

BECKER COUNTY
DETROIT LAKES, MINNESOTA
YEAR ENDED DECEMBER 31, 2023



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DETROIT LAKES, MINNESOTA
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**BECKER COUNTY
DETROIT LAKES, MINNESOTA
ORGANIZATION
DECEMBER 31, 2023**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners		
1st District	Erica Jepson	January 2027
2nd District	David Meyer	January 2027
3rd District	John Okeson**	January 2025
4th District	Richard Vareberg	January 2025
5th District	Barry Nelson*	January 2025
Officers		
Elected		
Attorney	Brian McDonald	January 2027
Auditor-Treasurer	Mary Hendrickson	January 2027
Sheriff	Todd Glander	January 2027
Appointed		
Administrator	Pat Oman	Indefinite
Assessor	Lisa Will	Appointed
Highway Engineer	Jim Olson	Indefinite
Coroner	Knute Thorsgard	Appointed
Human Services Director	Denise Warren	Indefinite
Human Resources Director	Carrie Smith	Indefinite
Recorder/ Registrar of Titles	Susan Syvertson	Indefinite
Land Use Director	Steve Skoog	Indefinite
Surveyor	Josh Pfeffer	Appointed

*2023 Chair

**2023 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, 2023, 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, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, 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.

We did not audit the financial statements of the Sunnyside Care Center, which represents the amounts shown as the business-type activities and major enterprise fund as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sunnyside Care Center enterprise fund, is based solely on the report of the other auditors.

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.

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, schedules of proportionate share of net pension liability (asset) and schedules of pension contributions 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 and schedules, 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 and schedules, 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 September 23, 2024, 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
September 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

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, 2023. 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 \$148,197,173 of which \$120,977,977 is net investment in capital assets, \$11,499,991 is restricted for specific purposes, and \$15,719,205 is unrestricted. The total net position of governmental activities increased by \$7,126,102 for the year ended December 31, 2023.

The total net position of business-type activities is \$1,064,662, of which \$351,115 is net investment in capital assets, \$11,341 is restricted for capital projects, and \$702,206 is unrestricted. The total net position of business-type activities increased by \$161,488 for the year ended September 30, 2023.

At the close of 2023, the County's governmental funds reported combined ending fund balances of \$38,866,037 a decrease of \$223,882 from the prior year. Of the total fund balance amount, \$1,703,858 is nonspendable, \$9,156,364 is legally or contractually restricted, \$79,157 is formally committed for specific purposes, \$14,749,398 is assigned for specific purposes, and \$13,177,260 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, 2023**

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, 2023**

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, and the Environmental Affairs Special Revenue Fund, all of which are considered to be major funds. Data from the other five special revenue funds and the Debt Service Fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in combining statements after the notes to the financial statements.

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

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

Fiduciary Funds: Fiduciary funds are used to account for assets held by the County as an agent for 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, 2023**

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 \$149,261,835 at the close of 2023. The largest portion of the County's net position (approximately 81.3%) 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 7.7% of the County's net position is restricted, and 10.9% of the County's net position is unrestricted. The unrestricted net position amount of \$16,421,411 as of December 31, 2023, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased \$7,287,590 from last year. Total assets increased by \$8,424,101 from the prior year as a result of various road projects that were added to infrastructure and increases in the fair market value of investments.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

Net Position

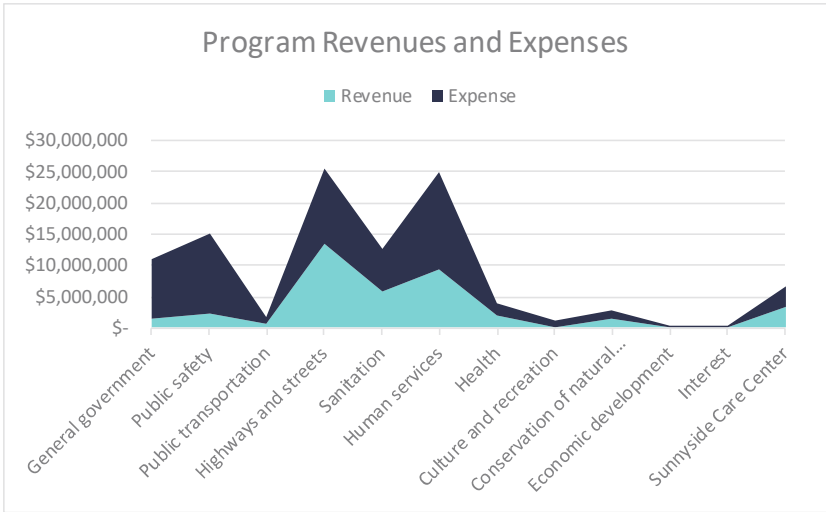
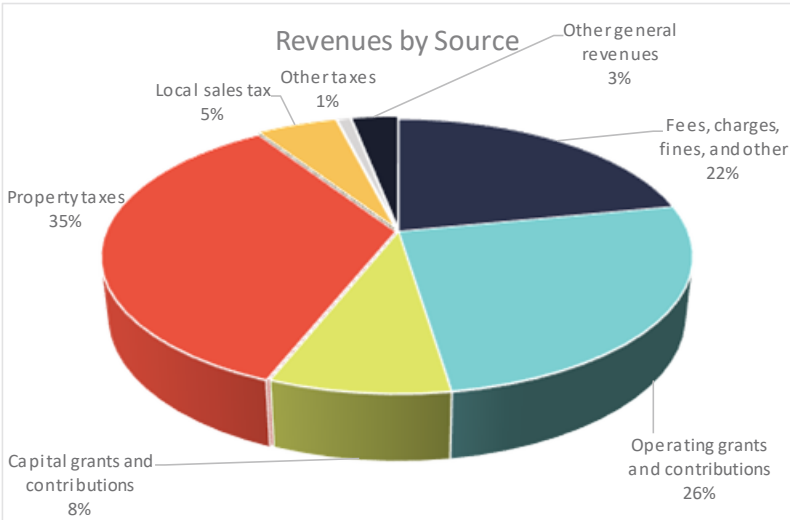
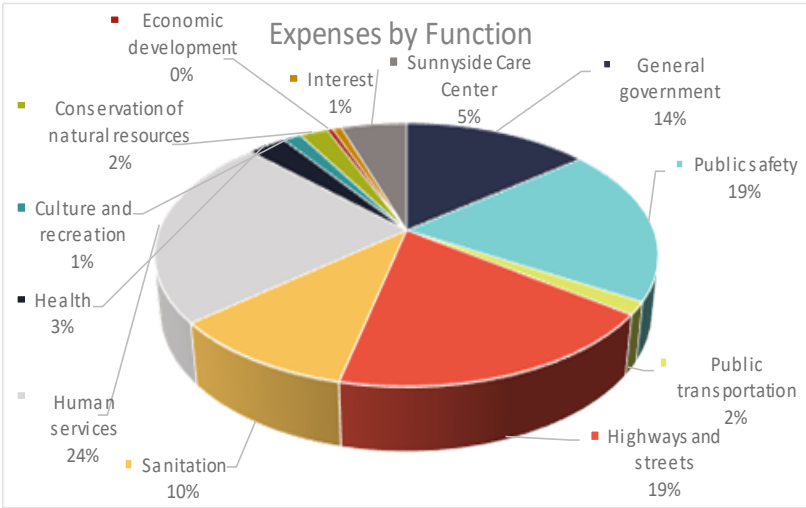
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 50,516,092	\$ 48,196,269	\$ 1,758,603	\$ 1,221,605	\$ 52,274,695	\$ 49,417,874
Capital assets	141,854,622	136,217,617	997,649	1,067,374	142,852,271	137,284,991
Total Assets	192,370,714	184,413,886	2,756,252	2,288,979	195,126,966	186,702,865
Deferred Outflows of Resources	8,734,075	11,382,917	634,189	379,362	9,368,264	11,762,279
Liabilities						
Other liabilities	6,927,119	6,415,358	491,691	188,273	7,418,810	6,603,631
Long-term liabilities outstanding	36,152,691	47,351,971	1,108,929	1,513,419	37,261,620	48,865,390
Total Liabilities	43,079,810	53,767,329	1,600,620	1,701,692	44,680,430	55,469,021
Deferred Inflows of Resources	9,827,806	958,403	725,159	63,475	10,552,965	1,021,878
Net Position						
Net investment in capital assets	120,977,977	114,977,871	351,115	330,496	121,329,092	115,308,367
Restricted	11,499,991	5,584,374	11,341	11,274	11,511,332	5,595,648
Unrestricted	15,719,205	20,508,826	702,206	561,404	16,421,411	21,070,230
Total Net Position	\$ 148,197,173	\$ 141,071,071	\$ 1,064,662	\$ 903,174	\$ 149,261,835	\$ 141,974,245

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Fees, charges, fines, and other	\$ 12,240,283	\$ 11,107,420	\$ 3,470,391	\$ 3,310,707	\$ 15,710,674	\$ 14,418,127
Operating grants and contributions	18,413,276	16,627,311	13,805	225,540	18,427,081	16,852,851
Capital grants and contributions	6,040,419	9,625,723	300	1,106	6,040,719	9,626,829
General Revenues:						
Property taxes	24,945,549	23,913,855	-	-	24,945,549	23,913,855
Local sales tax	3,789,716	3,715,405	-	-	3,789,716	3,715,405
Other taxes	634,586	577,569	-	-	634,586	577,569
Grants and contributions, not restricted to specific programs	1,658,582	8,261,976	-	-	1,658,582	8,261,976
Other general revenues	2,180,233	1,222,079	18	683	2,180,251	1,222,762
Total Revenues	69,902,644	75,051,338	3,484,514	3,538,036	73,387,158	78,589,374
Expenses						
General government	9,426,738	7,823,699	-	-	9,426,738	7,823,699
Public safety	12,724,968	11,491,735	-	-	12,724,968	11,491,735
Public transportation	1,021,682	795,086	-	-	1,021,682	795,086
Highways and streets	12,247,652	13,257,371	-	-	12,247,652	13,257,371
Sanitation	6,803,374	5,232,485	-	-	6,803,374	5,232,485
Human services	15,502,768	14,411,621	-	-	15,502,768	14,411,621
Health	1,964,079	1,959,614	-	-	1,964,079	1,959,614
Culture and recreation	921,422	2,201,168	-	-	921,422	2,201,168
Conservation of natural resources	1,418,013	1,273,320	-	-	1,418,013	1,273,320
Economic development	285,294	24,380	-	-	285,294	24,380
Interest	460,552	508,912	-	-	460,552	508,912
Sunnyside Care Center	-	-	3,323,026	3,290,353	3,323,026	3,290,353
Total Expenses	62,776,542	58,979,391	3,323,026	3,290,353	66,099,568	62,269,744
Increase in net position	7,126,102	16,071,947	161,488	247,683	7,287,590	16,319,630
Net Position, January 1	141,071,071	124,999,124	903,174	655,491	141,974,245	125,654,615
Net Position, December 31	\$ 148,197,173	\$ 141,071,071	\$ 1,064,662	\$ 903,174	\$ 149,261,835	\$ 141,974,245

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**



**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

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 2023, the County's governmental funds reported combined ending fund balances of \$38,866,037. Of this amount, approximately 4.4% constitutes nonspendable fund balance, 23.6% constitutes legally or contractually restricted fund balance, 0.2% constitutes formally committed fund balance, 37.9% constitutes specifically assigned fund balance, and 33.9% 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 \$19,159,652. The General Fund's nonspendable fund balance was \$1,068,769, restricted fund balance was \$585,615, committed fund balance was \$79,157, assigned fund balance was \$289,573, and unassigned fund balance was \$17,136,538. 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 2023. Unassigned fund balance represents 149.1% of total General Fund expenditures, while total fund balance represents 166.7% of that same amount.

In 2023, the fund balance in the General Fund decreased by \$1,374,219 due to a planned transfers out of funds.

The fund balance of the Public Safety Special Revenue Fund increased \$1,017,856 from the prior year balance primarily due to an increase in public safety aid received. Ending fund balance totals \$3,392,886.

The fund balance of the Road and Bridge Special Revenue Fund decreased \$317,384 in 2023, due to an decrease in intergovernmental revenues offset by a decrease in highways and streets expenditures.

The fund balance of the Human Services Special Revenue Fund increased \$1,668,983 from the prior year, due mainly to expenditures coming in under budget and an increase in intergovernmental revenues.

The fund balance of the Environmental Affairs Special Revenue Fund decreased \$1,624,915 due to the completion of the bonded building project in 2023.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

Proprietary Fund

The Sunnyside Care Center Enterprise Fund's total operating revenues increased \$159,684, or approximately 4.8%. Nursing facility occupancy for fiscal year 2022 was 82.6% compared to 82.4% in fiscal year 2023. Operating expenses increased \$33,863, or 1.0%. This resulted in operating income of \$169,571. When the nonoperating revenues and expenses and capital contributions are added to the analysis, the total change in net position was a positive \$161,488.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were amendments to the original budget as approved for 2023.

