-
WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES – EXHIBIT 6
YEAR ENDED DECEMBER 31, 2021**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 1,226,392

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

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

Unavailable revenue - December 31	\$ 6,476,516	
Unavailable revenue - January 1	(5,319,528)	1,156,988

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	\$ 10,118,048	
Net book value of assets disposed	(907,533)	
Current year depreciation	(6,717,497)	2,493,018

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		780,000

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	\$ 5,700	
Change in compensated absences	14,381	
Change in other postemployment benefits	(89,930)	
Change in net pension liability (asset)	4,309,027	
Change in deferred outflows of resources	6,855,596	
Change in deferred inflows of resources	(9,225,423)	
Change in inventories	(97,245)	1,772,106

Change in Net Position of Governmental Activities (Exhibit 2) \$ 7,428,504

PROPRIETARY FUND

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 7
SEPTEMBER 30, 2021**

Assets

Current assets	
Cash and equivalents	\$ 1,398,635
Accounts receivable	160,322
Prepaid items	21,468
	21,468
Total current assets	\$ 1,580,425
Restricted assets	
Donor restricted assets	\$ 12,999
Resident trust funds	7,387
	7,387
Total restricted assets	\$ 20,386
Noncurrent assets	
Capital assets	
Nondepreciable	\$ 118,625
Depreciable - net	948,032
	948,032
Total noncurrent assets	\$ 1,066,657
Total Assets	\$ 2,667,468
<u>Deferred outflows of resources</u>	
Deferred pension outflows	\$ 495,897

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 7 (CONTINUED)
SEPTEMBER 30, 2021**

Liabilities

Current liabilities	
Accounts payable	\$ 78,632
Salaries payable	92,475
Accrued interest payable	1,757
Resident trust funds payable	4,501
Unearned revenue	40,881
General obligation revenue notes payable - current	<u>8,000</u>
Total current liabilities	<u>\$ 226,246</u>
Noncurrent liabilities	
Advance from other funds	\$ 747,510
Net pension liability	<u>764,411</u>
Total noncurrent liabilities	<u>\$ 1,511,921</u>
Total Liabilities	<u>\$ 1,738,167</u>

Deferred inflows of resources

Deferred pension inflows	<u>\$ 769,707</u>
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Net Position

Net investment in capital assets	311,147
Restricted for capital acquisitions	12,999
Unrestricted	<u>331,345</u>
Total Net Position	<u><u>\$ 655,491</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
SUNNYSIDE CARE CENTER ENTERPRISE FUND – EXHIBIT 8
YEAR ENDED SEPTEMBER 30, 2021**

Operating Revenues	
Charges for services	\$ 2,567,404
Other operating revenue	47,201
	2,614,605
Total Operating Revenues	
	\$ 2,614,605
Operating Expenses	
Employee benefits	\$ 331,128
Ancillary services	77,296
Nursing	1,081,528
Social services and activities	111,629
Plant operations	177,970
Administrative	461,494
Medical care surcharge	84,450
Laundry and linen	40,940
Dietary	278,192
Housekeeping	50,329
Depreciation	86,710
	2,781,666
Total Operating Expenses	
	\$ 2,781,666
Operating Income (Loss)	
	\$ (167,061)
Nonoperating Revenues (Expenses)	
Noncapital grants and contributions	\$ 151,613
Interest income	351
Interest expense	(23,602)
	128,362
Total Nonoperating Revenues (Expenses)	
	\$ 128,362
Income (loss) before contributions and transfers	
	\$ (38,699)
Releases from restriction	2
Interest loss	(268)
Capital grants and contributions	710
	710
Change in Net Position	
	\$ (38,255)
Net Position - October 1	
	693,746
Net Position - September 30	
	655,491

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CASH FLOWS – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 9
YEAR ENDED SEPTEMBER 30, 2021**

Cash Flows from Operating Activities	
Receipts from residents	\$ 2,562,722
Payments to suppliers	(1,968,562)
Payments to employees	(847,645)
Changes in pension related liabilities	<u>(148,241)</u>
Net cash used in operating activities	<u>\$ (401,726)</u>
Cash Flows from Noncapital Financing Activities	
Noncapital grants and contributions	<u>\$ 151,613</u>
Cash Flows from Capital and Related Financing Activities	
Contributions received for capital expenses	\$ 710
Principal paid on long-term debt	(51,974)
Interest paid on long-term debt	(23,878)
Purchases of capital assets	<u>(4,383)</u>
Net cash used in capital and related financing activities	<u>\$ (79,525)</u>
Cash Flows from Investing Activities	
Interest received	<u>\$ 83</u>
Net Decrease in Cash and Cash Equivalents	(329,555)
Cash and Cash Equivalents at October 1	<u>\$ 1,728,190</u>
Cash and Cash Equivalents at September 30	<u><u>\$ 1,398,635</u></u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CASH FLOWS – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 9 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2021**

Reconciliation of Operating Loss to Net Cash

Used in Operating Activities

Operating loss	\$ (167,061)
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Adjustments to reconcile operating loss to net cash

used in operating activities

Depreciation expense	\$ 86,710
Provision for bad debts	10,466
Effect of changes in assets, deferred inflows, liabilities and deferred outflows:	
Accounts receivable	29,116
Deferred outflows of resources	(444,051)
Prepaid items and other assets	6,948
Accounts payable	(48,236)
Accrued liabilities	(79,963)
Deferred inflows of resources	664,541
Net pension liability	(368,731)
Unearned revenue	(91,465)

Total adjustments	\$ (234,665)
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Net Cash Used in Operating Activities	\$ (401,726)
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FIDUCIARY FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT 10
DECEMBER 31, 2021**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
<u>Assets</u>		
Cash and pooled investments	\$ -	\$ 1,571,076
Taxes receivable for other governments	-	794,294
Due from other governments	-	37,406
Total Assets	<u>\$ -</u>	<u>\$ 2,402,776</u>
<u>Liabilities</u>		
Due to other governments	<u>\$ -</u>	<u>\$ 1,228,026</u>
<u>Deferred Inflows of Resources</u>		
Taxes Levied for Subsequent Period	<u>\$ -</u>	<u>\$ 99,387</u>
<u>Net Position</u>		
Restricted for:		
Individuals, Organizations and Other Governments	<u><u>\$ -</u></u>	<u><u>\$ 1,075,363</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT 11
YEAR ENDED DECEMBER 31, 2021**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Individuals	\$ 26,850	\$ 370,038
Taxes for other governments	-	36,226,618
Licenses and fees collected for state	-	4,384,227
Miscellaneous	-	209,094
Total Additions	26,850	41,189,977
Deductions		
Beneficiary payments	\$ 35,725	\$ 338,827
Payments to state	-	4,384,227
Payment to the collaborative	-	202,023
Payments to other governments	-	36,312,319
Total Deductions	35,725	41,237,396
Net Decrease in Fiduciary Net Position	\$ (8,875)	\$ (47,419)
Fiduciary Net Position - Beginning of Year	8,875	1,122,782
Fiduciary Net Position - End of Year	\$ -	\$ 1,075,363

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

The County’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 2021. 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.

Blended Component Units

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

Component Unit	Component Unit is Included in Reporting Entity Because	Separate Financial Statements
The Sunnyside Care Center owns and operates a 30-bed licensed long-term health care facility, established pursuant to Minn. Stat. § 376.55-.60 to provide care to chronically ill or convalescent persons.	Two of the seven members of the board are Becker County Commissioners and the remaining five members are appointed by the Becker County board.	Sunnyside Care Center 16561 US Highway 10 Lake Park, Minnesota 56554

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

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:

Component Unit	Component Unit is Included in Reporting Entity Because	Separate Financial Statements
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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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.

In the government-wide statement of net position, both the governmental and business-type activities columns: are presented on a consolidated basis by column; and 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**

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 Opioid Endemic Response Special Revenue Fund is designated for the receipt and expenditure of the county's portion of the Opioid Settlement Funds which are restricted by the settlement agreement.

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, which operates a 34-bed licensed long-term health care facility in Lake Park, Minnesota, and is managed by Ecumen Services Inc. The Care Center is under an agreement through July 1, 2023, with monthly management fees of \$8,333 through July 31, 2023. The Care Center's financial position and operations are presented as of and for the year ended September 30, 2021.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

Additionally, the County reports the following fund types:

The Debt service fund is used to account for and report the accumulation of resources for, and payment of, principal and interest on the long-term debt.

The Private-purpose trust fund is used to report trust agreements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The County reports one private-purpose trust fund, the Social Welfare Fund, which accounts for the activity related to income received and payments on behalf of individuals for whom the county is responsible to assist.

Custodial funds are custodial in nature. These funds are used for a variety of purposes. Some of the activities include collecting taxes for other governments, state revenues and amounts collected and held on behalf of inmates.

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 full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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**

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. Investments are reported at their fair value at December 31, 2021. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2021 were \$42,134.

Becker County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which was created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The County's investment in the pool is measured at the amortized cost per share provided by the pool. More information including the most recent audited financial statement is available on their website www.magicfund.org.

The Sunnyside Care Center Enterprise Fund had \$351 investment income for the year ended September 30, 2021.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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.

Activities 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 are shown net of an allowance for uncollectible accounts which is calculated on a case by case basis. As of December 31, 2021, the allowance for doubtful accounts is \$1,068,445.

The Care Center provides an allowance for doubtful accounts which is offset against the gross amount of receivables. The allowance for doubtful accounts is an estimate of collection losses that may be incurred in the collection of all receivables. The allowance is based upon historical experience, coupled with management’s review of the current status of the existing receivables. Payment for services is required upon receipt of invoice or claim submitted. Accounts more than 30 days old are considered past due and individually analyzed for collectibility. As of year-end, there was no allowance for doubtful accounts.

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments payable in the years 2016 through 2021 and deferred special assessments payable in 2021 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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.

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. Governmental activities capital assets have initial useful lives extending beyond one year 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. Business-type activities capital assets have a dollar amount for capitalization per asset of \$2,000. Capital assets are recorded at cost if purchased or at fair market value on the date received, if donated.

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.