Actual revenues were more than overall final budgeted revenues by \$2,242,948, due to a higher amount of intergovernmental revenue and higher investment earnings.

Actual expenditures were more than overall final budgeted expenditures by \$1,367,630, as a result of an increase in capital equipment purchases over budget and an unbudgeted business relief program that started in 2023.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2023, and business-type activities, amounted to (net of accumulated depreciation and amortization). The total increase in the County's investment in capital assets for the current fiscal year was approximately. This was primarily due to building projects for both highway and environmental services.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,039,801	\$ 1,829,715	\$ 118,625	\$ 118,625	\$ 2,158,426	\$ 1,948,340
Right-of-way	1,361,016	1,360,166	-	-	1,361,016	1,360,166
Construction in progress	3,149,552	15,836,798	-	-	3,149,552	15,836,798
Infrastructure	81,391,872	80,402,136	-	-	81,391,872	80,402,136
Buildings and improvements	46,414,111	30,637,586	779,533	854,726	47,193,644	31,492,312
Land improvements	953,686	1,056,039	22,067	26,919	975,753	1,082,958
Machinery, furniture, and equipment	6,488,231	4,962,624	45,588	33,125	6,533,819	4,995,749
Right-to-Use Assets	56,353	132,553	31,836	33,979	88,189	166,532
Total Capital Assets	<u>\$ 141,854,622</u>	<u>\$ 136,217,617</u>	<u>\$ 997,649</u>	<u>\$ 1,067,374</u>	<u>\$ 142,852,271</u>	<u>\$ 137,284,991</u>

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

Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$18,799,516 which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 18,145,000	\$ 18,970,000	\$ -	\$ -	\$ 18,145,000	\$ 18,970,000
Advanced from other fund	-	701,538	654,516	701,538	654,516	1,403,076
Total Long-Term Debt	<u>\$ 18,145,000</u>	<u>\$ 19,671,538</u>	<u>\$ 654,516</u>	<u>\$ 701,538</u>	<u>\$ 18,799,516</u>	<u>\$ 20,373,076</u>

The County's long-term debt decreased due to the repayment of outstanding debt during 2023.

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 2023, overall debt of the County is below the 3% debt limit.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2023**

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 3.1% as of December 31, 2023. This is higher than statewide rate of 2.8%.
- Becker County’s 2023 population estimation was 35,234, a decrease of 311 since 2020.
- On December 14, 2023, Becker County set its 2024 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, 2023**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and pooled investments	\$ 40,620,010	\$ 2,188,420	\$ 42,808,430	\$ 1,272,729
Restricted cash	-	-	-	1,309,843
Petty cash and change funds	8,900	-	8,900	-
Taxes receivable	1,098,954	-	1,098,954	4,822
Special assessments receivable	83,805	-	83,805	-
Accounts receivable, net	1,262,271	192,128	1,454,399	21,878
Accrued interest receivable	112,508	-	112,508	-
Notes and loans receivable	293,245	-	293,245	11,419
Property held for resale	-	-	-	46,188
Internal balances	654,516	(654,516)	-	-
Due from other governments	5,498,352	-	5,498,352	181,282
Loans receivable - noncurrent	-	-	-	276,082
Prepaid items	756,097	17,103	773,200	6,358
Lease receivable	127,434	-	127,434	-
Restricted assets				
Donor restricted assets	-	11,575	11,575	-
Resident trust funds	-	3,893	3,893	-
Capital assets				
Nondepreciable	6,550,369	118,625	6,668,994	370,997
Depreciable - net of accumulated depreciation	135,304,253	879,024	136,183,277	2,689,724
Total Assets	\$ 192,370,714	\$ 2,756,252	\$ 195,126,966	\$ 6,191,322
<u>Deferred Outflows of Resources</u>				
Deferred pension outflows	\$ 8,091,056	\$ 634,189	\$ 8,725,245	\$ -
Deferred OPEB outflows	643,019	-	643,019	-
Total Deferred Outflows of Resources	\$ 8,734,075	\$ 634,189	\$ 9,368,264	\$ -

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1 (CONTINUED)
DECEMBER 31, 2023

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable	\$ 1,103,911	\$ 207,540	\$ 1,311,451	\$ 3,839
Salaries payable	1,755,255	55,741	1,810,996	-
Contracts payable	327,953	-	327,953	-
Due to other governments	3,197,029	-	3,197,029	54,883
Deposits	173,070	-	173,070	-
Other liabilities	-	-	-	16,746
Accrued interest payable	142,193	1,769	143,962	-
Unearned revenue	227,708	222,748	450,456	-
Security deposits	-	-	-	25,884
Customer deposits	-	3,893	3,893	-
Long-term liabilities				
Due within one year	2,971,514	83,947	3,055,461	-
Due in more than one year	18,451,425	29,626	18,481,051	2,417,300
Other postemployment benefits - current	88,453	-	88,453	-
Other postemployment benefits	1,265,956	-	1,265,956	-
Net pension liability	13,375,343	995,356	14,370,699	-
Total Liabilities	\$ 43,079,810	\$ 1,600,620	\$ 44,680,430	\$ 2,518,652
<u>Deferred Inflows of Resources</u>				
Deferred pension inflows	\$ 9,504,636	\$ 725,159	\$ 10,229,795	\$ -
Lease related	122,221	-	122,221	-
Deferred OPEB inflows	200,949	-	200,949	-
Total Deferred Inflows of Resources	\$ 9,827,806	\$ 725,159	\$ 10,552,965	\$ -
<u>Net Position</u>				
Net investment in capital assets	\$ 120,977,977	\$ 351,115	\$ 121,329,092	\$ 643,421
Restricted for				
General government	403,932	-	403,932	-
Public safety	1,247,816	-	1,247,816	-
Highways and streets	5,310,582	-	5,310,582	-
Human services	354,523	-	354,523	-
Capital projects	-	11,341	11,341	-
Opioid endemic response	1,374,982	-	1,374,982	-
Conservation of natural resources	1,504,936	-	1,504,936	-
Debt service	1,303,220	-	1,303,220	-
Housing	-	-	-	1,554,406
Unrestricted	15,719,205	702,206	16,421,411	1,474,843
Total Net Position	\$ 148,197,173	\$ 1,064,662	\$ 149,261,835	\$ 3,672,670

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 9,426,738	\$ 1,385,634	\$ 223,845	\$ -
Public safety	12,724,968	405,809	1,971,055	-
Public transportation	1,021,682	79,749	587,643	-
Highways and streets	12,247,652	2,335,092	5,010,174	6,040,419
Sanitation	6,803,374	5,627,415	199,322	-
Human services	15,502,768	1,297,490	8,035,730	-
Health	1,964,079	682,913	1,285,042	-
Culture and recreation	921,422	44,625	123,493	-
Conservation of natural resources	1,418,013	381,556	976,972	-
Economic development	285,294	-	-	-
Interest	460,552	-	-	-
Total governmental activities	\$ 62,776,542	\$ 12,240,283	\$ 18,413,276	\$ 6,040,419
Business-type activities				
Sunnyside Care Center	3,323,026	3,470,391	13,805	300
Total Primary Government	\$ 66,099,568	\$ 15,710,674	\$ 18,427,081	\$ 6,040,719
Component unit				
Economic Development Authority	\$ 1,052,763	\$ 357,214	\$ 312,685	\$ 130,467
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				
Net position - Ending				

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

<u>Net (Expense) Revenue and Change in Net Position</u>			
<u>Primary Government</u>			<u>Discretely</u>
<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Presented</u>
<u>Activities</u>	<u>Activities</u>		<u>Component Unit</u>
\$ (7,817,259)	\$ -	\$ (7,817,259)	
(10,348,104)	-	(10,348,104)	
(354,290)	-	(354,290)	
1,138,033	-	1,138,033	
(976,637)	-	(976,637)	
(6,169,548)	-	(6,169,548)	
3,876	-	3,876	
(753,304)	-	(753,304)	
(59,485)	-	(59,485)	
(285,294)	-	(285,294)	
(460,552)	-	(460,552)	
\$ (26,082,564)	\$ -	\$ (26,082,564)	
-	161,470	161,470	
\$ (26,082,564)	\$ 161,470	\$ (25,921,094)	
			<u>\$ (252,397)</u>
\$ 24,608,297	\$ -	\$ 24,608,297	\$ 123,202
286,731	-	286,731	-
50,521	-	50,521	-
41,934	-	41,934	-
3,789,716	-	3,789,716	-
1,658,582	-	1,658,582	36,476
592,652	-	592,652	-
1,913,607	18	1,913,625	20,000
266,626	-	266,626	4,210
\$ 33,208,666	\$ 18	\$ 33,208,684	\$ 183,888
\$ 7,126,102	\$ 161,488	\$ 7,287,590	\$ (68,509)
141,071,071	903,174	141,974,245	3,741,179
\$ 148,197,173	\$ 1,064,662	\$ 149,261,835	\$ 3,672,670

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3
DECEMBER 31, 2023**

<u>Assets</u>	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Cash and pooled investments	\$ 19,078,692	\$ 4,441,366	\$ 1,627,146
Petty cash and change funds	7,550	200	100
Taxes receivable			
Current	63,879	142,712	637,641
Delinquent	20,121	44,440	14,429
Special assessments receivable			
Delinquent	-	-	-
Deferred	42,000	-	-
Accounts receivable, net	46,312	2,220	1,700
Accrued interest receivable	112,508	-	-
Notes and loans receivable	293,245	-	-
Due from other funds	4,038	-	29,293
Due from other governments	184,580	51,488	3,707,477
Lease receivable	127,434	-	-
Prepaid items	121,008	25,544	599,080
Advance to other funds	654,516	-	-
	\$ 20,755,883	\$ 4,707,970	\$ 6,616,866
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 212,466	\$ 270,617	\$ 69,241
Salaries payable	515,578	450,472	123,827
Contracts payable	-	-	327,953
Due to other funds	2,434	14,362	413
Due to other governments	208,910	330,289	2,389,571
Deposits	173,070	-	-
Unearned revenue	165,516	62,192	-
	\$ 1,277,974	\$ 1,127,932	\$ 2,911,005
Deferred Inflows of Resources			
Unavailable revenues	\$ 196,036	\$ 187,152	\$ 3,025,376
Lease related	122,221	-	-
Total Deferred Inflows of Resources	318,257	187,152	3,025,376

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2023**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,418,804	\$ 1,315,736	\$ 3,738,266	\$ 40,620,010
200	850	-	8,900
107,646	-	23,243	975,121
38,773	-	6,070	123,833
-	8,501	-	8,501
-	33,304	-	75,304
1,164,110	41,804	6,125	1,262,271
-	-	-	112,508
-	-	-	293,245
-	2,754	-	36,085
1,554,807	-	-	5,498,352
-	-	-	127,434
3,339	575	6,551	756,097
-	-	-	654,516
<u>\$ 13,287,679</u>	<u>\$ 1,403,524</u>	<u>\$ 3,780,255</u>	<u>\$ 50,552,177</u>
\$ 468,058	\$ 72,402	\$ 11,127	\$ 1,103,911
580,228	72,199	12,951	1,755,255
-	-	-	327,953
4,479	10,441	3,956	36,085
68,747	60,304	139,208	3,197,029
-	-	-	173,070
-	-	-	227,708
<u>\$ 1,121,512</u>	<u>\$ 215,346</u>	<u>\$ 167,242</u>	<u>\$ 6,821,011</u>
\$ 1,263,226	\$ 41,805	\$ 29,313	\$ 4,742,908
-	-	-	122,221
<u>1,263,226</u>	<u>41,805</u>	<u>29,313</u>	<u>4,865,129</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2023**

<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			
Advances to other funds	\$ 654,516	\$ -	\$ -
Notes and loans receivable	293,245	-	-
Prepaid items	121,008	25,544	599,080
Restricted			
Debt service	-	-	-
Law library	14,993	-	-
Recorder's technology equipment	31,387	-	-
Enhancements	263,134	-	-
E-911	251,719	-	-
Missing heirs	24,382	-	-
MA unwinding	-	-	-
Public safety aid	-	996,097	-
Road projects - sales tax	-	-	4,040,683
Gravel pit closure	-	-	-
Conservation of natural resources	-	-	-
Opioid settlement	-	-	-
Committed			
Attorney contingencies	79,157	-	-
Assigned			
Environmental affairs	-	-	-
General government	289,573	-	-
Public safety	-	2,371,245	-
Human services	-	-	-
Culture and recreation	-	-	-
Unassigned	17,136,538	-	(3,959,278)
Total Fund Balances	\$ 19,159,652	\$ 3,392,886	\$ 680,485
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,755,883	\$ 4,707,970	\$ 6,616,866

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2023**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 654,516
-	-	-	293,245
3,339	575	6,551	756,097
-	-	1,416,335	1,416,335
-	-	-	14,993
-	-	-	31,387
-	-	-	263,134
-	-	-	251,719
-	-	-	24,382
255,940	-	-	255,940
-	-	-	996,097
-	-	-	4,040,683
-	-	392,050	392,050
-	-	1,112,886	1,112,886
356,758	-	-	356,758
-	-	-	79,157
-	1,145,798	-	1,145,798
-	-	-	289,573
-	-	-	2,371,245
10,286,904	-	-	10,286,904
-	-	655,878	655,878
-	-	-	13,177,260
<u>\$ 10,902,941</u>	<u>\$ 1,146,373</u>	<u>\$ 3,583,700</u>	<u>\$ 38,866,037</u>
<u>\$ 13,287,679</u>	<u>\$ 1,403,524</u>	<u>\$ 3,780,255</u>	<u>\$ 50,552,177</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, 2023**

Fund balances - total governmental funds (Exhibit 3)		\$ 38,866,037
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.		141,854,622
Deferred outflows of resources resulting from pension and OPEB obligations are not available resources and, therefore, are not reported in governmental funds.		8,734,075
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.		4,742,908
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	\$ (18,145,000)	
Bond premiums	(365,632)	
Other postemployment benefits	(1,354,409)	
Accrued interest payable	(142,193)	
Compensated absences	(2,854,564)	
Lease liability	(57,743)	
Net pension liability	<u>(13,375,343)</u>	(36,294,884)
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>(9,705,585)</u>
Net Position of Governmental Activities (Exhibit 1)		<u><u>\$ 148,197,173</u></u>

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS – EXHIBIT 5
YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Revenues			
Taxes	\$ 4,396,116	\$ 9,389,021	\$ 2,311,098
Sales tax	-	-	3,789,716
Special assessments	-	-	-
Licenses and permits	363,372	27,455	18,800
Intergovernmental	3,761,404	2,026,470	8,982,741
Charges for services	1,091,159	533,013	1,793,193
Fines and forfeits	11,485	17,029	-
Gifts and contributions	500	35,964	-
Investment earnings	1,913,399	-	171
Miscellaneous	175,975	67,662	758,960
Total Revenues	\$ 11,713,410	\$ 12,096,614	\$ 17,654,679
Expenditures			
Current			
General government	\$ 7,362,476	\$ -	\$ -
Public safety	-	10,709,688	-
Public transportation	883,628	-	-
Highways and streets	-	-	15,227,744
Sanitation	-	-	-
Human services	-	-	-
Health	14,741	-	-
Culture and recreation	596,790	-	-
Conservation of natural resources	889,112	-	-
Economic development	325,018	-	-
Intergovernmental			
General government	-	-	-
Highways and streets	-	-	760,760
Conservation of natural resources	-	-	-
Capital outlay			
General government	1,341,666	-	-
Road and bridge	-	-	2,912,294
Public safety	-	535,080	-
Sanitation	-	-	-
Debt service			
Principal	76,104	-	-
Interest	1,811	-	-
Total Expenditures	\$ 11,491,346	\$ 11,244,768	\$ 18,900,798
Excess of Revenues Over (Under) Expenditures	\$ 222,064	\$ 851,846	\$ (1,246,119)
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 166,010	\$ 1,162,364
Transfers out	(1,596,283)	-	(233,629)
Total Other Financing Sources (Uses)	\$ (1,596,283)	\$ 166,010	\$ 928,735

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Human Services	Environmental Affairs	Other Governmental Funds	Total
\$ 7,094,484	\$ -	\$ 1,680,165	\$ 24,870,884
-	-	-	3,789,716
-	1,762,563	-	1,762,563
-	-	-	409,627
9,475,341	199,322	242,717	24,687,995
1,646,538	3,385,614	41,237	8,490,754
-	-	-	28,514
11,999	-	30,575	79,038
-	37	-	1,913,607
242,010	511,664	409,475	2,165,746
\$ 18,470,372	\$ 5,859,200	\$ 2,404,169	\$ 68,198,444
\$ -	\$ -	\$ -	\$ 7,362,476
-	-	-	10,709,688
-	-	-	883,628
-	-	1,191	15,228,935
-	5,687,385	-	5,687,385
15,118,052	-	-	15,118,052
1,921,807	-	-	1,936,548
-	-	303,871	900,661
-	-	473,047	1,362,159
-	-	-	325,018
-	-	107,087	107,087
-	-	-	760,760
-	-	21,053	21,053
-	-	-	1,341,666
-	-	-	2,912,294
-	-	-	535,080
-	1,708,974	-	1,708,974
-	-	825,000	901,104
-	-	617,947	619,758
\$ 17,039,859	\$ 7,396,359	\$ 2,349,196	\$ 68,422,326
\$ 1,430,513	\$ (1,537,159)	\$ 54,973	\$ (223,882)
\$ 238,470	\$ 25,097	\$ 350,824	\$ 1,942,765
-	(112,853)	-	(1,942,765)
\$ 238,470	\$ (87,756)	\$ 350,824	\$ -

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Net Change in Fund Balances	\$ (1,374,219)	\$ 1,017,856	\$ (317,384)
Fund Balances - January 1	<u>20,533,871</u>	<u>2,375,030</u>	<u>997,869</u>
Fund Balances - December 31	<u>\$ 19,159,652</u>	<u>\$ 3,392,886</u>	<u>\$ 680,485</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

Human Services	Environmental Affairs	Other Governmental Funds	Total
\$ 1,668,983	\$ (1,624,915)	\$ 405,797	\$ (223,882)
9,233,958	2,771,288	3,177,903	39,089,919
\$ 10,902,941	\$ 1,146,373	\$ 3,583,700	\$ 38,866,037

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-
WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES – EXHIBIT 6
YEAR ENDED DECEMBER 31, 2023**

Net change in fund balances - total governmental funds (Exhibit 5) \$ (223,882)

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

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

Unavailable revenue - December 31	\$ 4,742,908	
Unavailable revenue - January 1	(2,813,806)	1,929,102

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 or amortization expense.

Expenditures for general capital assets and infrastructure	\$ 13,081,071	
Net book value of assets disposed	(14,979)	
Current year depreciation and amortization	(7,429,087)	5,637,005

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	\$ 825,000	
Amortization of premiums	54,861	
Lease repayments	76,104	955,965

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	\$ 104,345	
Change in compensated absences	(342,231)	
Change in other postemployment benefits	(372,249)	
Change in net pension liability	10,957,795	
Change in deferred outflows of resources	(2,648,842)	
Change in deferred inflows of resources	(8,870,906)	(1,172,088)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 7,126,102

PROPRIETARY FUND

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 7
SEPTEMBER 30, 2023**

Assets

Current assets	
Cash and equivalents	\$ 2,188,420
Accounts receivable, net	192,128
Prepaid items	17,103
	17,103
Total current assets	\$ 2,397,651
Restricted assets	
Donor restricted assets	\$ 11,575
Resident trust funds	3,893
	3,893
Total restricted assets	\$ 15,468
Noncurrent assets	
Capital assets	
Nondepreciable	\$ 118,625
Depreciable - net	879,024
	879,024
Total noncurrent assets	\$ 997,649
Total Assets	\$ 3,410,768
<u>Deferred outflows of resources</u>	
Deferred pension outflows	\$ 634,189

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 7 (CONTINUED)
SEPTEMBER 30, 2023**

Liabilities

Current liabilities

Accounts payable	\$ 207,540
Salaries payable	55,741
Compensated absences payable	79,254
Lease liability	4,693
Advance from other funds	48,443
Accrued interest payable	1,769
Resident trust funds payable	3,893
Unearned revenue	222,748
	222,748

Total current liabilities	\$ 624,081
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Noncurrent liabilities

Lease liability	\$ 29,626
Advance from other funds	606,073
Net pension liability	995,356
	995,356

Total noncurrent liabilities	\$ 1,631,055
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Total Liabilities	\$ 2,255,136
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Deferred inflows of resources

Deferred pension inflows	\$ 725,159
	725,159

Net Position

Net investment in capital assets	351,115
Restricted for capital acquisitions	11,341
Unrestricted	702,206
	702,206

Total Net Position	\$ 1,064,662
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**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, 2023**

Operating Revenues	
Charges for services	\$ 3,460,878
Other operating revenue	9,513
	<hr/>
Total Operating Revenues	\$ 3,470,391
Operating Expenses	
Employee benefits	\$ 534,623
Ancillary services	52,858
Nursing	1,256,645
Social services and activities	105,291
Plant operations	199,198
Administrative	547,719
Medical care surcharge	84,450
Laundry and linen	39,559
Dietary	301,629
Housekeeping	54,056
Amortization	10,464
Depreciation	83,730
Provision for bad debts	30,598
	<hr/>
Total Operating Expenses	\$ 3,300,820
Operating Income	\$ 169,571
Nonoperating Revenues (Expenses)	
Noncapital grants and contributions	\$ 13,805
Interest income	18
Interest expense	(22,206)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ (8,383)
Income (loss) before contributions and transfers	\$ 161,188
Capital grants and contributions	300
	<hr/>
Change in Net Position	\$ 161,488
Net Position - October 1	903,174
	<hr/>
Net Position - September 30	\$ 1,064,662
	<hr/> <hr/>

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, 2023**

Cash Flows from Operating Activities	
Receipts from residents	\$ 3,476,969
Receipts from other operating revenue	9,513
Payments to suppliers	(2,285,199)
Payments to employees	(769,537)
	<u>431,746</u>
Net cash provided by operating activities	\$ 431,746
Cash Flows from Noncapital Financing Activities	
Noncapital grants and contributions	\$ 190,434
	<u>190,434</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (47,022)
Interest paid on long-term debt	(22,206)
Contributions received for capital expenses	300
Financing long-term lease obligations	(4,308)
Purchases of capital assets	(21,182)
	<u>(94,418)</u>
Net cash used in capital and related financing activities	\$ (94,418)
Cash Flows from Investing Activities	
Interest received	\$ 18
	<u>18</u>
Net Increase in Cash and Cash Equivalents	527,780
Cash and Cash Equivalents at October 1	\$ 1,676,108
	<u>1,676,108</u>
Cash and Cash Equivalents at September 30	\$ 2,203,888
	<u>2,203,888</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and cash equivalents	\$ 2,188,420
Donor restricted assets	11,575
Resident trust funds	3,893
	<u>3,893</u>
Total Cash and Cash Equivalents	\$ 2,203,888
	<u>2,203,888</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, 2023**

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating Income	\$ 169,571
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**Adjustments to reconcile operating income to net cash
used in operating activities**

Depreciation expense	\$ 83,730
Amortization expense	10,464
Provision for bad debts	30,598
Pension expense	8,286
Effect of changes in assets, deferred inflows, liabilities and deferred outflows:	
Accounts receivable	(14,507)
Prepaid items and other assets	21,713
Accounts payable	107,125
Accrued liabilities	11,359
Resident trust funds payable	3,407

Total adjustments	\$ 262,175
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Net Cash Provided by Operating Activities	\$ 431,746
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FIDUCIARY FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT 10
DECEMBER 31, 2023**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ 5,983	\$ 1,388,828
Taxes receivable for other governments	-	919,264
Due from other governments	-	58,323
Total Assets	\$ 5,983	\$ 2,366,415
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 1,183,389
<u>Deferred Inflows of Resources</u>		
Taxes levied for subsequent period	\$ -	\$ 40,734
<u>Net Position</u>		
Restricted for:		
Individuals, organizations and other governments	<u>\$ 5,983</u>	<u>\$ 1,142,292</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT 11
YEAR ENDED DECEMBER 31, 2023**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Individuals	\$ 76,363	\$ 266,526
Taxes for other governments	-	38,832,825
Licenses and fees collected for state	-	3,953,073
Miscellaneous	-	177,584
Total Additions	76,363	43,230,008
Deductions		
Beneficiary payments	\$ 81,271	\$ 212,709
Payments to state	-	3,953,073
Payment to the collaborative	-	251,225
Payments to other governments	-	38,669,432
Total Deductions	81,271	43,086,439
Net Increase (Decrease) in Fiduciary Net Position	\$ (4,908)	\$ 143,569
Fiduciary Net Position - Beginning of Year	10,891	998,723
Fiduciary Net Position - End of Year	\$ 5,983	\$ 1,142,292

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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, 2023. 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.