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

All capital assets other than land and construction in progress of business-type activities are depreciated or amortized using the straight-line of method over the following estimated useful lives:

Land improvements	5 to 15 Years
Buildings	13 to 35 Years
Building improvements	5 to 19 Years
Equipment	5 to 20 Years
Vehicles	5 Years

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 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. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of the earned balances of vacation and vested sick leave for all full-time employees during the year calculated at an overall average rate of pay. For the governmental activities, compensated absences are liquidated by the General Fund, Public Safety Special Revenue Fund, the Road and Bridge Special Revenue Fund, the Natural Resource Management Fund, the Environmental Affairs Special Revenue Fund, and the Human Services Special Revenue Fund. For the business-type activities, compensated absences are liquidated by the Sunnyside Care Center Enterprise Fund.

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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 two items, deferred pension and deferred OPEB outflows that qualify for reporting in this category. These outflows arise only under the full accrual basis of accounting and consist of pension plan and OPEB contributions paid subsequent to the measurement date, differences between expected and actual pension plan economic experience, changes in actuarial assumptions, pension plan changes in proportionate share, and also the differences between projected and actual earnings on pension plan investments and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has different types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable and for amounts that are not considered to be available to liquidate liabilities of the current period. The fiduciary funds report taxes collected for subsequent year tax levy.

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 and OPEB 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 or OPEB 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.

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Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

12. Pension Plan

For the County's governmental activities, 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. The Care Center has a September 30 fiscal year-end. 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 for both the governmental activities and business-type activities. Plan investments are reported at fair value. For the governmental activities, the net pension liability is liquidated through the General Fund, and other governmental funds that have personal services. For the business-type activities, the net pension liability is liquidated by the Sunny Side Care Center Enterprise Fund.

13. Classification of Net Position

Net position in the government-wide and proprietary fund 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.

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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:

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 (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

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.

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

17. Net Resident Service Revenue

Net resident service revenues include room charges to residents and are recorded at established billing rates, net of contractual adjustments, resulting from agreements with third-party payors.

Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and subsequent settlements are recorded in revenues in the year of settlement.

Following is a reconciliation of gross resident service revenues to net resident service revenues as of September 30:

	2021
Gross Residential Service Revenues	\$ 2,858,713
Adjustments and Allowances	(280,843)
Provision for Bad Debts	(10,466)
Net Resident Service Revenues	<u>\$ 2,567,404</u>

18. Charity Care

The Care Center does not provide charity care to its residents.

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19. Third-Party Reimbursement Agreements

Medicaid

The Care Center participates in the Medicaid program which is administered by the Minnesota Department of Human Services (DHS). Medicaid and private paying residents are classified into one of 48 Resource Utilization Groups (RUG) for purposes of establishing payment rates.

Nursing facilities are paid under the Value Based Nursing Facility Reimbursement System (VBR). Under the VBR system, care related costs are reimbursed at actual cost subject to certain limitations. Other operating costs are reimbursed using a pricing model, which results in the rates of these costs being the same for all nursing facilities in the state. Certain other costs, such as qualifying employer health insurance costs, are reimbursed at an external fixed payment rate and will be cost based with no limitations. Reimbursement for historic property related costs is a separate component of the rate that has been frozen since 2010. Additional reimbursement for new property related costs is possible under certain conditions.

The VBR system includes a hold harmless provision which protects nursing home facilities from being paid at rates lower than those in effect December 31, 2015. Nursing facilities are also protected from significant decreases in rates in a single year due to changes in care related costs.

By Minnesota Statute, a nursing facility may not charge private paying residents in multiple occupancy rooms per diem rates in excess of the approved Medicaid rates for similar services.

Medicare

The Organization participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The Organization is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services (SNFs). The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. CMS recently finalized the Patient Driven Payment Model (PDPM) to replace the existing Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay.

Nursing facilities licensed for participation in the Medicare and Medicaid programs are subject to annual surveys. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance, which would have a negative impact on the revenues of the nursing facility.

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2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following is a table of the individual funds with expenditures in excess of budget for the year ended December 31, 2021:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 10,344,473	\$ 8,962,130	\$ 1,382,343
Public Safety	9,675,701	9,368,936	306,765
Environmental Affairs	4,914,371	4,899,160	15,211
Gravel Tax	101,200	-	101,200
Natural Resource Management	314,739	262,285	52,454

B. Land Management

The County manages approximately 74,085 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.

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Governmental Activities

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

Governmental Activities	
Cash and pooled investments	\$ 31,701,480
Petty cash and change funds	8,900
Business-Type Activities	
Cash and pooled investments	1,398,635
Restricted cash	
Donor-restricted cash	12,999
Resident trust funds	7,387
Fiduciary funds	
Cash and pooled investments	<u>1,571,076</u>
Total Cash and Investments	<u>\$ 34,700,477</u>

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a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. 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, 2021, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

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

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- (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.

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, 2021, the County's investments were not exposed to custodial credit risk.

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Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County policy minimizes concentration of credit risk by diversifying the investment portfolio. The following table represents the County's deposit and investment balances at December 31, 2021, and information relating to potential investment risks:

<u>Investment Type</u>	<u>Credit Risk</u>		<u>Concentration</u>	<u>Interest Rate</u>	<u>Carrying</u> <u>Fair Value</u>
	<u>Credit</u> <u>Rating</u>	<u>Rating</u> <u>Agency</u>	<u>Over 5 Percent</u> <u>of Portfolio</u>	<u>Maturity</u> <u>Date</u>	
U.S. government agency securities					
Federal National Mortgage Association	N/R	N/A	<5.0%	1/17/2023	\$ 449,258
Federal National Mortgage Association	N/R	N/A	<5.0%	6/30/2022	309,922
Federal Farm Credit Bank	AAA	Moody's	<5.0%	11/30/2023	<u>496,050</u>
Total U.S. government agency securities					<u>\$ 1,255,230</u>
Local securities					
Connecticut State Taxable General Obligation Bond	A1	Moody's		1/15/2026	\$ 533,725
Lake Park Audubon General Obligation Bonds	AAA	Moody's		2/1/2026	<u>572,840</u>
Total local securities			3.2%		<u>\$ 1,106,565</u>
Negotiable certificates of deposit	N/R			< 1 year	\$ 751,329
Negotiable certificates of deposit	N/R			1-5 years	3,596,946
CDARS	N/R			> 5 years	<u>1,000,000</u>
Total negotiable certificates of deposit			15.4%		<u>\$ 5,348,275</u>
MAGIC Fund	N/R		N/A		<u>\$ 13,846,997</u>
Total Investments					\$ 21,557,067
Deposits					13,360,898
Change funds					8,900
Restricted cash at Sunnyside Care Center					20,386
Change in Enterprise Fund cash from September 30 to December 31, 2021					<u>(246,774)</u>
Total Cash and Investments					<u><u>\$ 34,700,477</u></u>

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

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

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

At December 31, 2021, the County had the following recurring fair value measurements.

	December 31 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Agencies	\$ 1,255,230	\$ -	\$ 1,255,230	\$ -
Municipal/Public Bonds	1,106,565	-	1,106,565	-
Negotiable certificates of deposit	5,348,275	-	5,348,275	-
Total Investments included in the Fair value hierarchy	<u>\$ 7,710,070</u>	<u>\$ -</u>	<u>\$ 7,710,070</u>	<u>\$ -</u>
Investments at amortized cost				
MAGIC portfolio external investment pool	<u>\$ 13,846,997</u>			
Total investments	<u>\$ 21,557,067</u>			

Debt securities classified in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

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

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2. Receivables

Receivables as of December 31, 2021, for the County's governmental activities and as of September 30, 2021, 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	\$ 407,507	\$ -
Special assessments	91,424	50,400
Accounts, net	244,505	-
Interest	29,824	-
Due from other governments	8,496,339	-
Total Governmental Activities	\$ 9,269,599	\$ 50,400
Business-Type Activities		
Accounts	\$ 160,322	\$ -

The Care Center is located in Lake Park, Minnesota. The Care Center grants credit without collateral to its residents, most of who are local individuals and are insured under third-party payor agreements. The mix of receivables from residents and third-party payors was as follows:

	2021
Medicare	\$ 20,513
Medicaid	101,849
Residents	6,361
Third-Party Payors and Other	31,599
	\$ 160,322

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3. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2021, and for the business-type activities for the year ended September 30, 2021 was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,903,196	\$ -	\$ (93,800)	\$ 1,809,396
Right-of-way	1,257,146	51,510	-	1,308,656
Construction in progress	1,134,318	738,707	(1,357,870)	515,155
	<u>4,294,660</u>	<u>790,217</u>	<u>(1,451,670)</u>	<u>3,633,207</u>
Total capital assets not depreciated				
Capital assets depreciated				
Building and improvements	45,045,487	1,357,870	(1,038,207)	45,365,150
Land improvements	2,200,127	-	(8,900)	2,191,227
Machinery, furniture, and equipment	13,777,983	1,011,727	(802,601)	13,987,109
Infrastructure	142,407,847	8,316,104	-	150,723,951
	<u>203,431,444</u>	<u>10,685,701</u>	<u>(1,849,708)</u>	<u>212,267,437</u>
Total capital assets depreciated				
Less: accumulated depreciation for				
Buildings and improvements	13,145,844	940,813	(259,518)	13,827,139
Land improvements	968,752	108,196	(8,530)	1,068,418
Machinery, furniture, and equipment	8,972,637	944,708	(767,927)	9,149,418
Infrastructure	70,863,630	4,723,780	-	75,587,410
	<u>93,950,863</u>	<u>6,717,497</u>	<u>(1,035,975)</u>	<u>99,632,385</u>
Total accumulated depreciation				
Total capital assets depreciated, net	<u>109,480,581</u>	<u>3,968,204</u>	<u>(813,733)</u>	<u>112,635,052</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 113,775,241</u>	<u>\$ 4,758,421</u>	<u>\$ (2,265,403)</u>	<u>\$ 116,268,259</u>

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Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 118,625	\$ -	\$ -	\$ 118,625
Capital assets depreciated				
Land improvements	\$ 213,345	\$ -	\$ -	\$ 213,345
Buildings and improvements	2,721,982	-	-	2,721,982
Equipment	466,933	4,383	-	471,316
Total capital assets depreciated	3,402,260	4,383	-	3,406,643
Less: accumulated depreciation for				
Land improvements	176,722	4,852		181,574
Buildings and improvements	1,774,600	70,955		1,845,555
Equipment	420,579	10,903		431,482
Total accumulated depreciation	2,371,901	86,710	-	2,458,611
Total capital assets depreciated, net	1,030,359	(82,327)	-	948,032
Business-Type Activities				
Capital assets, Net	\$ 1,148,984	\$ (82,327)	\$ -	\$ 1,066,657

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

Governmental Activities	
General government	\$ 430,909
Public safety	752,971
Highways and streets, including depreciation of infrastructure assets	5,071,827
Human services	43,082
Sanitation	307,525
Public transportation	76,731
Culture and recreation	22,156
Conservation of natural resources	12,296
Total Depreciation Expense - Governmental Activities	\$ 6,717,497
Business-Type Activities	
Sunnyside Care Center	\$ 86,710

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B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2021 is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund Public Safety Special Revenue Fund	\$ 1,533 2,549
Total due to General Fund		\$ 4,082
Road and Bridge Special Revenue Fund	General Fund Public Safety Special Revenue Fund Human Services Special Revenue Fund Environmental Affairs Special Revenue Fund Natural Resource Management Special Revenue Fund	\$ 5,028 7,507 610 5,170 276
Total due to Road and Bridge Special Revenue Fund		\$ 18,591
Environmental Affairs Special Revenue Fund	General Fund Public Safety Special Revenue Fund Parks and Recreation Special Revenue Fund Human Services Special Revenue Fund	\$ 256 512 32 272
Total due to Environmental Affairs Special Revenue Fund		\$ 1,072
Total Due To/From Other Funds		\$ 23,745

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.