Discretely Presented Component Unit

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

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

Joint Ventures and Jointly-governed Organizations

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

**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 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 30-bed licensed long-term health care facility in Lake Park, Minnesota, and was managed by Ecumen Services Inc. The Care Center was under an agreement which expired July 1, 2023, with monthly management fees of \$8,333. Effective August 1, 2023 the Care Center entered into a management agreement with Minnewaska Management Group LLC. The initial term of the management agreement is for three years and it will expire on June 28, 2026. The agreement will automatically renew for an additional year on the expiration of the initial term. The monthly management fee is \$12,500. The Care Center's financial position and operations are presented as of and for the year ended September 30, 2023.

**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 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, 2023. 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 2023 were \$1,913,607.

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.

**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, 2023, the allowance for doubtful accounts is \$863,209.

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 collectability. As of September 30, 2023, the allowance for doubtful accounts is \$20,833.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments payable in the years 2018 through 2023 and deferred special assessments payable in 2023 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

5. Prepaid Items

Prepaid items consist of prepaid supplies held for consumption. Certain payments to vendors reflect costs applicable to future account periods and are recorded as prepaid items in both government-wide and fund level financial statements. The cost of prepaid items is recorded as expenditures during the periods benefited.

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, machinery, furniture, equipment and right-to-use assets 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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

Infrastructure, buildings and improvements, land improvements, and machinery, furniture, and equipment of the governmental activities are depreciated or amortized 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

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.

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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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.

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 assets 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 lease related deferred inflows and 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. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

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11. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the 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. Leases

The County determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position when the County is the lessor, and as right-to-use assets and lease liabilities when the County is the lessee.

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Lessor - Lease receivables represent the County's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required, and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

Lessee - Right-to-use assets represent the County's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange like transaction. Right-to-use assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Right-to-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

The County accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to eliminate the price of such components, the County treats the components as a single lease unit.

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14. 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 amortization, and reduced by outstanding debt or lease liability 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.

15. Classification of Fund Balances

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

Nonspendable - amounts that cannot be spent because they are not in spendable form, or 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

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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.

16. 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.

17. Use of Estimates

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

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18. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). This standard requires the recognition of certain intangible right-to-use subscription assets and a corresponding subscription liability for SBITAs, which are defined as contracts that convey the right to use a SBITA vendor's information technology software alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The County adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the earliest period presented and has determined that the impact of implementing GASB Statement No. 96 is not material to the County's financial statements.

19. 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:

	2023
Gross Residential Service Revenues	\$ 3,530,516
Adjustments and Allowances	(69,638)
Net Resident Service Revenues	<u>\$ 3,460,878</u>

20. Charity Care

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

21. 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.

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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, 2023:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 11,491,346	\$ 10,123,716	\$ 1,367,630
Public Safety	11,244,768	11,136,669	108,099
Road and Bridge	18,900,798	14,361,267	4,539,531
Environmental Affairs	7,396,359	5,760,555	1,635,804
Gravel Tax	107,087	-	107,087
Natural Resource Management	370,100	294,638	75,462

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.

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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	\$ 40,620,010
Petty cash and change funds	8,900
Business-Type Activities	
Cash and pooled investments	2,188,420
Restricted cash	
Donor-restricted cash	11,575
Resident trust funds	3,893
Fiduciary funds	
Cash and pooled investments	<u>1,394,811</u>
Total Cash and Investments	<u>\$ 44,227,609</u>

a. Deposits

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

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

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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, 2023, 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;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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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, 2023, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County 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, 2023, and information relating to potential investment risks:

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Investment Type	Credit Risk		Concentration	Interest Rate	Carrying Fair Value
	Credit Rating	Rating Agency	Risk Over 5 Percent of Portfolio	Risk Maturity Date	
U.S. government agency securities					
U.S. Treasury Notes	N/R	N/A	N/A	4/30/2027	317,430
U.S. Treasury Notes	N/R	N/A	N/A	4/30/2024	1,138,500
Federal Home Loan Bank	N/R	N/A	N/A	3/16/2026	424,874
Federal Home Loan Bank	N/R	N/A	N/A	6/29/2026	495,820
Federal Home Loan Bank	N/R	N/A	N/A	2/17/2028	246,645
	N/R	N/A	N/A	1/26/2024	1,999,200
Total U.S. government agency securities					<u>\$ 4,622,469</u>
Local government securities					
Connecticut State Taxable General Obligation Bond	Aa3	S&P	<5.0%	1/15/2026	\$ 488,705
Lake Park Audubon General Obligation Bonds	AA	S&P	<5.0%	2/1/2026	508,795
Montgomery County Revenue Bonds	AAA	S&P	<5.0%	4/1/2025	286,164
Alcoa Tenn, Taxable General Obligation	AA-	S&P	<5.0%	3/1/2026	225,853
Total local government securities					<u>\$ 1,509,517</u>
Negotiable certificates of deposit	N/R	N/A	<5.0%	< 1 year	\$ 1,298,299
Negotiable certificates of deposit	N/R	N/A	<5.0%	1-5 years	2,219,057
Total negotiable certificates of deposit					<u>\$ 3,517,356</u>
MAGIC Fund					
Portfolio	N/R	N/A	N/A	N/A	\$ 21,422,777
Total Investments					\$ 31,072,119
Deposits					13,296,582
Change funds					8,900
Restricted cash at Sunnyside Care Center					15,468
Change in Enterprise Fund cash from September 30 to December 31, 2023					(165,460)
Total Cash and Investments					<u><u>\$ 44,227,609</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, 2023, the County had the following recurring fair value measurements.

	December 31 2023	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. government agency securities	\$ 4,622,469	\$ 1,455,930	\$ 3,166,539	\$ -
Local government securities	1,509,517	-	1,509,517	-
Negotiable certificates of deposit	3,517,356	-	3,517,356	-
 Total Investments included in the Fair value hierarchy	 \$ 9,649,342	 \$ 1,455,930	 \$ 8,193,412	 \$ -
 Investments at amortized cost				
MAGIC portfolio external investment pool	\$ 21,422,777			
Total investments	\$ 31,072,119			

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, 2023, for the County’s governmental activities and as of September 30, 2023, 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	\$ 1,098,954	\$ -
Special assessments	83,805	33,600
Accounts, net	1,262,271	928,292
Interest	112,508	-
Notes and loans	293,245	265,262
Due from other governments	5,498,352	-
Total Governmental Activities	\$ 8,349,135	\$ 1,227,154
Business-Type Activities		
Accounts, net	\$ 192,128	\$ -

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:

	2023
Medicare	\$ 44,189
Medicaid	7,685
Third-Party Payors and Other	140,254
	\$ 192,128

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3. Lease Receivable

The County, acting as lessor, leases land under a long-term, non-cancelable lease agreement. The lease term is 99 years commencing on May 1, 2006. During the year ended December 31, 2023, the County recognized \$- and \$2,780 in lease revenue and interest revenue, respectively, pursuant to this contract.

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ -	\$ 2,803
2025	-	2,827
2026	-	2,851
2027	-	2,874
2028	-	2,896
2029-2033	-	14,813
2034-2038	-	15,327
2039-2043	-	15,774
2044-2048	-	16,134
2049-2053	-	16,384
2054-2058	-	16,493
2059-2063	-	16,428
2064-2068	-	16,149
2069-2073	-	15,611
2074-2078	-	14,758
2079-2083	9,822	13,529
2084-2088	17,414	11,851
2089-2093	22,671	9,639
2094-2098	28,875	6,797
2099-2103	36,172	3,213
2104-2105	12,480	138
	<u>12,480</u>	<u>138</u>
Total	<u>\$ 127,434</u>	<u>\$ 217,288</u>

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4. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2023, and for the business-type activities for the year ended September 30, 2023 was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,829,715	\$ 210,086	\$ -	\$ 2,039,801
Right-of-way	1,360,166	850	-	1,361,016
Construction in progress	15,836,798	10,412,751	(23,099,997)	3,149,552
Total capital assets not depreciated	19,026,679	10,623,687	(23,099,997)	6,550,369
Capital assets depreciated				
Building and improvements	44,985,460	16,729,005	-	61,714,465
Land improvements	2,232,627	-	-	2,232,627
Machinery, furniture, and equipment	14,384,578	2,693,553	(146,668)	16,931,463
Infrastructure	161,019,089	6,134,823	-	167,153,912
Total capital assets depreciated	222,621,754	25,557,381	(146,668)	248,032,467
Less: accumulated depreciation for				
Buildings and improvements	14,347,874	952,480	-	15,300,354
Land improvements	1,176,588	102,353	-	1,278,941
Machinery, furniture, and equipment	9,421,954	1,152,967	(131,689)	10,443,232
Infrastructure	80,616,953	5,145,087	-	85,762,040
Total accumulated depreciation	105,563,369	7,352,887	(131,689)	112,784,567
Total capital assets depreciated, net	117,058,385	18,204,494	(14,979)	135,247,900
Intangible right-to-use assets:				
Leased equipment	189,086	-	-	189,086
Less accumulated amortization	56,533	76,200	-	132,733
Net intangible right-to-use assets	132,553	(76,200)	-	56,353
Governmental Activities Capital Assets, Net	\$ 136,217,617	\$ 28,751,981	\$ (23,114,976)	\$ 141,854,622

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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	2,771,978	-	-	2,771,978
Equipment	473,326	21,182	-	494,508
Total capital assets depreciated	3,458,649	21,182	-	3,479,831
Less: accumulated depreciation for				
Land improvements	186,426	4,852	-	191,278
Buildings and improvements	1,917,252	75,193	-	1,992,445
Equipment	440,201	8,719	-	448,920
Total accumulated depreciation	2,543,879	88,764	-	2,632,643
Total capital assets depreciated, net	914,770	(67,582)	-	847,188
Intangible right-to-use assets:				
Leased equipment	39,013	3,287	-	42,300
Less accumulated amortization	5,034	5,430	-	10,464
Net intangible right-to-use assets	33,979	(2,143)	-	31,836
Business-Type Activities				
Capital assets, Net	\$ 1,067,374	\$ (69,725)	\$ -	\$ 997,649

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

Governmental Activities	
General government	\$ 497,264
Public safety	775,349
Highways and streets	5,587,811
Human services	33,554
Health	1,351
Sanitation	455,078
Public transportation	61,097
Culture and recreation	12,643
Conservation of natural resources	4,940
Total Depreciation/Amortization Expense	\$ 7,429,087
Business-Type Activities	
Sunnyside Care Center	\$ 94,194

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023 is as follows:

1. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Sunnyside Care Center Enterprise Fund	\$ 654,516

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.

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2. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Human Services Special Revenue Fund	\$ 3,767
	Gravel Tax Fund	271
Total due to General Fund		<u>\$ 4,038</u>
Road and Bridge Special Revenue Fund	General Fund	\$ 1,769
	Public Safety Special Revenue Fund	12,990
	Human Services Special Revenue Fund	432
	Recreation Special Revenue Fund	1,039
	Environmental Affairs Special Revenue Fund	10,441
	Natural Resource Management Special Revenue Fund	433
	Gravel Tax Special Revenue Fund	2,189
Total due to Road and Bridge Special Revenue Fund		<u>\$ 29,293</u>
Environmental Affairs Special Revenue Fund	General Fund	665
	Public Safety Special Revenue Fund	\$ 1,372
	Road and Bridge Special Revenue Fund	413
	Human Services Special Revenue Fund	280
	Natural Resource Management Special Revenue Fund	24
Total due to Environmental Affairs Special Revenue Fund		<u>\$ 2,754</u>
Total Due To/From Other Funds		<u><u>\$ 36,085</u></u>

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

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3. Transfers In/Transfers Out at December 31, 2023 were as follows:

Transfer to Public Safety from General Fund	\$ 166,010	To supplement wage increase.
Transfer to Road and Bridge from General Fund	1,162,364	To supplement wage increase.
Transfer to Human Services from General Fund	238,470	To supplement wage increase.
Transfer to Environmental Affairs from General Fund	25,097	To supplement wage increase.
Transfer to Resource Development from General Fund	4,342	To supplement wage increase.
Transfer to Debt Service from Road and Bridge	233,629	Bond payment for new public works facility.
Transfer to Debt Service from Environmental Affairs	<u>112,853</u>	Bond payment for new MRF building.
Total Transfers	<u><u>\$ 1,942,765</u></u>	

C. Liabilities

1. Payables

Payables at December 31, 2023, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 1,103,911	\$ 207,540
Salaries	1,755,255	55,741
Contracts	327,953	-
Due to other governments	3,197,029	-
Customer deposits	-	3,893
Interest	<u>142,193</u>	<u>1,769</u>
Total Payables	<u><u>\$ 6,526,341</u></u>	<u><u>\$ 268,943</u></u>

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2. Construction Commitments

The government has active construction projects as of December 31, 2023.

	Remaining Commitment
Governmental Activities Various Road Projects	\$ 66,456

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 2023
General obligation bonds					
2012 Capital Improvement Bonds	2027	\$ 195,000 425,000	2.00% 3.00%	\$ 5,340,000	\$ 1,445,000
2017 Jail Bonds	2037	260,000 620,000	2.00% 3.00%	9,670,000	7,385,000
2022 Bonds	2042	355,000 615,000	2.00% 4.00%	9,315,000	9,315,000
					\$ 18,145,000

Business-Type Activities

<u>Type of Indebtedness</u>	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance September 30, 2023
Notes payable*	2035	33,859	3.00%	1,102,184	\$ 654,516

*See Note 3.B.1., 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, 2023, for governmental activities and September 30, 2023, for business-type activities were as follows:

Governmental Activities

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>		<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,205,000	\$ 484,861	\$ 30,100	\$ 860
2025	1,245,000	447,521	16,110	403
2026	1,285,000	408,330	8,200	155
2027	1,080,000	370,680	3,333	29
2028	920,000	337,293	-	-
2029-2033	5,015,000	1,381,050	-	-
2034-2038	5,030,000	490,439	-	-
2039-2042	2,365,000	118,014	-	-
Total	<u>\$ 18,145,000</u>	<u>\$ 4,038,188</u>	<u>\$ 57,743</u>	<u>\$ 1,447</u>

Business-Type Activities

<u>Year Ending December 31,</u>	<u>Notes</u>		<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 48,443	\$ 19,275	\$ 4,693	\$ 1,313
2025	49,907	17,811	5,148	1,106
2026	51,416	16,302	5,630	883
2027	52,970	14,748	6,144	640
2028	54,571	13,147	6,692	375
2029-2033	298,615	39,975	6,012	105
2034-2035	98,594	2,972	-	-
Total	<u>\$ 654,516</u>	<u>\$ 124,230</u>	<u>\$ 34,319</u>	<u>\$ 4,422</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, for governmental activities and September 30, 2023, 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	\$ 18,970,000	\$ -	\$ 825,000	\$ 18,145,000	\$ 1,205,000
Bond premium	420,493	-	54,861	365,632	-
Lease Liability	133,847	-	76,104	57,743	30,100
Compensated absences	<u>2,512,333</u>	<u>1,621,426</u>	<u>1,279,195</u>	<u>2,854,564</u>	<u>1,736,414</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 22,036,673</u>	<u>\$ 1,621,426</u>	<u>\$ 2,235,160</u>	<u>\$ 21,422,939</u>	<u>\$ 2,971,514</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation revenue					
Lease Liability	\$ 35,340	\$ 3,287	\$ 4,308	\$ 34,319	\$ 4,693
Note payable*	<u>701,538</u>	<u>-</u>	<u>47,022</u>	<u>654,516</u>	<u>48,443</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 736,878</u>	<u>\$ 3,287</u>	<u>\$ 51,330</u>	<u>\$ 688,835</u>	<u>\$ 53,136</u>

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

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.

The County has several long-term, noncancelable lease agreements with for copiers, printers mail machines, propane tank, and tower or facility space with commencement dates ranging from January 1, 2018 to July 1, 2022. The leases will expire on various dates through 2026.

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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 \$227,708 in unearned revenues at December 31, 2023. The fiduciary funds reported deferred inflows of resources of \$40,734 for taxes collected as prepayments for taxes levied for the subsequent year.

Unavailable revenue at December 31, 2023 is summarized below by fund.

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 84,000	\$ 42,000	\$ 70,036	\$ -	\$ 196,036
Public Safety	187,152	-	-	-	187,152
Road and Bridge	63,249	-	2,962,127	-	3,025,376
Human Services	146,419	-	98,583	1,018,224	1,263,226
Environmental Affairs	-	41,805	-	-	41,805
Nonmajor governmental funds					
Parks and Recreation	235	-	-	-	235
Debt Service	29,078	-	-	-	29,078
Total	<u>\$ 510,133</u>	<u>\$ 83,805</u>	<u>\$ 3,130,746</u>	<u>\$ 1,018,224</u>	<u>\$ 4,742,908</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, 2023 approximately \$50,000 is reported as unearned revenue and included in current liabilities. 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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 is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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 is 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 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. In 2023, legislation clarified that if the annual increase cap was reduced to 1 percent, there is a way to return to the 2.5 percent increase if certain criteria are met. 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.

In 2023, the legislature allocated funding for a one-time lump-sum payment to General Employee and Police and Fire Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is non-compounding towards future benefits

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 2023 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, 2023, were \$1,151,921. The Care Center's contributions for the year ended September 30, 2023, were \$105,349. 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 2023, 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, 2023, were \$415,604. The contributions were equal to the required contributions as set by state statute.

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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 2023. The County's contributions to the Correctional Fund for the year ended December 31, 2023 were \$160,795. The County's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Retirement Plan

At December 31, 2023, the governmental activities reported a liability of \$10,210,787 and as of September 30, 2023 the business-type activities reported a liability of \$995,356 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 \$319,197.

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1826% at the end of the measurement period and 0.1858% for the beginning of the period.

County's proportionate share of the net pension liability	\$ 11,206,143
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>319,197</u>
Total	<u><u>\$ 11,525,340</u></u>

For the year ended December 31, 2023, the governmental activities recognized pension expense of \$1,493,948 for its proportionate share of the General Employees Plan's pension expense. In addition, the governmental activities recognized an additional \$1,265 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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For the year ended September 30, 2023, the business-type activities recognized pension expense (revenue) of \$105,349 for its proportionate share of the General Employees Plan's pension expense. In addition, the business-type activities recognized an additional \$123 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.

At December 31, 2023 and September 30, 2023, 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	\$ 368,014	\$ 515,824
Changes in actuarial assumptions	1,814,118	3,071,510
Net difference between projected and actual investment earnings	408,261	388,705
Changes in proportion	89,712	353,492
Contributions paid to PERA subsequent to the measurement date	619,283	-
Total	\$ 3,299,388	\$ 4,329,531

The \$587,177 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, 2024. \$32,106 will be recognized by Sunnyside Care Center as a reduction of the net pension liability in the year ended September 30, 2024. 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
2024	\$ 212,467
2025	(1,832,105)
2026	213,310
2025	(243,098)

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Public Employees Police and Fire Plan

At December 31, 2023, the County reported a liability of \$2,799,256 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1621% at the end of the measurement period and 0.1598% 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, 2023. The contribution consisted of \$9 million in direct state aid that meets 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, 2022. 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. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$112,736.

PEPFF

County's proportionate share of the net pension liability	\$ 2,799,256
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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, 2023, the County recognized pension expense (revenue) of \$833,482 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$6,790 as contra grant expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

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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 \$14,589 for the year ended December 31, 2023 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.

At December 31, 2023, 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	\$ 771,849	\$ -
Changes in actuarial assumptions	3,248,310	3,935,787
Net difference between projected and actual investment earnings	-	134,378
Changes in proportion	62,836	84,801
Contributions paid to PERA subsequent to the measurement date	220,780	-
Total	\$ 4,303,775	\$ 4,154,966

The \$220,780 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, 2024. 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>
2024	\$ 114,539
2025	15,886
2026	662,596
2027	(176,198)
2028	(688,794)

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Public Employees Correctional Plan

At December 31, 2023, the County reported a liability of \$365,300 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .8081% at the end of the measurement period and 0.8014% for the beginning of the period.

For the year ended December 31, 2023, the County recognized pension expense (revenue) of \$320,772 for its proportionate share of the Public Employees Correctional Plan's pension expense.

At December 31, 2023, 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 140,695	\$ 32,076
Changes in actuarial assumptions	869,805	1,666,550
Net difference between projected and actual investment earnings	-	46,671
Changes in proportion	13,762	1
Contributions paid to PERA subsequent to the measurement date	97,820	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,122,082</u>	<u>\$ 1,745,298</u>

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The \$97,820 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, 2024. 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>
2024	\$ 10,364
2025	(872,099)
2026	179,244
2027	(38,545)

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.

<u>Description</u>	<u>Public Employees Retirement Plan</u>	<u>Public Employees Police and Fire Plan</u>	<u>Public Employees Correctional Plan</u>	<u>Total</u>
Net Pension Liability	\$ 11,206,143	\$ 2,799,256	\$ 365,300	\$ 14,370,699
Deferred Outflows of Resources Related to Pensions	3,299,388	4,303,775	1,122,082	8,725,245
Deferred Inflows of Resources Related to Pensions	4,329,531	4,154,966	1,745,298	10,229,795
Pension Expense	1,600,685	826,692	320,772	2,748,149

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:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10 %
Private markets	25.0%	5.90
Fixed income	25.0%	0.75
International equity	16.5%	5.30
Total	100%	

7. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, 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 7.0%. 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 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

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.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 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.

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The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

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Correctional Fund

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.42% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan’s funding ratio improves to 85% for two consecutive years on a market value of assets basis.

8. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2023 was 7.0%. 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 position of the General Employees Fund was 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	Discount Rate	Net Pension Liability
One Percent Decrease	6.00 %	\$ 19,824,568	6.00 %	\$ 5,554,058	6.00 %	\$ 1,925,549
Current	7.00	11,206,143	7.00	2,799,256	7.00	365,300
One Percent Increase	8.00	4,117,162	8.00	534,440	8.00	(879,576)

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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.

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, 2023 were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 9,344	\$ 9,344
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, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	7
Spouses receiving benefit payments	1
Active plan members	252
Total participants	260

As of December 31, 2023, 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, 2023 was determined by an actuarial valuation as of January 1, 2022. 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	4.0%
Salary Increase	Service Graded Table
20-Year Municipal Bond Yield	2.0%
Inflation Rate	2.5%
Medical Trend Rate	6.25% grading to 5.00% over 6 years and then 4.00% over the next 48 years
Mortality	Pub-2010 tables with MP-2021 Generational Improvement Scale

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The assumptions used in the January 1, 2022 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well for consistency with the other economic assumptions.

The discount rate used to measure the total OPEB liability was 4.0%. 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 2023 measurement:

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

Total OPEB Liability

OPEB Liability as of January 1, 2023	\$	982,160
Service Cost		58,002
Interest Cost		20,061
Assumption Changes		(181,427)
Differences between Expected and Actual Experience		550,163
Benefit Payments		(74,550)
		<hr/>
Net Changes	\$	372,249
		<hr/>
OPEB Liability as of December 31, 2023	\$	1,354,409
		<hr/> <hr/>

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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:

	One Percent Decrease in Discount Rate	Current Discount Rate	One Percent Increase in Discount Rate
Total OPEB Liability	\$ 1,441,816	\$ 1,354,409	\$ 1,273,417

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:

	One Percent Decrease in Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	One Percent Increase in Healthcare Cost Trend Rates
Total OPEB Liability	\$ 1,244,596	\$ 1,354,409	\$ 1,479,522

Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the County recognized OPEB expense of \$136,151.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits subsequent to measurement date	\$ 88,453	\$ -
Changes in actuarial assumptions	57,320	165,625
Liability Gains/(Losses)	497,246	35,324
Total	\$ 643,019	\$ 200,949

At December 31, 2023, the County reported \$88,453 in deferred outflows of resources resulting from benefits paid subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2024.

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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:

<u>Year ending</u>	<u>OPEB Expense</u>
2024	\$ 58,088
2025	58,092
2026	61,263
2027	61,261
2028	62,233
Thereafter	52,680

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 2023. 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 \$1,638,945 in 2023 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. There is no accumulation of resources or fiscal stress related to this entity.

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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 2023, Becker County did not contribute to Partnership4Health Community Health Board. There is no accumulation of resources or fiscal stress related to this entity.

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 2023, the County paid \$7,312 to the Northwest Regional Development Commission for Land of the Dancing Sky Area Agency on Aging as its share of the 2023 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. There is no accumulation of resources or fiscal stress related to this entity.

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.

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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 2023. There is no accumulation of resources or fiscal stress related to this entity.

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.

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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 2023. There is no accumulation of resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

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

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, Mahnommen, Marshall, Pennington, Polk, Roseau, and Wadena Counties. Mahnommen 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 2023. Clearwater County, in a custodial capacity, reports the cash transactions of the NCDPSA as a custodial fund on its financial statements. There is no accumulation of resources or fiscal stress related to this entity.

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:

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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.

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 2023.

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 2023, Becker County provided \$415,295 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.

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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 \$249,301 in 2023 for services purchased through Lakeland Mental Health Center.

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.

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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.

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. Opioid Settlement Funds

Becker County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive \$1,018,224 over the next 16 years. The majority of the funds are intended for opioid abatement. The Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA) identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the county created a special revenue fund. Funds are restricted until expended. For the year ended December 31, 2023, the County received \$71,338 as part of the settlement.