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2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Sunnyside Care Center Enterprise Fund	\$ 747,510

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.

C. Liabilities

1. Payables

Payables at December 31, 2021, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 1,172,219	\$ 78,632
Salaries	1,538,378	92,475
Contracts	548,330	-
Due to other governments	548,262	-
Customer deposits	-	4,501
Interest	41,009	1,757
Total Payables	\$ 3,848,198	\$ 177,365

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2. Construction Commitments

The government has active construction projects as of December 31, 2021.

	Remaining Commitment
Governmental Activities	
Various Road Projects	\$ 58,181
Building Construction Project	12,881,301
	\$ 12,939,482

3. Long-Term Debt

Governmental Activities

The payments on the General Obligation Bonds are being made from the Debt Service Fund.

<u>Type of Indebtedness</u>	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance December 31 2021
General obligation bonds					
2012 Capital Improvement Bonds	2027	\$ 195,000 425,000	2.00% 3.00%	\$ 5,340,000	\$ 2,225,000
2017 Jail Bonds	2037	260,000 620,000	2.00% 3.00%	9,670,000	8,230,000
					\$ 10,455,000

Business-Type Activities

<u>Type of Indebtedness</u>	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance September 30, 2021
2004 G.O. Revenue Note	2022	\$ 7,000 8,000	1.68%	\$ 135,430	\$ 8,000
Notes Payable*	2035	33,859	3.00%	1,102,184	747,510
					\$ 755,510

*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.

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4. Debt Service Requirements

Debt service requirements at December 31, 2021, for governmental activities and September 30, 2021, for business-type activities were as follows:

Governmental Activities

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 800,000	\$ 268,238
2023	825,000	245,816
2024	850,000	224,106
2025	870,000	201,366
2026	895,000	177,475
2027-2031	2,740,000	645,525
2032-2036	2,855,000	322,238
2037	620,000	17,825
Total	<u>\$ 10,455,000</u>	<u>\$ 2,102,589</u>

Business-Type Activities

<u>Year Ending December 31,</u>	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 53,642	\$ 23,548
2023	47,022	22,076
2024	48,443	20,696
2025	49,907	19,275
2026	51,416	17,811
2027-2031	281,356	65,494
2032-2035	223,724	21,650
Total	<u>\$ 755,510</u>	<u>\$ 190,550</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, for governmental activities and September 30, 2021, for business-type activities was as follows:

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Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 11,235,000	\$ -	\$ 780,000	\$ 10,455,000	\$ 800,000
Compensated absences	2,614,106	1,508,903	1,523,284	2,599,725	1,579,875
Governmental Activities Long-Term Liabilities	<u>\$ 13,849,106</u>	<u>\$ 1,508,903</u>	<u>\$ 2,303,284</u>	<u>\$ 13,054,725</u>	<u>\$ 2,379,875</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation revenue					
Notes	\$ 16,000	\$ -	\$ 8,000	\$ 8,000	\$ 8,000
Note payable*	791,484	-	43,974	747,510	45,642
Business-Type Activities Long-Term Liabilities	<u>\$ 807,484</u>	<u>\$ -</u>	<u>\$ 51,974</u>	<u>\$ 755,510</u>	<u>\$ 53,642</u>

Compensated absences are paid by the applicable fund where each employee is regularly paid primarily the General Fund, Public Safety, Road and Bridge Fund, and Human Services Fund.

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

6. Unearned Revenues/Deferred Inflows of Resources

Deferred inflows of resources - unavailable revenues consist of state and/or federal grants, taxes, special assessments, and state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. The governmental funds reported \$3,586,143 in unearned revenues at December 31, 2021. Business-type activities reported unearned revenues of \$821 for rent paid in advance. The fiduciary funds reported deferred inflows of resources of \$99,388 for taxes collected as prepayments for taxes levied for the subsequent year.

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Unavailable revenue at December 31, 2021 is summarized below by fund.

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 63,075	\$ 58,600	\$ 161	\$ -	\$ 121,836
Public Safety	144,928	-	39,337	-	184,265
Road and Bridge	49,501	-	4,175,867	-	4,225,368
Human Services	129,138	-	255,022	-	384,160
Environmental Affairs	-	32,824	37,623	-	70,447
Opioid Endemic Response	-	-	-	1,469,575	1,469,575
Nonmajor governmental funds					
Parks and Recreation	1,421	-	-	-	1,421
Debt Service	19,444	-	-	-	19,444
	<u>\$ 407,507</u>	<u>\$ 91,424</u>	<u>\$ 4,508,010</u>	<u>\$ 1,469,575</u>	<u>\$ 6,476,516</u>
Total	<u>\$ 407,507</u>	<u>\$ 91,424</u>	<u>\$ 4,508,010</u>	<u>\$ 1,469,575</u>	<u>\$ 6,476,516</u>

The Care Center has a contract with the Minnesota Department of Health to earn performance incentive Medicaid Assistance payments. Certain performance based criteria needs to be met in order to keep the payments. At September 30, 2021 approximately \$40,900 is reported as unearned revenue and included in current liabilities on the combined balance sheets. These payments will be recognized into revenue as noncapital grants and contributions on the statement of revenues, expenses, and changes in net position as the Care Center meets certain criteria in accordance with the contract.

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4. Pension Plans

A. Defined Benefit Plans

1. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the County and Sunnyside Care Center are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

2. Benefits Provided

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

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General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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Correctional Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the County and Care Center were required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2021 were \$1,043,647. The Care Center's contributions for the year ended September 30, 2021 were \$96,635. The County and Care Center's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2021 were \$337,060. The contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2021. The County's contributions to the Correctional Fund for the year ended December 31, 2021 were \$153,028. The County's contributions were equal to the required contributions as set by state statute.

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4. Pension Costs

General Employees Retirement Plan

At December 31, 2021, the governmental activities reported a liability of \$8,254,776 and as of September 30, 2021 the business-type activities reported a liability of \$764,411 for its proportionate share of the General Employees Retirement Plan's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$275,380.

The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.2112% at the end of the measurement period and 0.2063% for the beginning of the period.

County's proportionate share of the net pension liability	\$ 9,019,187
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>275,380</u>
Total	<u><u>\$ 9,294,567</u></u>

For the year ended December 31, 2021, the governmental activities recognized pension expense of \$54,124 for its proportionate share of the General Employees Plan's pension expense. In addition, the governmental activities recognized an additional \$20,339 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

For the year ended September 30, 2021, the business-type activities recognized pension expense (revenue) of \$45,000 for its proportionate share of the General Employees Plan's pension expense. In addition, the business-type activities recognized an additional \$1,900 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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At December 31, 2021 and September 30, 2021, the County reported its proportionate share of the General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 55,411	\$ 276,010
Changes in actuarial assumptions	5,506,933	199,510
Net difference between projected and actual investment earnings	-	7,810,991
Changes in proportion	316,915	221,416
Contributions paid to PERA subsequent to the measurement date	541,968	-
Total	\$ 6,421,227	\$ 8,507,927

The \$541,968 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, \$24,463 will be recognized by Sunnyside Care Center as a reduction of the net pension liability in the year ended September 30, 2022 and \$517,505 will be recognized by the County as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ (465,417)
2023	(37,043)
2024	4,253
2025	(2,130,461)

Public Employees Police and Fire Plan

At December 31, 2021, the County reported a liability of \$1,216,505 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's

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participating employers. The County's proportionate share was 0.1576% at the end of the measurement period and 0.1678% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2021, the County recognized pension expense (revenue) of (\$91,153) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$9,961 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$14,184 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund .

County's proportionate share of the net pension liability	\$ 1,216,505
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>54,696</u>
Total	<u><u>\$ 1,271,201</u></u>

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At December 31, 2021, the County reported its proportionate share of the Public Employees Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 233,644	\$ -
Changes in actuarial assumptions	1,787,944	668,394
Net difference between projected and actual investment earnings	-	2,324,433
Changes in proportion	72,179	144,089
Contributions paid to PERA subsequent to the measurement date	177,049	-
Total	\$ 2,270,816	\$ 3,136,916

The \$177,049 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 ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (820,396)
2023	(150,984)
2024	(169,396)
2025	(265,522)
2026	363,149

Public Employees Correctional Plan

At December 31, 2021, the County reported an asset of \$128,041 for its proportionate share of the Public Employees Correctional Plan's net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension asset was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.779% at the end of the measurement period and 0.756% for the beginning of the period.

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For the year ended December 31, 2021, the County recognized pension expense (revenue) of (\$318,699) for its proportionate share of the Public Employees Correctional Plan's pension expense.