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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, 2023. 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	\$ 1,272,729
Restricted cash	<u>1,309,843</u>
Total Cash and Investments	<u><u>\$ 2,582,572</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, 2023, the EDA's deposits were not exposed to custodial credit risk.

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, 2023.

Balance - January 1, 2023	\$ 305,286
Payments	<u>(17,785)</u>
Balance - December 31, 2023	\$ 287,501
Less: current portion	<u>(11,419)</u>
Long-Term Portion	<u><u>\$ 276,082</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

<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	\$ 28,932
MURL #08	May 1, 2010	-	May 1, 2026	319	29,212
MURL #11	October 1, 2013	-	October 1, 2034	379	53,057
MURL #07	May 27, 2016	-	July 1, 2021	145	<u>56,154</u>
Total Federal Home Funds					<u>\$ 167,355</u>
State Nonhome Funds					
MURL #17	May 1, 2009	-	May 1, 2039	300	<u>\$ 120,146</u>
Total Contracts for Deed					<u><u>\$ 287,501</u></u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 370,997	\$ -	\$ -	\$ 370,997
Capital assets being depreciated				
Buildings	5,104,030	122,941	-	5,226,971
Equipment	180,478	-	-	180,478
-				
Total capital assets being depreciated	<u>5,284,508</u>	<u>122,941</u>	<u>-</u>	<u>5,407,449</u>
Less: accumulated depreciation for				
Buildings	2,419,094	134,179	-	2,553,273
Equipment	161,937	2,515	-	164,452
-				
Total accumulated depreciation	<u>2,581,031</u>	<u>136,694</u>	<u>-</u>	<u>2,717,725</u>
Total capital assets depreciated, net	<u>2,703,477</u>	<u>(13,753)</u>	<u>-</u>	<u>2,689,724</u>
Capital Assets, Net	<u><u>\$ 3,074,474</u></u>	<u><u>\$ (13,753)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,060,721</u></u>

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

Housing	<u><u>\$ 136,694</u></u>
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**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

2. Liabilities and Deferred Inflows of Resources

A. Payables

Payables at December 31, 2023, were as follows:

Accounts	\$	3,839
Due to other governments		54,883
Other liabilities		16,746
Security deposits		25,884
		<hr/>
Total Payables	\$	<u>101,352</u>

B. Long-Term Debt

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

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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

The following is a schedule of long-term debt for at December 31, 2023.

<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 2023</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	1,400,000
Total Long-Term Debt					<u>\$ 2,417,300</u>

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
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>

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.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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.

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 December 30, 1994 with a final maturity of December 30, 2024	\$	3,056
Loan dated May 29, 2003 with a final maturity of May 29, 2033		14,496
		14,496
Total	\$	17,552

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, 2023 are as follows:

	Original Grant	Revolving Fund Cash	Contract for Deed Receivable
Federal Home Minnesota Urban and Rural Homestead Loan	\$ 1,810,100	\$ 825,363	\$ 167,355
State Home Minnesota Urban and Rural Homesteading Loan	196,185	93,566	120,146
	\$ 2,006,285	\$ 918,929	\$ 287,501
Total			

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

6. 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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,420,861	\$ 4,420,861	\$ 4,396,116	\$ (24,745)
Licenses and permits	325,542	325,542	363,372	37,830
Intergovernmental	3,205,855	3,205,855	3,761,404	555,549
Charges for services	1,105,584	1,105,584	1,091,159	(14,425)
Fines and forfeits	11,600	11,600	11,485	(115)
Gifts and contributions	-	-	500	500
Investment earnings	200,000	200,000	1,913,399	1,713,399
Miscellaneous	201,020	201,020	175,975	(25,045)
Total Revenues	\$ 9,470,462	\$ 9,470,462	\$ 11,713,410	\$ 2,242,948
Expenditures				
Current				
General government				
Commissioners	\$ 335,546	\$ 335,546	\$ 332,006	\$ 3,540
Courts	46,250	46,250	36,817	9,433
County administrator	256,044	256,044	283,332	(27,288)
Auditor-Treasurer	917,104	917,104	1,376,283	(459,179)
License bureau	281,782	281,782	258,262	23,520
County assessor	505,493	505,493	456,154	49,339
Data processing	828,241	828,241	709,746	118,495
Elections	78,703	78,703	100,962	(22,259)
Human resources management	239,830	239,830	304,157	(64,327)
Attorney	1,221,046	1,221,046	1,229,347	(8,301)
Contracted legal services	123,200	123,200	126,600	(3,400)
Law library	37,100	37,100	32,695	4,405
Recorder	453,864	453,864	461,192	(7,328)
Surveyor	-	-	3,380	(3,380)
Planning and zoning	513,303	513,303	514,058	(755)
Buildings and plant	819,631	819,631	779,773	39,858
Veterans service officer	233,151	233,151	203,741	29,410
Unallocated	12,806	12,806	153,971	(141,165)
Total general government	\$ 6,903,094	\$ 6,903,094	\$ 7,362,476	\$ (459,382)

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, 2023**

	<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	\$ 748,348	\$ 748,348	\$ 765,853	\$ (17,505)
Airport	245,000	245,000	117,775	127,225
Total public transportation	\$ 993,348	\$ 993,348	\$ 883,628	\$ 109,720
Health				
Nursing service	\$ 19,000	\$ 19,000	\$ 14,741	\$ 4,259
Culture and recreation				
Historical society	\$ 98,850	\$ 98,850	\$ 103,850	\$ (5,000)
Senior citizens	7,312	7,312	7,312	-
Agassiz regional library	415,295	415,295	485,628	(70,333)
Total culture and recreation	\$ 521,457	\$ 521,457	\$ 596,790	\$ (75,333)
Conservation of natural resources				
County extension	\$ 191,225	\$ 191,225	\$ 183,501	\$ 7,724
Aquatic invasive species	341,247	341,247	344,834	(3,587)
Soil and water conservation	322,058	322,058	331,332	(9,274)
Agricultural society/county fair	20,000	20,000	20,000	-
Water planning	13,071	13,071	9,445	3,626
Wetland challenge	24,237	24,237	-	24,237
Total conservation of natural resources	\$ 911,838	\$ 911,838	\$ 889,112	\$ 22,726

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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Economic development				
Administration	\$ 20,279	\$ 20,279	\$ 39,724	\$ (19,445)
Small business grants	-	-	285,294	(285,294)
Total economic development	\$ 20,279	\$ 20,279	\$ 325,018	\$ (304,739)
Capital outlay				
General government	\$ 754,700	\$ 754,700	\$ 1,341,666	\$ (586,966)
Debt service				
Principal	-	-	\$ 76,104	\$ (76,104)
Total Expenditures	\$ 10,123,716	\$ 10,123,716	\$ 11,491,346	\$ (1,367,630)
Excess of Revenues (Under)				
Expenditures	\$ (653,254)	\$ (653,254)	\$ 222,064	\$ 875,318
Other Financing Sources				
Transfers in	\$ 125,780	\$ 125,780	-	\$ (125,780)
Transfers out	(125,780)	(125,780)	(1,596,283)	(1,470,503)
Total Other Financing Sources	\$ -	\$ -	\$ (1,596,283)	\$ (1,596,283)
Net Change in Fund Balance	\$ (653,254)	\$ (653,254)	\$ (1,374,219)	\$ (720,965)
Fund Balance - January 1			20,533,871	
Fund Balance - December 31			\$ 19,159,652	

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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,518,590	\$ 9,518,590	\$ 9,389,021	\$ (129,569)
Licenses and permits	41,000	41,000	27,455	(13,545)
Intergovernmental	722,373	722,373	2,026,470	1,304,097
Charges for services	780,000	780,000	533,013	(246,987)
Fines and forfeits	30,000	30,000	17,029	(12,971)
Gifts and contributions	4,000	4,000	35,964	31,964
Miscellaneous	125,000	125,000	67,662	(57,338)
Total Revenues	\$ 11,220,963	\$ 11,220,963	\$ 12,096,614	\$ 875,651
Expenditures				
Current				
Public safety				
Sheriff	\$ 5,254,018	\$ 5,254,018	\$ 5,228,648	\$ 25,370
Boat and water safety	104,805	104,805	89,449	15,356
Emergency services	82,478	82,478	72,693	9,785
Coroner	94,034	94,034	85,663	8,371
Jail	4,640,467	4,640,467	4,770,733	(130,266)
Probation and parole	398,273	398,273	374,029	24,244
Sentence to serve	107,792	107,792	88,473	19,319
Total public safety	\$ 10,681,867	\$ 10,681,867	\$ 10,709,688	\$ (27,821)
Capital Outlay				
Public safety	\$ 454,802	\$ 454,802	\$ 535,080	\$ (80,278)
Total Expenditures	\$ 11,136,669	\$ 11,136,669	\$ 11,244,768	\$ (108,099)
Excess of Revenues (Under)				
Expenditures	\$ 84,294	\$ 84,294	\$ 851,846	\$ 767,552
Other Financing Sources				
Transfer in	\$ -	\$ -	\$ 166,010	\$ 166,010
Net Change in Fund Balance	\$ 84,294	\$ 84,294	\$ 1,017,856	\$ 933,562
Fund Balance - January 1			2,375,030	
Fund Balance - December 31			\$ 3,392,886	

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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,381,267	\$ 2,381,267	\$ 2,311,098	\$ (70,169)
Sales tax	3,200,000	3,200,000	3,789,716	589,716
Licenses and permits	15,000	15,000	18,800	3,800
Intergovernmental	7,937,000	7,937,000	8,982,741	1,045,741
Charges for services	250,000	250,000	1,793,193	1,543,193
Investment earnings	-	-	171	171
Miscellaneous	578,000	578,000	758,960	180,960
Total Revenues	\$ 14,361,267	\$ 14,361,267	\$ 17,654,679	\$ 3,293,412
Expenditures				
Current				
Highways and streets				
Administration	\$ 439,095	\$ 439,095	\$ 464,300	\$ (25,205)
Maintenance	3,302,018	3,302,018	3,673,149	(371,131)
Construction	9,015,192	9,015,192	9,131,572	(116,380)
Equipment maintenance and shops	1,479,962	1,479,962	1,790,481	(310,519)
Other highways and streets	125,000	125,000	168,242	(43,242)
Total highways and streets	\$ 14,361,267	\$ 14,361,267	\$ 15,227,744	\$ (866,477)
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 760,760	\$ (760,760)
Capital outlay				
Highways and streets	\$ -	\$ -	\$ 2,912,294	\$ (2,912,294)
Total Expenditures	\$ 14,361,267	\$ 14,361,267	\$ 18,900,798	\$ (4,539,531)
Excess of Revenues (Under)				
Expenditures	-	-	(1,246,119)	(1,246,119)
Other Financing Sources				
Transfers in	\$ -	\$ -	\$ 1,162,364	\$ 1,162,364
Transfers out	-	-	(233,629)	(233,629)
Total Other Financing Sources	\$ -	\$ -	\$ 928,735	\$ 928,735
Net Change in Fund Balance	\$ -	\$ -	\$ (317,384)	\$ (317,384)
Fund Balance - January 1			997,869	
Fund Balance - December 31			\$ 680,485	

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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,166,143	\$ 7,166,143	\$ 7,094,484	\$ (71,659)
Intergovernmental	9,587,730	9,587,730	9,475,341	(112,389)
Charges for services	1,162,808	1,162,808	1,646,538	483,730
Gifts and contributions	20,500	20,500	11,999	(8,501)
Miscellaneous	65,000	65,000	242,010	177,010
Total Revenues	<u>\$ 18,002,181</u>	<u>\$ 18,002,181</u>	<u>\$ 18,470,372</u>	<u>\$ 468,191</u>
Expenditures				
Current				
Human services				
Income maintenance	\$ 4,004,294	\$ 4,004,294	\$ 4,095,866	\$ (91,572)
Social services	11,839,742	11,839,742	10,878,239	961,503
Collaborative	200,000	200,000	143,947	56,053
Total human services	<u>\$ 16,044,036</u>	<u>\$ 16,044,036</u>	<u>\$ 15,118,052</u>	<u>\$ 925,984</u>
Health				
Nursing service	\$ 1,958,145	\$ 1,958,145	\$ 1,921,807	\$ 36,338
Total Expenditures	<u>\$ 18,002,181</u>	<u>\$ 18,002,181</u>	<u>\$ 17,039,859</u>	<u>\$ 962,322</u>
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 1,430,513	\$ 1,430,513
Other Financing Sources				
Transfers in	\$ -	\$ -	\$ 238,470	\$ (238,470)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,668,983</u>	<u>\$ 1,192,043</u>
Fund Balance - January 1			<u>9,233,958</u>	
Fund Balance - December 31			<u>\$ 10,902,941</u>	