At December 31, 2021, the County reported its proportionate share of the Public Employees Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 73,026
Changes in actuarial assumptions	801,494	12,002
Net difference between projected and actual investment earnings	-	1,027,964
Changes in proportion	45,172	-
Contributions paid to PERA subsequent to the measurement date	80,058	-
Total	\$ 926,724	\$ 1,112,992

The \$80,058 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (19,030)
2023	8,497
2024	23,630
2025	(279,423)

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5. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

Description	Public Employees Retirement Plan	Public Employees Police and Fire Plan	Public Employees Correctional Plan	Total
Net Pension Liability (Asset)	\$ 9,019,187	\$ 1,216,505	\$ (128,041)	\$ 10,107,651
Deferred Outflows of Resources Related to Pensions	6,421,227	2,270,816	926,724	9,618,767
Deferred inflows of Resources Related to Pensions	8,507,927	3,136,916	1,112,992	12,757,835
Pension Expense (Revenue)	31,363	(76,969)	(318,699)	(364,305)

6. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
Private markets	25	5.90
fixed income	25	.75
International equity	16.5	5.30
Total	<u>100%</u>	

7. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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Inflation is assumed to be 2.25% for the General Employees Plan, 2.25% for the Police and Fire Plan, and 2.25% for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 2% for the Correction Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.

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- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

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- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

8. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. Pension Liability Sensitivity

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

	Proportionate Share of the					
	Public Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
One Percent Decrease	6.50 %	\$ 18,394,536	6.50 %	\$ 3,862,198	6.50 %	\$ 1,332,548
Current	7.50	9,019,187	7.50	1,216,505	7.50	(128,041)
One Percent Increase	8.50	1,326,139	8.50	(952,307)	8.50	(1,287,171)

10. 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.

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B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

Total contributions by dollar amount and percentage of covered payroll made by County during the year ended December 31, 2021 were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 9,403	\$ 9,403
Percentage of covered payroll	5%	5%

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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. As of December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	4	
Active plan members	253	
Total participants	257	

As of December 31, 2021, the County had no inactive plan members entitled to but not yet receiving benefits.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. There are no inactive employees entitled to benefit payments but not yet receiving them.

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. The County's total OPEB liability was measured as of January 1, 2021 was determined by an actuarial valuation as of January 1, 2020. Updating procedures were performed to roll forward the total OPEB liability to the measurement date.

Actuarial assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate		2.0%
Salary Increase	Service Graded Table	
20-Year Municipal Bond Yield		2.0%
Inflation Rate		2.5%
Medical Trend Rate	6.25% in 2021 grading to 5.00% over 5 years and then 4.00% over the next 48 years	
Mortality	Pub-2010 tables with MP-2019 Generational Improvement Scale	

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

The discount rate used to measure the total OPEB liability was 2.0%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Summary of Changes in the Actuarial Assumptions

The following assumption changes were reflected in the 2021 measurement:

- The discount rate was changed from 2.9% to 2.0%.

Total OPEB Liability

OPEB Liability as of January 1, 2021	\$	807,534
Service Cost		73,425
Interest Cost		24,831
Assumption Changes		41,434
Benefit Payments		<u>(49,760)</u>
Net Changes	\$	<u>89,930</u>
OPEB Liability as of December 31, 2021	\$	<u><u>897,464</u></u>

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Discount rate sensitivity

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>One Percent Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>One Percent Increase in Discount Rate</u>
Total OPEB Liability	\$ 956,183	\$ 897,464	\$ 841,585

Healthcare trend rate sensitivity

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current discount rate:

	<u>One Percent Decrease in Healthcare Cost Trend Rates</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>One Percent Increase in Healthcare Cost Trend Rates</u>
Total OPEB Liability	\$ 805,735	\$ 897,464	\$ 1,004,709

Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the County recognized OPEB expense of \$99,287.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 41,757	\$ -
Changes in actuarial assumptions	83,396	12,696
Liability Gains/(Losses)	-	52,988
Total	<u>\$ 125,153</u>	<u>\$ 65,684</u>

At December 31, 2021, the County reported \$41,757 in deferred outflows of resources resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2022.

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

Year ending	OPEB Expense
2022	\$ 1,031
2023	1,031
2024	1,031
2025	1,035
2026	4,206
Thereafter	9,378

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 \$500,000 per claim in 2021. 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.

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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

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, Clay, Otter Tail, Todd, and Wadena. The original Joint Powers Agreement was amended effective October 21, 2014, to include Clay County.

The purpose of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is to jointly exercise powers common to each participating party dealing with the ownership and operation of the Perham Resource Recovery Facility, as well as cooperation with efforts in other solid waste management activities that affect the operations of the Perham Resource Recovery Facility. The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is composed of one Commissioner each from 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. Becker County paid \$1,553,983 in 2021 for services purchased through this entity.

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.

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Financial information can be obtained from:

Otter Tail County Solid Waste
1115 Tower Road North
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.

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 a custodial fund by Clay County. The individuals who administer the activity of Partnership4Health are considered to be employees of Clay County Public Health. During 2021, Becker County did not contribute to Partnership4Health Community Health Board.

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

The West Central Area Agency on Aging was established June 2, 1992, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. In 2005, The Area Agency on Aging became part of a larger planning and service area covering 21 counties. This is a partnership between the Northwest Regional Development Commission, the 5-county service area of Region 2, and the West Central Area Agency on Aging.

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The combined area on aging, known as the Land of the Dancing Sky Area on Aging, was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area. Each county may be assessed a proportional share of the 25% of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25% of the administrative costs will be based upon the number of persons age 60 or older living within that county. In 2021, the County paid \$6,503 to the Northwest Regional Development Commission for Land of the Dancing Sky Area Agency on Aging as its share of the 2021 assessment.

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

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

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

Complete financial information can be obtained from:

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

West Central Minnesota Drug and Violent Crimes Task Force

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

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency. In the event of dissolution of the Task Force, the equipment will be divided and returned to the appropriate agencies. However, if only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force. The Task Force is reported as a custodial fund in Douglas County's financial statements. Financing and equipment will be provided by the full-time and associate member agencies. Becker County provided \$1,000 to this organization in 2021.

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Northwest Minnesota Regional Emergency Communication Board

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

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

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

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

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Becker County had no contributions to this entity for 2021.

Complete financial information can be obtained from:

Headwaters Regional Development Commission
403 - 4th Street Northwest, Suite 310
Bemidji, Minnesota 56601.

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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. Mahnomon County withdrew from the NCDPSA in 2017. 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 appointed by each member County Board. 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. The County did not contribute to the NCDPSA in 2021. Clearwater County, in a custodial capacity, reports the cash transactions of the NCDPSA as a custodial fund on its financial statements.

Complete financial information can be obtained from: Clearwater County, Auditor/Treasurer's Office, 213 North Main Avenue, Bagley, Minnesota 56621.

C. Jointly-Governed Organizations

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

Minnesota Rural Counties

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

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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. Becker County had no contributions to this entity for 2021.

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, Mahnomon, 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 2021, Becker County provided \$400,365 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 \$374,333 in 2021 for services purchased through Lakeland Mental Health Center.

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D. Related Organizations

Buffalo-Red River Watershed District

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

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Wild Rice Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution. Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Norman County appoints three members, Clay County appoints two members, and Mahnomen and Becker Counties each appoint one member.

Pelican River Watershed District

The Pelican River Watershed District was formed pursuant to Minn. Stat. § 103D.201 includes land within Becker County. Control of the District is vested in the Pelican River Watershed District Board of Managers, which is composed of seven members having staggered terms of three years each, appointed by the Becker County Board of Commissioners.

Cormorant Lakes Watershed District

The Cormorant Watershed District was formed pursuant to Minn. Stat. § 103D.201 includes land within Cormorant and Lake Eunice Townships in Becker County. Control of the District is vested in the Cormorant Lakes Watershed District Board of Managers, which is composed of five members having staggered terms of three years each, appointed by the Becker County Board of Commissioners.

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E. Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and Medicare and Medicaid fraud and abuse. Recently, regulatory activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed.

F. Restatement

Certain expenditures were not recognized as liabilities for the year ended December 31, 2020 and should have been. Beginning fund balance of the public safety fund and beginning net position of the governmental activities were restated by \$113,722 to correct the error.

G. Subsequent Events

State and Local Coronavirus Recovery Funds

On March 11, 2021, the President of the United State signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasury will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50% in calendar year 2021 and the remaining 50% no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60-days after enactment. The County’s projected allocation of the State and Local Coronavirus Recovery Funds is \$6,676,129 of which \$3,343,132 was received in 2021. An amount totaling \$3,213,143 was not spent as of December 31, 2021, and is reported as unearned revenue at December 31, 2021.

2022A General Obligation Bonds

On March 17, 2022, the County Board authorized issuance of \$9,315,000 in General Obligation Bonds, Series 2022A. General Obligation Bonds were issued to finance new building facilities. The interest rate on this bond ranges from 2.0-4.0% and it is set to mature in 2042.

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Opioid Litigation Settlement

During 2022, final settlement agreements were reached with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation. For the County, the amount to be received as a result of this litigation is \$1,469,575, to be received over 18 years, which has been recorded as due from other governments in the current year.

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, 2021. 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 full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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.

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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.

B. Capital Assets

Capital assets are defined by the EDA as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value (entry price) 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:

Buildings	40 Years
Building improvements	40 Years
Furniture, equipment, and vehicles	3 to 7 Years

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B. Detailed Notes on All Funds

1. Assets

A. Deposits and Investments

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

Cash and pooled investments	\$ 1,356,265
Restricted cash	<u>1,149,807</u>
Total Cash and Investments	<u><u>\$ 2,506,072</u></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, 2021, the EDA's deposits were not exposed to custodial credit risk.

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B. Receivables

No allowance for uncollectable accounts has been made.

Contract for Deed (Loans Receivable)

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, 2021.