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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 1,805,395	\$ 1,805,395	\$ 1,762,563	\$ (42,832)
Licenses and permits	2,000	2,000	-	(2,000)
Intergovernmental	178,400	178,400	199,322	20,922
Charges for services	3,499,000	3,499,000	3,385,614	(113,386)
Investment earnings	-	-	37	37
Miscellaneous	467,200	467,200	511,664	44,464
Total Revenues	\$ 5,951,995	\$ 5,951,995	\$ 5,859,200	\$ (92,795)
Expenditures				
Current				
Sanitation				
Solid waste	\$ 3,708,843	\$ 3,708,843	\$ 4,172,302	\$ (463,459)
Recycling	1,524,808	1,524,808	1,259,245	265,563
Hazardous waste	210,904	210,904	255,838	(44,934)
Total Current Expenditures	\$ 5,444,555	\$ 5,444,555	\$ 5,687,385	\$ (242,830)
Capital outlay				
Sanitation	\$ 316,000	\$ 316,000	\$ 1,708,974	\$ (1,392,974)
Total Expenditures	\$ 5,760,555	\$ 5,760,555	\$ 7,396,359	\$ (1,635,804)
Excess of Revenues Over (Under) Expenditures	\$ 191,440	\$ 191,440	\$ (1,537,159)	\$ (1,728,599)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 25,097	\$ 25,097
Transfers out	(137,853)	(137,853)	(112,853)	25,000
Total Other Financing Sources (Uses)	\$ (137,853)	\$ (137,853)	\$ (87,756)	\$ 50,097
Net Change in Fund Balance	\$ 53,587	\$ 53,587	\$ (1,624,915)	\$ (1,678,502)
Fund Balance - January 1			2,771,288	
Fund Balance - December 31			\$ 1,146,373	

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	2023	2022	2021	2020	2019	2018
Service cost	\$ 58,002	\$ 76,716	\$ 73,425	\$ 62,650	\$ 43,088	\$ 45,152
Interest	20,061	19,068	24,831	30,918	26,428	26,030
Assumption changes	(181,427)	(5,281)	41,434	62,858	(22,221)	-
Differences between expected and actual experience	550,163	35,950	-	(70,652)	-	-
Benefit payments	(74,550)	(41,757)	(49,760)	(57,887)	(50,403)	(63,586)
Net change in total OPEB liability	\$ 372,249	\$ 84,696	\$ 89,930	\$ 27,887	\$ (3,108)	\$ 7,596
Total OPEB liability - beginning	982,160	897,464	807,534	779,647	782,755	775,159
Total OPEB liability - ending	<u>\$ 1,354,409</u>	<u>\$ 982,160</u>	<u>\$ 897,464</u>	<u>\$ 807,534</u>	<u>\$ 779,647</u>	<u>\$ 782,755</u>
Covered employee payroll	\$ 16,066,455	\$ 15,740,318	\$ 15,344,054	\$ 14,861,069	\$ 14,732,422	\$ 14,352,837
Total OPEB liability as a percentage of payroll	8.4%	6.2%	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.

See accompanying Notes to Required Supplementary Information.

**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)	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	\$ -	\$ 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%
2022	0.2034%	16,109,348	472,331	16,581,679	15,376,027	104.77%	76.70%
2023	0.1826%	11,206,143	319,197	11,525,340	15,358,947	72.96%	83.10%

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 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	1,140,282	1,140,282	-	15,203,760	7.50%
2022	1,149,602	1,149,602	-	15,328,027	7.50%
2023	1,151,921	1,151,921	-	15,358,947	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%
2022	0.1598%	6,953,865	303,818	7,257,683	1,969,203	353.13%	70.53%
2023	0.1621%	2,799,256	112,736	2,911,992	2,348,045	119.22%	86.47%

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%
2022	348,549	348,549	-	1,969,203	17.70%
2023	415,604	415,604	-	2,348,045	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%
2022	0.801%	2,663,852	1,815,120	146.76%	74.58%
2023	0.808%	365,300	1,837,657	19.88%	95.94%

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%
2022	158,823	158,823	-	1,815,120	8.75%
2023	160,795	160,795	-	1,837,657	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.

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, 2023:

	Expenditures	Final Budget	Excess
General Fund	\$ 11,491,346	\$ 10,123,716	\$ 1,367,630
Public Safety	11,244,768	11,136,669	108,099
Road and Bridge	18,900,798	14,361,267	4,539,531
Environmental Affairs	7,396,359	5,760,555	1,635,804

3. Other Postemployment Benefits

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

2023

- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

2022

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.

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

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.
- 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:

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

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

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

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

Changes in Plan Provisions

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

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.

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.

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

- 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.

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.

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

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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.
- 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.

2020 Changes

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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.
- 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.

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

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return rate was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.42% to 7.0%.

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

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate change from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.
- 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.

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.
- 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.

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

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, 2023**

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, 2023**

	Special Revenue (Exhibit B-3)	Debt Service	Total (Exhibit 3)
<u>Assets</u>			
Cash and pooled investments	\$ 2,318,781	\$ 1,419,485	\$ 3,738,266
Taxes receivable			
Current	-	23,243	23,243
Delinquent	235	5,835	6,070
Accounts receivable, net	6,125	-	6,125
Prepaid items	6,551	-	6,551
Total Assets	\$ 2,331,692	\$ 1,448,563	\$ 3,780,255
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 7,977	\$ 3,150	\$ 11,127
Salaries payable	12,951	-	12,951
Due to other funds	3,956	-	3,956
Due to other governments	139,208	-	139,208
Total Liabilities	\$ 164,092	\$ 3,150	\$ 167,242
Deferred Inflows of Resources			
Unavailable revenues	\$ 235	\$ 29,078	\$ 29,313
Fund Balances			
Nonspendable			
Prepaid items	\$ 6,551	\$ -	\$ 6,551
Restricted			
Debt service	-	1,416,335	1,416,335
Gravel pit closure	392,050	-	392,050
Conservation of natural resources	1,112,886	-	1,112,886
Assigned			
Culture and recreation	655,878	-	655,878
Total Fund Balances	\$ 2,167,365	\$ 1,416,335	\$ 3,583,700
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,331,692	\$ 1,448,563	\$ 3,780,255

**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, 2023**

	<u>Special Revenue (Exhibit B-4)</u>	<u>Debt Service</u>	<u>Total (Exhibit 5)</u>
Revenues			
Taxes	\$ 154,456	\$ 1,525,709	\$ 1,680,165
Intergovernmental	217,373	25,344	242,717
Charges for services	14,053	27,184	41,237
Gifts and contributions	30,575	-	30,575
Miscellaneous	409,475	-	409,475
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 825,932</u>	<u>\$ 1,578,237</u>	<u>\$ 2,404,169</u>
Expenditures			
Current			
Highways and streets	\$ 1,191	\$ -	\$ 1,191
Culture and recreation	303,871	-	303,871
Conservation of natural resources	473,047	-	473,047
Intergovernmental			
General government	107,087	-	107,087
Conservation of natural resources	21,053	-	21,053
Debt service			
Principal	-	825,000	825,000
Interest	-	617,947	617,947
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 906,249</u>	<u>\$ 1,442,947</u>	<u>\$ 2,349,196</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ (80,317)</u>	<u>\$ 135,290</u>	<u>\$ 54,973</u>
Other Financing Sources (Uses)			
Transfers in	<u>\$ 4,342</u>	<u>\$ 346,482</u>	<u>\$ 350,824</u>
Net Change in Fund Balance	<u>\$ (75,975)</u>	<u>\$ 481,772</u>	<u>\$ 405,797</u>
Fund Balance - January 1	<u>2,243,340</u>	<u>934,563</u>	<u>3,177,903</u>
Fund Balance - December 31	<u><u>\$ 2,167,365</u></u>	<u><u>\$ 1,416,335</u></u>	<u><u>\$ 3,583,700</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL
REVENUE FUNDS – EXHIBIT B-3
DECEMBER 31, 2023**

<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	\$ 660,165	\$ 1,038,887	\$ 216	\$ 112,468	\$ 507,045	\$ 2,318,781
Delinquent	235	-	-	-	-	235
Accounts receivable	704	-	-	-	5,421	6,125
Prepaid items	-	6,551	-	-	-	6,551
Total Assets	\$ 661,104	\$ 1,045,438	\$ 216	\$ 112,468	\$ 512,466	\$ 2,331,692
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 3,917	\$ 376	\$ -	\$ 3,684	\$ -	\$ 7,977
Salaries payable	-	-	-	12,951	-	12,951
Due to other funds	1,039	24	-	433	2,460	3,956
Due to other governments	35	-	-	21,217	117,956	139,208
Total Liabilities	\$ 4,991	\$ 400	\$ -	\$ 38,285	\$ 120,416	\$ 164,092
Deferred Inflows of Resources						
Unavailable revenues	\$ 235	\$ -	\$ -	\$ -	\$ -	\$ 235
Fund Balances						
Nonspendable						
Prepaid items	\$ -	\$ 6,551	\$ -	\$ -	\$ -	\$ 6,551
Restricted						
Gravel pit closure	-	-	-	-	392,050	392,050
Conservation of natural resources	-	1,038,487	216	74,183	-	1,112,886
Assigned						
Culture and recreation	655,878	-	-	-	-	655,878
Total Fund Balances	\$ 655,878	\$ 1,045,038	\$ 216	\$ 74,183	\$ 392,050	\$ 2,167,365
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 661,104	\$ 1,045,438	\$ 216	\$ 112,468	\$ 512,466	\$ 2,331,692

**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, 2023**

	Parks and Recreation	Resource Development	County Ditch	Natural Resource Management	Gravel Tax	Total
Revenues						
Taxes	\$ 289	\$ -	\$ -	\$ -	\$ 154,167	\$ 154,456
Intergovernmental	123,493	93,880	-	-	-	217,373
Charges for services	14,050	-	-	3	-	14,053
Gifts and contributions	30,575	-	-	-	-	30,575
Miscellaneous	14,144	21,217	-	374,114	-	409,475
Total Revenues	\$ 182,551	\$ 115,097	\$ -	\$ 374,117	\$ 154,167	\$ 825,932
Expenditures						
Current						
Highways and streets	\$ -	\$ -	\$ 1,191	\$ -	\$ -	\$ 1,191
Culture and recreation	303,871	-	-	-	-	303,871
Conservation of natural resources	-	124,000	-	349,047	-	473,047
Intergovernmental						
General government	-	-	-	-	107,087	107,087
Conservation of natural resources	-	-	-	21,053	-	21,053
Total Expenditures	\$ 303,871	\$ 124,000	\$ 1,191	\$ 370,100	\$ 107,087	\$ 906,249
Excess of Revenues Over (Under)						
Expenditures	\$ (121,320)	\$ (8,903)	\$ (1,191)	\$ 4,017	\$ 47,080	\$ (80,317)
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ -	\$ -	\$ 4,342	\$ -	\$ 4,342
Net Change in Fund Balance	\$ (121,320)	\$ (8,903)	\$ (1,191)	\$ 8,359	\$ 47,080	\$ (75,975)
Fund Balance - January 1	777,198	1,053,941	1,407	65,824	344,970	2,243,340
Fund Balance - December 31	\$ 655,878	\$ 1,045,038	\$ 216	\$ 74,183	\$ 392,050	\$ 2,167,365