Balance - January 1, 2021	\$	623,349
Payments		<u>(87,063)</u>
Balance - December 31, 2021	\$	536,286
Less: current portion		<u>(23,112)</u>
Long-Term Portion	\$	<u>513,174</u>

<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	\$ 212	\$ 30,173
MURL #10	May 1, 2003	-	May 1, 2018	489	40,715
MURL #06	February 1, 2007	-	February 1, 2032	245	98,460
MURL #08	May 1, 2010	-	May 1, 2016	821	36,930
MURL #15	November 1, 2009	-	November 1, 2029	742	80,514
MURL #11	October 1, 2013	-	October 1, 2034	220	61,697
MURL #07	May 27, 2016	-	July 1, 2021	145	<u>67,418</u>
Total Federal Home Funds					<u>\$ 415,907</u>
State Nonhome Funds					
MURL #17	May 1, 2009	-	May 1, 2039	300	<u>\$ 120,379</u>
Total Contracts for Deed					<u>\$ 536,286</u>

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C. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated				
Land	\$ 370,997	\$ -	\$ -	\$ 370,997
Capital assets being depreciated				
Buildings	5,056,994	16,131	-	5,073,125
Equipment	162,988	17,490	-	180,478
			-	
Total capital assets being depreciated	5,219,982	33,621	-	5,253,603
Less: accumulated depreciation for				
Buildings	2,155,861	128,426	-	2,284,287
Equipment	161,521	208	-	161,729
Total accumulated depreciation	2,317,382	128,634	-	2,446,016
Total capital assets depreciated, net	2,902,600	(95,013)	-	2,807,587
Capital Assets, Net	\$ 3,273,597	\$ (95,013)	\$ -	\$ 3,178,584

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

Housing	\$ 128,634
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2. Liabilities and Deferred Inflows of Resources

A. Payables

Payables at December 31, 2021, were as follows:

Accounts	\$ 13,842
Due to other governments	64,118
Other liabilities	20,168
Unearned revenue - prepaid rent	807
Security deposits	23,404
Total Payables	\$ 122,339

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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.

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. The loan is secured by the supportive housing property. The loan agreement contains a provision that in the event of default the timing of repayment of outstanding amounts become immediately due. In addition, the Mortgagee may foreclose on the property pursuant to the statutes of Minnesota.

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 loan is secured by the West River Townhomes. In the event of default, failing to comply with the provisions of the loan agreement, the borrower may be required to pay Minnesota Housing Finance Agency the amount of the loan balance.

The following is a schedule of long-term debt for at December 31, 2021.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (Percent)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31 2021</u>
MHFA mortgage loan	N/A	N/A	-	\$ 800,000	\$ 800,000
Greater Minnesota Housing Fund	2037	N/A	-	217,300	217,300
Minnesota Housing Finance	2028	N/A	-	1,400,000	<u>1,400,000</u>
Total Long-Term Debt					<u>\$ 2,417,300</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, 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>

D. Unearned Revenue

Unearned revenue consists of rent payments received in December for January.

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 Intergovernmental 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**

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	\$	782
Loan dated December 30, 1994 with a final maturity of December 30, 2024		9,172
Loan dated May 29, 2003 with a final maturity of May 29, 2033		17,396
		<u>17,396</u>
Total	\$	<u>27,350</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, 2021 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	\$ 1,810,000	\$ 624,697	\$ 415,907
State Home Minnesota Urban and Rural Homesteading Loan	196,185	91,801	120,379
	<u>196,185</u>	<u>91,801</u>	<u>120,379</u>
Total	<u>\$ 2,006,185</u>	<u>\$ 716,498</u>	<u>\$ 536,286</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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 \$55,296) to be used for the operation of Hidden Hills Group Home. According to the lease terms, the EDA began receiving monthly installments of \$500 from January 1, 2020 through January 1, 2022, increasing to \$525 through December 31, 2024. The lease shall be renewed at an agreeable rental rate and agreeable term after December 2024. 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).

REQUIRED SUPPLEMENTARY INFORMATION

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,614,983	\$ 3,614,983	\$ 3,672,902	\$ 57,919
Special assessments	-	-	25,400	25,400
Licenses and permits	281,904	281,904	447,155	165,251
Intergovernmental	3,146,969	3,146,969	3,696,280	549,311
Charges for services	1,108,867	1,108,867	1,316,015	207,148
Fines and forfeits	10,000	10,000	25,550	15,550
Gifts and contributions	-	-	650	650
Investment earnings	300,000	300,000	42,134	(257,866)
Miscellaneous	180,830	180,830	226,841	46,011
Total Revenues	\$ 8,643,553	\$ 8,643,553	\$ 9,452,927	\$ 809,374
Expenditures				
Current				
General government				
Commissioners	\$ 315,718	\$ 315,718	\$ 328,144	\$ (12,426)
Courts	50,250	50,250	41,144	9,106
County administrator	229,443	229,443	253,153	(23,710)
Auditor-Treasurer	739,594	739,594	692,000	47,594
License bureau	241,964	241,964	230,967	10,997
County assessor	467,983	467,983	415,574	52,409
Data processing	828,030	828,030	796,666	31,364
Elections	71,206	71,206	50,501	20,705
Human resources management	191,732	191,732	194,883	(3,151)
Attorney	1,113,125	1,113,125	1,225,886	(112,761)
Contracted legal services	122,400	122,400	120,800	1,600
Law library	45,970	45,970	30,307	15,663
Recorder	518,891	518,891	414,738	104,153
Surveyor	6,000	6,000	10,920	(4,920)
Planning and zoning	471,035	471,035	457,091	13,944
Buildings and plant	655,715	655,715	589,999	65,716
Veterans service officer	228,406	228,406	229,347	(941)
Unallocated	34,180	34,180	16,619	17,561
Total general government	\$ 6,331,642	\$ 6,331,642	\$ 6,098,739	\$ 232,903

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	<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	\$ 486,278	\$ 486,278	\$ 537,029	\$ (50,751)
Airport	145,000	145,000	129,329	15,671
Total public transportation	\$ 631,278	\$ 631,278	\$ 666,358	\$ (35,080)
Health				
Nursing service	\$ 19,000	\$ 19,000	\$ 18,769	\$ 231
Culture and recreation				
Historical society	\$ 80,825	\$ 80,825	\$ 80,825	\$ -
Senior citizens	6,500	6,500	6,503	(3)
Agassiz Regional Library	400,365	400,365	692,280	(291,915)
Total culture and recreation	\$ 487,690	\$ 487,690	\$ 779,608	\$ (291,918)
Conservation of natural resources				
County extension	\$ 233,788	\$ 233,788	\$ 201,542	\$ 32,246
Aquatic Invasive Species	342,585	342,585	357,990	(15,405)
Soil and water conservation	314,906	314,906	314,906	-
Agricultural society/county fair	20,000	20,000	38,443	(18,443)
Water planning	13,071	13,071	13,071	-
Wetland challenge	24,237	24,237	24,237	-
Other conservation	333	333	8,895	(8,562)
Total conservation of natural resources	\$ 948,920	\$ 948,920	\$ 959,084	\$ (10,164)

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Economic development				
Small business grants	\$ -	\$ -	\$ 869,222	\$ (869,222)
Intergovernmental				
General government	\$ -	\$ -	\$ 35,409	\$ (35,409)
Capital outlay				
General government	\$ 543,600	\$ 543,600	\$ 917,284	\$ (373,684)
Total Expenditures	\$ 8,962,130	\$ 8,962,130	\$ 10,344,473	\$ (1,382,343)
Excess of Revenues (Under)				
Expenditures	\$ (318,577)	\$ (318,577)	\$ (891,546)	\$ (572,969)
Other Financing Sources				
Transfers in	116,780	116,780	-	(116,780)
Sale of capital assets	-	-	771,267	771,267
Total Other Financing Sources	\$ 116,780	\$ 116,780	\$ 771,267	\$ 654,487
Net Change in Fund Balance	\$ (201,797)	\$ (201,797)	\$ (120,279)	\$ 81,518
Fund Balance - January 1			13,917,089	
Fund Balance - December 31			\$ 13,796,810	

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – PUBLIC SAFETY
SPECIAL REVENUE FUND – EXHIBIT A-2
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 8,189,517	\$ 8,189,517	\$ 8,092,233	\$ (97,284)
Licenses and permits	48,500	48,500	63,575	15,075
Intergovernmental	569,173	569,173	542,667	(26,506)
Charges for services	460,000	460,000	733,734	273,734
Fines and forfeits	30,000	30,000	37,761	7,761
Gifts and contributions	-	-	6,694	6,694
Miscellaneous	63,092	63,092	145,137	82,045
	<u>\$ 9,360,282</u>	<u>\$ 9,360,282</u>	<u>\$ 9,621,801</u>	<u>\$ 261,519</u>
Expenditures				
Current				
Public safety				
Sheriff	\$ 4,448,967	\$ 4,448,967	\$ 4,541,781	\$ (92,814)
Boat and water safety	49,617	49,617	27,363	22,254
Emergency services	77,156	77,156	85,884	(8,728)
Coroner	96,495	96,495	107,302	(10,807)
Jail	3,892,946	3,892,946	3,900,612	(7,666)
Probation and parole	331,798	331,798	391,498	(59,700)
Sentence to serve	100,157	100,157	82,324	17,833
	<u>\$ 8,997,136</u>	<u>\$ 8,997,136</u>	<u>\$ 9,136,764</u>	<u>\$ (139,628)</u>
Capital Outlay				
Public safety	371,800	371,800	538,937	(167,137)
	<u>\$ 9,368,936</u>	<u>\$ 9,368,936</u>	<u>\$ 9,675,701</u>	<u>\$ (306,765)</u>
Net Change in Fund Balance	<u>\$ (8,654)</u>	<u>\$ (8,654)</u>	<u>\$ (53,900)</u>	<u>\$ (45,246)</u>
Fund Balance - January 1			2,117,510	
Restatement			<u>(113,722)</u>	
Fund Balance - January 1, As Restated			2,003,788	
Fund Balance - December 31			<u>\$ 1,949,888</u>	

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE
SPECIAL REVENUE FUND – EXHIBIT A-3
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,781,363	\$ 2,781,363	\$ 2,736,712	\$ (44,651)
Sales Tax	2,650,000	2,650,000	3,349,776	699,776
Licenses and permits	15,000	15,000	26,200	11,200
Intergovernmental	9,595,438	9,595,438	7,764,525	(1,830,913)
Charges for services	250,000	250,000	403,954	153,954
Miscellaneous	553,000	553,000	421,612	(131,388)
Total Revenues	\$ 15,844,801	\$ 15,844,801	\$ 14,702,779	\$ (1,142,022)
Expenditures				
Current				
Highways and streets				
Administration	\$ 464,968	\$ 464,968	\$ 517,807	\$ (52,839)
Maintenance	3,238,926	3,238,926	3,256,553	(17,627)
Construction	10,651,156	10,651,156	8,629,082	2,022,074
Equipment maintenance and shops	1,372,354	1,372,354	1,839,065	(466,711)
Other highways and streets	115,461	115,461	92,887	22,574
Total highways and streets	\$ 15,842,865	\$ 15,842,865	\$ 14,335,394	\$ 1,507,471
Intergovernmental				
Highways and streets	-	-	704,356	(704,356)
Total Expenditures	\$ 15,842,865	\$ 15,842,865	\$ 15,039,750	\$ 803,115
Net Change in Fund Balance	\$ 1,936	\$ 1,936	\$ (336,971)	\$ (338,907)
Fund Balance - January 1			688,973	
Decrease in inventory			(97,245)	
Fund Balance - December 31			254,757	

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES
SPECIAL REVENUE FUND – EXHIBIT A-4
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,117,776	\$ 7,117,776	\$ 7,034,761	\$ (83,015)
Intergovernmental	9,438,765	9,438,765	8,499,003	(939,762)
Charges for services	1,023,000	1,023,000	1,073,681	50,681
Gifts and contributions	20,500	20,500	120,465	99,965
Miscellaneous	65,000	65,000	125,680	60,680
Total Revenues	\$ 17,665,041	\$ 17,665,041	\$ 16,853,590	\$ (811,451)
Expenditures				
Current				
Human services				
Income maintenance	\$ 3,950,108	\$ 3,950,108	\$ 3,637,951	\$ 312,157
Social services	11,550,838	11,550,838	10,338,603	1,212,235
Collaborative	200,000	200,000	193,260	6,740
Total human services	\$ 15,700,946	\$ 15,700,946	\$ 14,169,814	\$ 1,531,132
Health				
Nursing service	1,987,698	1,987,698	1,928,831	58,867
Total Expenditures	\$ 17,688,644	\$ 17,688,644	\$ 16,098,645	\$ 1,589,999
Net Change in Fund Balance	\$ (23,603)	\$ (23,603)	\$ 754,945	\$ 778,548
Fund Balance - January 1			6,515,181	
Fund Balance - December 31			\$ 7,270,126	

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – ENVIRONMENTAL AFFAIRS
SPECIAL REVENUE FUND – EXHIBIT A-5
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 1,305,000	\$ 1,305,000	\$ 1,313,937	\$ 8,937
Licenses and permits	2,155	2,155	550	(1,605)
Intergovernmental	159,000	159,000	195,981	36,981
Charges for services	3,238,400	3,238,400	3,359,787	121,387
Miscellaneous	354,500	354,500	801,448	446,948
Total Revenues	\$ 5,059,055	\$ 5,059,055	\$ 5,671,703	\$ 612,648
Expenditures				
Current				
Sanitation				
Solid waste	\$ 3,214,222	\$ 3,214,222	\$ 3,251,370	\$ (37,148)
Recycling	986,810	986,810	1,099,185	(112,375)
Hazardous waste	167,128	167,128	183,086	(15,958)
Total Expenditures	\$ 4,368,160	\$ 4,368,160	\$ 4,533,641	\$ (165,481)
Capital outlay				
Sanitation	531,000	531,000	380,730	150,270
Total Expenditures	\$ 4,899,160	\$ 4,899,160	\$ 4,914,371	\$ (15,211)
Excess of Revenues Over (Under) Expenditures	\$ 159,895	\$ 159,895	\$ 757,332	\$ 597,437
Other Financing Uses				
Transfers out	\$ (25,000)	\$ (25,000)	\$ -	\$ 25,000
Net Change in Fund Balance	\$ 134,895	\$ 134,895	\$ 757,332	\$ 622,437
Fund Balance - January 1			1,350,929	
Fund Balance - December 31			\$ 2,108,261	

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS – EXHIBIT A-6
LAST TEN MEASUREMENT PERIODS**

Total OPEB Liability	2021	2020	2019	2018
Service cost	\$ 73,425	\$ 62,650	\$ 43,088	\$ 45,152
Interest	24,831	30,918	26,428	26,030
Assumption changes	41,434	62,858	(22,221)	-
Differences between expected and actual experience	-	(70,652)	-	-
Benefit payments	<u>(49,760)</u>	<u>(57,887)</u>	<u>(50,403)</u>	<u>(63,586)</u>
Net change in total OPEB liability	\$ 89,930	\$ 27,887	\$ (3,108)	\$ 7,596
Total OPEB liability - beginning	<u>807,534</u>	<u>779,647</u>	<u>782,755</u>	<u>775,159</u>
Total OPEB liability - ending	<u><u>\$ 897,464</u></u>	<u><u>\$ 807,534</u></u>	<u><u>\$ 779,647</u></u>	<u><u>\$ 782,755</u></u>
Covered employee payroll	\$ 15,344,054	\$ 14,861,069	\$ 14,732,422	\$ 14,352,837
Total OPEB liability as a percentage of payroll	5.8%	5.4%	5.3%	5.5%

Note 1: No assets are accumulated in a trust.

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
PERA GENERAL EMPLOYEES RETIREMENT PLAN – EXHIBIT A-7
LAST TEN MEASUREMENT PERIODS**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Entity Name (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1996%	\$ 11,251,249	N/A	\$ 11,251,249	\$ 13,013,679	86.46%	78.19%
2016	0.2068%	16,791,134	\$ 219,297	17,010,431	13,001,518	129.15%	68.91%
2017	0.2133%	13,616,931	171,227	13,788,158	13,741,547	99.09%	75.90%
2018	0.2161%	11,988,342	393,259	12,381,601	14,525,053	82.54%	79.53%
2019	0.2048%	19,822,621	351,964	20,174,585	14,737,657	134.50%	80.23%
2020	0.2063%	12,368,628	381,501	12,750,129	14,899,754	83.01%	79.06%
2021	0.2112%	9,019,187	275,380	9,294,567	15,473,652	58.29%	87.00%

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

The measurement date for each year is June 30.

N/A - Not Applicable

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA GENERAL
EMPLOYEES RETIREMENT FUND – EXHIBIT A-8
LAST TEN YEARS**

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	\$ 955,719	\$ 955,719	\$ -	\$ 13,018,606	7.34%
2016	1,036,762	1,024,025	(12,737)	13,823,489	7.41%
2017	1,038,360	1,038,360	-	13,844,800	7.50%
2018	1,073,228	1,073,228	-	14,309,712	7.50%
2019	1,092,532	1,092,532	-	14,567,093	7.50%
2020	1,121,693	1,121,693	-	14,955,907	7.50%
2021	1,043,647	1,043,647	-	13,915,293	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
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND – EXHIBIT A-9
LAST TEN MEASUREMENT PERIODS**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Entity Name (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1600%	\$ 1,817,974	\$ -	\$ 1,817,974	\$ 1,464,703	124.12%	86.61%
2016	0.1590%	6,380,947	-	6,380,947	1,530,512	416.92%	63.88%
2017	0.1580%	2,133,188	-	2,133,188	1,619,229	131.74%	85.43%
2018	0.1641%	1,749,137	-	1,749,137	1,729,030	101.16%	88.84%
2019	0.1667%	4,408,403	-	4,408,403	1,762,335	250.15%	89.26%
2020	0.1678%	2,211,784	52,090	2,263,874	1,895,675	116.68%	87.19%
2021	0.1576%	1,216,505	54,696	1,271,201	1,923,675	63.24%	93.70%

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
SCHEDULE OF PENSION CONTRIBUTIONS – PERA PUBLIC
EMPLOYEES POLICE AND FIRE FUND – EXHIBIT A-10
LAST TEN YEARS**

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%
2016	265,680	265,680	-	1,640,001	16.20%
2017	268,296	268,296	-	1,656,151	16.20%
2018	277,503	277,503	-	1,712,983	16.20%
2019	311,763	311,763	-	1,839,310	16.95%
2020	327,562	327,562	-	1,850,633	17.70%
2021	337,060	337,060	-	1,904,294	17.70%

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
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) –
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN – EXHIBIT A-11
LAST TEN MEASUREMENT PERIODS**

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	0.740%	\$ 114,404	\$ 1,337,132	8.56%	96.95%
2016	0.730%	2,666,792	1,380,245	193.21%	58.16%
2017	0.710%	2,023,507	1,428,232	141.68%	67.89%
2018	0.710%	117,800	1,444,846	8.15%	97.64%
2019	0.727%	100,627	1,567,176	6.42%	98.17%
2020	0.756%	204,997	1,643,854	12.47%	96.67%
2021	0.779%	(128,041)	1,817,264	7.05%	101.60%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA PUBLIC
EMPLOYEES CORRECTIONAL PLAN – EXHIBIT A-12
LAST TEN YEARS**

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%
2016	129,366	129,366	-	1,478,468	8.75%
2017	120,902	120,902	-	1,381,737	8.75%
2018	126,362	126,362	-	1,444,133	8.75%
2019	142,638	142,638	-	1,630,149	8.75%
2020	148,500	148,500	-	1,697,143	8.75%
2021	153,028	153,028	-	1,748,891	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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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. A budget was not approved by the County Board for the Opioid Endemic Response Fund.

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 Board of County Commissioners adopts an annual budget for the general fund and all major special revenue funds. The expenditure budget is approved at the fund level, the legal level of budgetary control. During the year, the Board made budgetary amendments.

2. Excess of Expenditures Over Budget

The following major governmental funds had expenditures in excess of budget for the year ended December 31, 2021:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 10,344,473	\$ 8,962,130	\$ 1,382,343
Public Safety	9,675,701	9,368,936	306,765
Environmental Affairs	4,914,371	4,899,160	15,211

3. Other Postemployment Benefits

The following changes in assumptions were reflected for the year ended December 31:

2021

- The discount rate was changed from 2.9% to 2.0%.

2020

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tabs with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

- The discount rate was changed from 3.80% to 2.90%.
- The Correctional employee decrements and salary increase rates were changed to be the same as Public Safety instead of General employees.
- These changes increased the liability \$62,858.

2019

- The discount rate was changed from 3.3% to 3.8%.

2018

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 4.50% to 3.30%.
- The post-employment medical subsidy for one pre-age 50 Police Officer injured in the line of duty was valued for two years at January 1, 2014 and for ten years at January 1, 2018.

4. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

Police and Fire Fund

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

2020 Changes

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

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

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

Correctional Fund

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for nonvested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

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 21.5 cents per cubic yard or 15 cents per ton 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
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – EXHIBIT B-1
DECEMBER 31, 2021**

	Special Revenue (Exhibit B-3)	Debt Service	Total (Exhibit 3)
<u>Assets</u>			
Cash and pooled investments	\$ 2,405,664	\$ 864,736	\$ 3,270,400
Taxes receivable			
Current	378	15,809	16,187
Delinquent	1,043	3,635	4,678
Prepaid items	4,210	-	4,210
Total Assets	\$ 2,411,295	\$ 884,180	\$ 3,295,475
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 61,863	\$ -	\$ 61,863
Salaries payable	11,466	-	11,466
Due to other funds	308	-	308
Due to other governments	184,239	-	184,239
Total Liabilities	\$ 257,876	\$ -	\$ 257,876
Deferred Inflows of Resources			
Unavailable revenues	\$ 1,421	\$ 19,444	\$ 20,865
Fund Balances			
Nonspendable			
Prepaid items	\$ 4,210	\$ -	\$ 4,210
Restricted			
Debt service	-	864,736	864,736
Gravel pit closure	319,050	-	319,050
Conservation of natural resources	1,077,403	-	1,077,403
Assigned			
Culture and recreation	751,335	-	751,335
Total Fund Balances	\$ 2,151,998	\$ 864,736	\$ 3,016,734
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,411,295	\$ 884,180	\$ 3,295,475

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – NONMAJOR GOVERNMENTAL FUNDS – EXHIBIT B-2
YEAR ENDED DECEMBER 31, 2021**

	<u>Special Revenue (Exhibit B-4)</u>	<u>Debt Service</u>	<u>Total (Exhibit 5)</u>
Revenues			
Taxes	\$ 210,874	\$ 1,115,625	\$ 1,326,499
Intergovernmental	247,054	3,264	250,318
Charges for services	25,351	-	25,351
Gifts and Contributions	4,000	-	4,000
Miscellaneous	422,364	-	422,364
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	\$ 909,643	\$ 1,118,889	\$ 2,028,532
Expenditures			
Current			
Culture and recreation	\$ 198,986	\$ -	\$ 198,986
Conservation of natural resources	356,245	-	356,245
Intergovernmental			
General government	101,200	-	101,200
Conservation of natural resources	74,098	-	74,098
Debt service			
Principal	-	780,000	780,000
Interest	-	292,738	292,738
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 730,529	\$ 1,072,738	\$ 1,803,267
Net Change in Fund Balance	\$ 179,114	\$ 46,151	\$ 225,265
Fund Balance - January 1	1,972,884	818,585	2,791,469
	<u> </u>	<u> </u>	<u> </u>
Fund Balance - December 31	\$ 2,151,998	\$ 864,736	\$ 3,016,734
	<u> </u>	<u> </u>	<u> </u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL
REVENUE FUNDS – EXHIBIT B-3
DECEMBER 31, 2021**

<u>Assets</u>	<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>
Cash and pooled investments	\$ 809,098	\$ 994,714	\$ 1,407	\$ 180,063	\$ 420,382	\$ 2,405,664
Taxes receivable						
Current	378	-	-	-	-	378
Delinquent	1,043	-	-	-	-	1,043
Prepaid items	-	4,210	-	-	-	4,210
Total Assets	\$ 810,519	\$ 998,924	\$ 1,407	\$ 180,063	\$ 420,382	\$ 2,411,295
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 57,680	\$ 3,528	\$ -	\$ 655	\$ -	\$ 61,863
Salaries payable	-	-	-	11,466	-	11,466
Due to other funds	32	-	-	276	-	308
Due to other governments	51	-	-	82,856	101,332	184,239
Total Liabilities	\$ 57,763	\$ 3,528	\$ -	\$ 95,253	\$ 101,332	\$ 257,876
Deferred Inflows of Resources						
Unavailable revenues	\$ 1,421	\$ -	\$ -	\$ -	\$ -	\$ 1,421
Fund Balances						
Nonspendable						
Prepaid items	\$ -	\$ 4,210	\$ -	\$ -	\$ -	4,210
Restricted						
Gravel pit closure	-	-	-	-	319,050	319,050
Conservation of natural resources	-	991,186	1,407	84,810	-	1,077,403
Assigned						
Culture and recreation	751,335	-	-	-	-	751,335
Total Fund Balances	\$ 751,335	\$ 995,396	\$ 1,407	\$ 84,810	\$ 319,050	\$ 2,151,998
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 810,519	\$ 998,924	\$ 1,407	\$ 180,063	\$ 420,382	\$ 2,411,295

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – NONMAJOR SPECIAL REVENUE FUNDS – EXHIBIT B-4
YEAR ENDED DECEMBER 31, 2021**

	<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	\$ 73,665	\$ -	\$ -	\$ -	\$ 137,209	\$ 210,874
Intergovernmental	147,292	78,262	-	21,500	-	247,054
Charges for services	8,400	-	-	16,951	-	25,351
Gifts and contributions	4,000	-	-	-	-	4,000
Miscellaneous	55,238	82,856	-	284,270	-	422,364
Total Revenues	\$ 288,595	\$ 161,118	\$ -	\$ 322,721	\$ 137,209	\$ 909,643
Expenditures						
Current						
Culture and recreation	\$ 198,986	\$ -	\$ -	\$ -	\$ -	\$ 198,986
Conservation of natural resources	-	115,604	-	240,641	-	356,245
Intergovernmental						
General government	-	-	-	-	101,200	101,200
Conservation of natural resources	-	-	-	74,098	-	74,098
Total Expenditures	\$ 198,986	\$ 115,604	\$ -	\$ 314,739	\$ 101,200	\$ 730,529
Net Change in Fund Balance	\$ 89,609	\$ 45,514	\$ -	\$ 7,982	\$ 36,009	\$ 179,114
Fund Balance - January 1	661,726	949,882	1,407	76,828	283,041	1,972,884
Fund Balance - December 31	\$ 751,335	\$ 995,396	\$ 1,407	\$ 84,810	\$ 319,050	\$ 2,151,998

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – PARKS AND
RECREATION SPECIAL REVENUE FUND – EXHIBIT B-5
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 76,280	\$ 76,280	\$ 73,665	\$ (2,615)
Intergovernmental	145,640	145,640	147,292	1,652
Charges for services	6,000	6,000	8,400	2,400
Gifts and contributions	-	-	4,000	4,000
Miscellaneous	15,978	15,978	55,238	39,260
Total Revenues	\$ 243,898	\$ 243,898	\$ 288,595	\$ 44,697
Expenditures				
Current				
Culture and recreation				
Recreation	<u>\$ 235,723</u>	<u>\$ 235,723</u>	<u>\$ 198,986</u>	<u>\$ 36,737</u>
Net Change in Fund Balance	<u><u>\$ 8,175</u></u>	<u><u>\$ 8,175</u></u>	<u><u>\$ 89,609</u></u>	<u><u>\$ 81,434</u></u>
Fund Balance - January 1			<u>661,726</u>	
Fund Balance - December 31			<u><u>\$ 751,335</u></u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – RESOURCE DEVELOPMENT
SPECIAL REVENUE FUND – EXHIBIT B-6
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 79,218	\$ 79,218	\$ 78,262	\$ (956)
Miscellaneous	23,967	23,967	82,856	58,889
Total Revenues	<u>\$ 103,185</u>	<u>\$ 103,185</u>	<u>\$ 161,118</u>	<u>\$ 57,933</u>
Expenditures				
Current				
Conservation of natural resources				
Resource development	<u>\$ 202,500</u>	<u>\$ 202,500</u>	<u>\$ 115,604</u>	<u>\$ 86,896</u>
Net Change in Fund Balance	<u><u>\$ (99,315)</u></u>	<u><u>\$ (99,315)</u></u>	<u>\$ 45,514</u>	<u><u>\$ 144,829</u></u>
Fund Balance - January 1			<u>949,882</u>	
Fund Balance - December 31			<u><u>\$ 995,396</u></u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – NATURAL RESOURCE
MANAGEMENT SPECIAL REVENUE FUND – EXHIBIT B-7
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 21,500	\$ 21,500
Charges for Services	-	-	16,951	16,951
Miscellaneous	323,250	323,250	284,270	(38,980)
Total Revenues	\$ 323,250	\$ 323,250	\$ 322,721	\$ (529)
Expenditures				
Current				
Conservation of natural resources				
Tax forfeited sales	\$ 262,285	\$ 262,285	\$ 240,641	\$ 21,644
Intergovernmental				
Conservation of natural resources	\$ -	\$ -	\$ 74,098	\$ (74,098)
Total Expenditures	\$ 262,285	\$ 262,285	\$ 314,739	\$ (52,454)
Net Change in Fund Balance	\$ 60,965	\$ 60,965	\$ 7,982	\$ (52,983)
Fund Balance - January 1			76,828	
Fund Balance - December 31			\$ 84,810	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GRAVEL TAX
SPECIAL REVENUE FUND – EXHIBIT B-8
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	<u>\$ 43,518</u>	<u>\$ 43,518</u>	<u>\$ 137,209</u>	<u>\$ 93,691</u>
Expenditures				
Intergovernmental				
General government	<u>-</u>	<u>-</u>	<u>101,200</u>	<u>(101,200)</u>
Net Change in Fund Balance	<u><u>\$ 43,518</u></u>	<u><u>\$ 43,518</u></u>	<u>\$ 36,009</u>	<u><u>\$ (7,509)</u></u>
Fund Balance - January 1			<u>283,041</u>	
Fund Balance - December 31			<u><u>\$ 319,050</u></u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE
FUND – EXHIBIT B-9
YEAR ENDED DECEMBER 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,126,086	\$ 1,126,086	\$ 1,115,625	\$ (10,461)
Intergovernmental	-	-	3,264	3,264
Total Revenues	\$ 1,126,086	\$ 1,126,086	\$ 1,118,889	\$ (7,197)
Expenditures				
Debt service				
Principal	780,000	780,000	780,000	-
Interest	295,488	295,488	292,738	2,750
Total Expenditures	\$ 1,075,488	\$ 1,075,488	\$ 1,072,738	\$ 2,750
Net Change in Fund Balance	\$ 50,598	\$ 50,598	\$ 46,151	\$ (4,447)
Fund Balance - January 1	818,585	818,585	818,585	-
Fund Balance - December 31	\$ 869,183	\$ 869,183	\$ 864,736	\$ (4,447)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT C-1
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2021**

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>Sheriff Inmate</u>
<u>Assets</u>			
Cash and pooled investments	\$ 960,045	\$ 279,478	\$ 59,003
Taxes receivable for other governments	794,294	-	-
Due from other governments	-	-	-
Total Assets	<u>\$ 1,754,339</u>	<u>\$ 279,478</u>	<u>\$ 59,003</u>
<u>Liabilities</u>			
Due to other governments	<u>\$ 860,658</u>	<u>\$ 279,478</u>	<u>\$ -</u>
<u>Deferred Inflows of Resources</u>			
Taxes Levied for Subsequent Period	<u>\$ 99,387</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Net Position</u>			
Restricted for:			
Individuals, Organizations and Other Governments	<u>\$ 794,294</u>	<u>\$ -</u>	<u>\$ 59,003</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT C-1 (CONTINUED)
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2021**

Estate Recoveries	Children's Initiative	Total Custodial Funds
\$ 22,578	\$ 249,972	\$ 1,571,076
-	-	794,294
-	37,406	37,406
\$ 22,578	\$ 287,378	\$ 2,402,776
\$ 22,578	\$ 65,312	\$ 1,228,026
\$ -	\$ -	\$ 99,387
\$ -	\$ 222,066	\$ 1,075,363

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT C-2
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Taxes and Penalties	State Revenue	Sheriff Inmate
Additions			
Contributions:			
Individuals	\$ -	\$ -	\$ 370,038
Taxes for other governments	36,226,618	-	-
Licenses and fees collected for state	-	4,014,870	-
Grants for other entities	-	-	-
Total Additions	<u>36,226,618</u>	<u>4,014,870</u>	<u>370,038</u>
Deductions			
Beneficiary payments	\$ -	\$ -	\$ 338,827
Payments to state	-	4,014,870	-
Payment to the collaborative	-	-	-
Payments to other governments	36,312,319	-	-
Total Deductions	<u>36,312,319</u>	<u>4,014,870</u>	<u>338,827</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ (85,701)	\$ -	\$ 31,211
Fiduciary Net Position - Beginning of Year	<u>879,995</u>	<u>-</u>	<u>27,792</u>
Fiduciary Net Position - End of Year	<u><u>\$ 794,294</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 59,003</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT C-2
(CONTINUED)
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

Estate Recoveries	Children's Initiative	Total Custodial Funds
\$ -	\$ -	\$ 370,038
-	-	36,226,618
369,357	-	4,384,227
-	209,094	209,094
<u>369,357</u>	<u>209,094</u>	<u>41,189,977</u>
\$ -	\$ -	\$ 338,827
369,357	-	4,384,227
-	202,023	202,023
-	-	36,312,319
<u>369,357</u>	<u>202,023</u>	<u>41,237,396</u>
\$ -	\$ 7,071	\$ (47,419)
-	214,995	1,122,782
<u>-</u>	<u>214,995</u>	<u>1,122,782</u>
<u>\$ -</u>	<u>\$ 222,066</u>	<u>\$ 1,075,363</u>

OTHER SCHEDULES

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1
YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Funds</u>	<u>Discretely Presented Component Unit</u>	<u>All Funds</u>
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 7,755,068	\$ -	\$ 7,755,068
County program aid	1,315,724	-	1,315,724
PERA indirect aid	59,296	-	59,296
Police aid	180,001	-	180,001
Aquatic invasive species	342,585	-	342,585
Riparian buffer aid	107,235	-	107,235
E-911	156,270	-	156,270
Market value credit	294,545	1,850	296,395
Family preservation aid	51,667	-	51,667
Disparity reduction aid	1,221	-	1,221
Total shared revenue	\$ 10,263,612	\$ 1,850	\$ 10,265,462
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 2,062,004	\$ -	\$ 2,062,004
Payments			
Local			
Payments in lieu of taxes	\$ 476,335	\$ -	\$ 476,335
Grants			
State			
Minnesota Department/Board of			
Corrections	\$ 88,525	\$ -	\$ 88,525
Employment and Economic Development	290,415	-	290,415
Public Safety	6,907	-	6,907
Transportation	442,018	-	442,018
Health	446,396	-	446,396
Peace Officer Board	2,972	-	2,972
Veterans Affairs	7,641	-	7,641
Natural Resources	177,822	-	177,822
Human Services	1,768,169	-	1,768,169
Water and Soil Resources	66,647	-	66,647
Minnesota Pollution Control Agency	195,981	-	195,981
Total state	\$ 3,493,493	\$ -	\$ 3,493,493

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Funds</u>	<u>Discretely Presented Component Unit</u>	<u>All Funds</u>
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 494,760	\$ -	\$ 494,760
Housing and Urban Development	-	309,533	309,533
Justice	131,046	-	131,046
Treasury	131,089	-	131,089
Transportation	25,619	-	25,619
Education	7,216	-	7,216
Health and Human Services	3,827,939	-	3,827,939
Homeland Security	35,661	-	35,661
Total federal	<u>\$ 4,653,330</u>	<u>\$ 309,533</u>	<u>\$ 4,962,863</u>
Total state and federal grants	<u>\$ 8,146,823</u>	<u>\$ 309,533</u>	<u>\$ 8,456,356</u>
Total Intergovernmental Revenue	<u>\$ 20,948,774</u>	<u>\$ 311,383</u>	<u>\$ 21,260,157</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Grant Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Numbers	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Partnership4Health Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	\$ 163,979	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2514	330,781	-
Total U.S. Department of Agriculture			\$ 494,760	\$ -
U.S. Department of Housing and Urban Development				
Direct Public and Indian Housing Housing Voucher Cluster	14.850	n/a - Direct	\$ 70,934	\$ -
Section 8 Housing Choice Vouchers	14.871	n/a - Direct	238,599	-
Total U.S. Department of Housing and Urban Development			\$ 309,533	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety		F-CESF-2021-BECK ERCO-12340 2022		
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	CESF-LN1	\$ 78,900	\$ -
Missing Children's Assistance	16.543	OPP-00223756 FY21	3,850	-
Passed Through Minnesota Department of Trial Courts Crime Victim Assistant Grant	16.575	F-CVSP-2020 -BCOA-7458, 7786, 8206, 8674	48,296	-
Total U.S. Department of Justice			\$ 131,046	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation COVID-19 Formula Grants for Rural Areas	20.509	1035578	5,948	-
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC21-2021 -BECKERSO-4585	3,538	-
Highway Safety Cluster National Highway Traffic Safety Administration State and Community Highway Safety	20.600	F-ENFRC21-2021 -BECKERSO-4873	4,814	-
E-911 Grant Program	20.615	A-DECN-NGGIS -BECKERSO-4419	9,049	-
National Priority Safety Programs	20.616	F-ENFRC21-2021 -2021-BECKER SO-4585, -4873	2,270	-
Total U.S. Department of Transportation			\$ 25,619	\$ -

See accompanying notes to the schedule of expenditures of federal awards.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Grant Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Numbers	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury				
Direct				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A - Direct	<u>\$ 129,989</u>	<u>\$ -</u>
U.S. Department of Education				
Passed Through Partnership4Health Community Health Board Special Education Grant for Infants and Families	84.181	87630	<u>\$ 7,216</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Passed Through Partnership4Health Community Health Board				
Public Health Emergency Preparedness	93.069	90858	\$ 23,465	\$ -
Immunization Cooperative Agreements	93.268	58583	126,521	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not Provided	142	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$302,093)	93.558	95995	31,162	-
Medicaid Cluster				
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,411,014)	93.778	2105MN5ADM	71,365	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	87929	164,558	-
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	43,317	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-2101MNFPS	93,284	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$302,093)	93.558	2101MNTANF	270,931	-
Child Support Enforcement (Total Child Support Enforcement \$814,584)	93.563	2104MNCSES	376,884	-
Child Support Enforcement (Total Child Support Enforcement \$814,584)	93.563	2101MNCES	437,700	-
Refugee and Entrant Assistance - State Administered Programs	93.566	2101MNCMA	615	-
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	G2101MNCCDF	9,636	-
Community-Based Child Abuse Prevention Grants	93.590	G-2102MNFPRG	9,494	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2101MNCWSS	3,387	-
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2101MNCWSS	4,879	-
Foster Care Title IV-E	93.658	2101MNFOS	520,328	-
Social Services Block Grant	93.667	2101MNSOSR	287,195	-
Child Abuse and Neglect State Grants	93.669	2101MNCWC3	1,566	-
Chafee Foster Care Independence Program	93.674	G-2101MNCILP	3,771	-
COVID-19 Chafee Foster Care Independence Program (Total Chafee Foster Care Independence Program \$34,902)	93.674	G-2101MNCILP	31,131	-
Children's Health Insurance Program	93.767	2105MN5021	1,611	-
Medicaid Cluster				
Medical Assistance Program	93.778	2105MN5ADM	1,322,763	-
Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,411,014)	93.778	2105MN5MAP	<u>16,886</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>\$ 3,852,591</u>	<u>\$ -</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Grant Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Numbers	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	BECKER SBG- 072621	<u>\$ 35,661</u>	<u>\$ -</u>
Total Federal Awards			<u><u>\$ 4,986,415</u></u>	<u><u>\$ -</u></u>

Becker County did not pass any federal awards through to subrecipients in 2021.

Totals by Cluster	
Total Expenditures for SNAP Cluster	\$ 330,781
Total Expenditures for Housing Voucher Cluster	238,599
Total Expenditures for Highway Safety Cluster	7,084
Total Expenditures for CCDF Cluster	9,636
Total Expenditures for Medicaid Cluster	1,411,014

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards and the EDA's presents the activities of federal award programs expended by Becker County and the Becker County Economic Development Authority (EDA), a component unit of the County. For the year ended December 31, 2021, the level of federal funding for the Becker County EDA did not require a separate single audit to be performed for the component unit. The schedule does not include the federal expenditures of the Sunnyside Side Care Center enterprise fund which issues a stand-alone financial statement. The County's reporting entity is defined in Notes 1 and 6 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, 2021. 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 the cost principles contained in the Uniform Guidance, for all awards. Under the Uniform Guidance, 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.

4. Subrecipients

Becker County did not pass federal funds to subrecipients.

5. Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$	4,962,863
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues		98,485
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures		(74,933)
Expenditures per the Schedule of Expenditures of Federal Awards	\$	<u>4,986,415</u>