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – PARKS AND
RECREATION SPECIAL REVENUE FUND – EXHIBIT B-5
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ -	\$ -	\$ 289	\$ 289
Intergovernmental	332,300	332,300	123,493	(208,807)
Charges for services	8,500	8,500	14,050	5,550
Gifts and contributions	-	-	30,575	30,575
Miscellaneous	35,302	35,302	14,144	(21,158)
	<u>376,102</u>	<u>376,102</u>	<u>182,551</u>	<u>(193,551)</u>
Total Revenues	\$ 376,102	\$ 376,102	\$ 182,551	\$ (193,551)
Expenditures				
Current				
Culture and recreation				
Recreation	\$ 596,209	\$ 596,209	\$ 303,871	\$ 292,338
	<u>596,209</u>	<u>596,209</u>	<u>303,871</u>	<u>292,338</u>
Net Change in Fund Balance	\$ (220,107)	\$ (220,107)	\$ (121,320)	\$ 98,787
	<u>(220,107)</u>	<u>(220,107)</u>	<u>(121,320)</u>	<u>98,787</u>
Fund Balance - January 1			<u>777,198</u>	
Fund Balance - December 31			<u>\$ 655,878</u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – RESOURCE DEVELOPMENT
SPECIAL REVENUE FUND – EXHIBIT B-6
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 62,800	\$ 62,800	\$ 93,880	\$ 31,080
Miscellaneous	52,954	52,954	21,217	(31,737)
Total Revenues	<u>\$ 115,754</u>	<u>\$ 115,754</u>	<u>\$ 115,097</u>	<u>\$ (657)</u>
Expenditures				
Current				
Conservation of natural resources				
Resource development	\$ 140,809	\$ 140,809	\$ 124,000	\$ 16,809
Net Change in Fund Balance	<u><u>\$ (25,055)</u></u>	<u><u>\$ (25,055)</u></u>	<u><u>\$ (8,903)</u></u>	<u><u>\$ 16,152</u></u>
Fund Balance - January 1			<u>1,053,941</u>	
Fund Balance - December 31			<u><u>\$ 1,045,038</u></u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – NATURAL RESOURCE
MANAGEMENT SPECIAL REVENUE FUND – EXHIBIT B-7
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ -	\$ -	\$ 3	\$ 3
Miscellaneous	476,200	476,200	374,114	(102,086)
Total Revenues	\$ 476,200	\$ 476,200	\$ 374,117	\$ (102,083)
Expenditures				
Current				
Conservation of natural resources				
Tax forfeited sales	\$ 294,638	\$ 294,638	\$ 349,047	\$ (54,409)
Intergovernmental				
Conservation of natural resources	\$ -	\$ -	\$ 21,053	\$ (21,053)
Total Expenditures	\$ 294,638	\$ 294,638	\$ 370,100	\$ (75,462)
Excess of Revenues Over (Under) Expenditures	\$ 181,562	\$ 181,562	\$ 4,017	\$ (26,621)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 4,342	\$ (4,342)
Net Change in Fund Balance	\$ 181,562	\$ 181,562	\$ 8,359	\$ (173,203)
Fund Balance - January 1			65,824	
Fund Balance - December 31			\$ 74,183	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GRAVEL TAX
SPECIAL REVENUE FUND – EXHIBIT B-8
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	<u>\$ 49,718</u>	<u>\$ 49,718</u>	<u>\$ 154,167</u>	<u>\$ 104,449</u>
Expenditures				
Intergovernmental				
General government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,087</u>	<u>\$ (107,087)</u>
Net Change in Fund Balance	<u><u>\$ 49,718</u></u>	<u><u>\$ 49,718</u></u>	<u>\$ 47,080</u>	<u><u>\$ (2,638)</u></u>
Fund Balance - January 1			<u>344,970</u>	
Fund Balance - December 31			<u><u>\$ 392,050</u></u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE
FUND – EXHIBIT B-9
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,547,329	\$ 1,547,329	\$ 1,525,709	\$ (21,620)
Intergovernmental	-	-	25,344	25,344
Charges for services	65,240	65,240	27,184	(38,056)
Total Revenues	<u>\$ 1,612,569</u>	<u>\$ 1,612,569</u>	<u>\$ 1,578,237</u>	<u>\$ (34,332)</u>
Expenditures				
Debt service				
Principal	\$ 1,194,500	\$ 1,194,500	\$ 825,000	\$ 369,500
Interest	530,922	530,922	617,947	(87,025)
Total Expenditures	<u>\$ 1,725,422</u>	<u>\$ 1,725,422</u>	<u>\$ 1,442,947</u>	<u>\$ 282,475</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (112,853)</u>	<u>\$ (112,853)</u>	<u>\$ 135,290</u>	<u>\$ 248,143</u>
Other Financing Sources (Uses)				
Transfers in	\$ 112,853	\$ 112,853	\$ 346,482	\$ 233,629
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 481,772</u></u>	<u><u>\$ 481,772</u></u>
Fund Balance - January 1			<u>934,563</u>	
Fund Balance - December 31			<u><u>\$ 1,416,335</u></u>	

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT C-1
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2023**

	Taxes and Penalties	State Revenue	Sheriff Inmate
<u>Assets</u>			
Cash and pooled investments	\$ 938,339	\$ 141,513	\$ 73,615
Taxes receivable for other governments	919,264	-	-
Due from other governments	-	-	-
Total Assets	\$ 1,857,603	\$ 141,513	\$ 73,615
<u>Liabilities</u>			
Due to other governments	\$ 897,607	\$ 141,511	\$ -
<u>Deferred Inflows of Resources</u>			
Taxes levied for subsequent period	\$ 40,734	\$ -	\$ -
<u>Net Position</u>			
Restricted for:			
Individuals, organizations and other governments	\$ 919,262	\$ 2	\$ 73,615

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT C-1 (CONTINUED)
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2023**

Estate Recoveries	Children's Initiative	Total Custodial Funds
\$ 108,472	\$ 126,889	\$ 1,388,828
-	-	919,264
-	58,323	58,323
\$ 108,472	\$ 185,212	\$ 2,366,415
\$ 108,472	\$ 35,799	\$ 1,183,389
\$ -	\$ -	\$ 40,734
\$ -	\$ 149,413	\$ 1,142,292

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT C-2
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2023**

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>Sheriff Inmate</u>
Additions			
Contributions:			
Individuals	\$ -	\$ -	\$ 266,526
Taxes for other governments	38,832,825	-	-
Licenses and fees collected for state	-	3,413,606	-
Grants for other entities	-	-	-
Total Additions	<u>38,832,825</u>	<u>3,413,606</u>	<u>266,526</u>
Deductions			
Beneficiary payments	\$ -	\$ -	\$ 212,709
Payments to state	-	3,413,606	-
Payment to the collaborative	-	-	-
Payments to other governments	38,669,432	-	-
Total Deductions	<u>38,669,432</u>	<u>3,413,606</u>	<u>212,709</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ 163,393	\$ -	\$ 53,817
Fiduciary Net Position - Beginning of Year	<u>755,871</u>	<u>-</u>	<u>19,798</u>
Fiduciary Net Position - End of Year	<u><u>\$ 919,264</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 73,615</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, 2023**

Estate Recoveries	Children's Initiative	Total Custodial Funds
\$ -	\$ -	\$ 266,526
-	-	38,832,825
539,467	-	3,953,073
-	177,584	177,584
<u>539,467</u>	<u>177,584</u>	<u>43,230,008</u>
\$ -	\$ -	\$ 212,709
539,467	-	3,953,073
-	251,225	251,225
-	-	38,669,432
<u>539,467</u>	<u>251,225</u>	<u>43,086,439</u>
\$ -	\$ (73,641)	\$ 143,569
-	223,054	998,723
<u>-</u>	<u>223,054</u>	<u>998,723</u>
<u>\$ -</u>	<u>\$ 149,413</u>	<u>\$ 1,142,292</u>

OTHER SCHEDULES

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1
YEAR ENDED DECEMBER 31, 2023**

	<u>Governmental Funds</u>	<u>Discretely Presented Component Unit</u>	<u>Total</u>
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 8,846,500	\$ -	\$ 8,846,500
County program aid	1,342,026	-	1,342,026
PERA indirect aid	58,394	-	58,394
Police aid	205,992	-	205,992
Public safety aid	996,097	-	996,097
Aquatic invasive species	341,247	-	341,247
Riparian buffer aid	107,033	-	107,033
E-911	301,851	-	301,851
Market value credit	293,912	-	293,912
Family preservation aid	500,122	-	500,122
Disparity reduction aid	1,226	-	1,226
Total shared revenue	\$ 12,994,400	\$ -	\$ 12,994,400
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 2,391,670	\$ -	\$ 2,391,670
Payments			
Local			
Payments in lieu of taxes	\$ 634,629	\$ -	\$ 634,629
Grants			
State			
Minnesota Department/Board of			
Corrections	\$ 186,554	\$ -	\$ 186,554
Public Safety	51,157	-	51,157
Transportation	407,719	-	407,719
Health	239,663	-	239,663
Supreme Court	27,275	-	27,275
Veterans Affairs	10,000	-	10,000
Natural Resources	199,507	-	199,507
Human Services	2,439,312	-	2,439,312
Water and Soil Resources	182,708	-	182,708
Secretary of State	8,986	-	8,986
Minnesota Pollution Control Agency	199,322	-	199,322
Total state	\$ 3,952,203	\$ -	\$ 3,952,203

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

	Governmental Funds	Discretely Presented Component Unit	Total
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 531,508	\$ -	\$ 531,508
Housing and Urban Development	-	389,045	389,045
Justice	51,774	-	51,774
Secretary of State	4,287	-	4,287
Treasury	1,672	-	1,672
Transportation	291,260	-	291,260
Education	2,837	-	2,837
Health and Human Services	3,793,919	-	3,793,919
Homeland Security	37,836	-	37,836
Total federal	\$ 4,715,093	\$ 389,045	\$ 5,104,138
Total state and federal grants	\$ 8,667,296	\$ 389,045	\$ 9,056,341
Total Intergovernmental Revenue	\$ 24,687,995	\$ 389,045	\$ 25,077,040

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2
YEAR ENDED DECEMBER 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Partnership4Health Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	232MN004W1003	\$ 176,116	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	232MN10152514	<u>355,392</u>	<u>-</u>
Total U.S. Department of Agriculture			\$ 531,508	\$ -
U.S. Department of Housing and Urban Development				
Direct				
Public and Indian Housing	14.850	N/A - Direct	\$ 54,874	\$ -
Section 8 Housing Choice Vouchers (Part of Housing Voucher Cluster)	14.871	N/A - Direct	<u>334,171</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			\$ 389,045	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistant Grant	16.575	F-CVS-2022-BCAO-11435	\$ 13,888	\$ -
Crime Victim Assistant Grant	16.575	F-CVS-2024-BCAO-12427	<u>18,413</u>	<u>-</u>
Total U.S. Department of Justice			\$ 32,301	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	0320240	\$ 1,692,229	\$ -
Highway Planning and Construction (Total Highway Planning and Construction 20.205 \$1,698,145)	20.205	0322238	5,916	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	1051333	336,018	-
Passed Through Minnesota Department of Public Safety				
State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-ENFRC23-2023-BECKERSO-6260	8,074	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC23-2023-BECKERSO-5943	<u>11,288</u>	<u>-</u>
Total U.S. Department of Transportation			\$ 2,053,525	\$ -
U.S. Department of Treasury				
Direct				
Local Assistance and Tribal Consistency Fund	21.032	N/A - Direct	<u>1,672</u>	<u>-</u>
U.S. Department of Education				
Passed Through Partnership4Health Community Health Board				
Special Education-Grants for Infants and Families	84.181	91-0300-0-1-501	<u>2,837</u>	<u>-</u>

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023**

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 Health and Human Services				
Passed Through Partnership4Health Community Health Board				
Public Health Emergency Preparedness	93.069	NU90TP922026	\$ 9,565	\$ -
Immunization Cooperative Agreements	93.268	NH23IP922628	21,934	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not Provided	142	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922188	4,397	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$313,867)	93.558	2301MNTANF	27,795	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance Program (Medicaid Cluster) 93.778 \$1,355,723)	93.778	2305MN5ADM	43,422	-
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	41,680	-
Passed Through Polk-Norman-Mahnomen Community Health Board				
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	X1043589	212,660	-
Passed Through Minnesota Department of Health				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	24,440	-
Passed Through Minnesota Department of Human Services				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2201MNFPS	84,904	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$313,867)	93.558	2301MNTANF	286,072	-
Child Support Enforcement (Total Child Support Enforcement \$879,168)	93.563	2301MNCEST	775,447	-
Child Support Enforcement (Total Child Support Enforcement \$879,168)	93.563	2301MNCSES	103,721	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2301MNRMA	1,208	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2301MNCCDF	12,462	-
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	7,618	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	5,765	-
Foster Care Title IV-E	93.658	2301MNFOST	511,184	-
Social Services Block Grant	93.667	2301MNSOSR	304,332	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	2,971	-
COVID-19 Elder Abuse Prevention Interventions Program	93.747	2101MNAAPC6	1,194	-
Children's Health Insurance Program	93.767	2305MN5021	1,460	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2305MN5ADM	1,296,633	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance Program (Medicaid Cluster) 93.778 \$1,355,723)	93.778	2305MN5MAP	15,668	-
Block Grants for Community Mental Health Services	93.958	BO9SM087368	54,201	-
Total U.S. Department of Health and Human Services			\$ 3,850,875	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	R29CG70CBLA21	\$ 11,032	\$ -
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2021-BECKERCO-4162	26,804	-
Total U.S. Department of Homeland Security			\$ 37,836	\$ -
Total Expenditures of Federal Awards			\$ 6,899,599	\$ -
Totals by Cluster:				
Total expenditures for SNAP Cluster	\$ 355,392			
Total expenditures for Housing Choice Voucher Cluster	334,171			
Total expenditures for Highway Safety Cluster	8,074			
Total expenditures for CCDF Cluster	12,462			
Total expenditures for Medicaid Cluster	1,355,723			

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023**

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, 2023, the level of federal funding for the Becker County EDA did not require a separate single audit to be performed for the component unit, which expended \$389,045 in federal awards for the year ended December 31, 2023. 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, 2023. 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.

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.

3. De Minimis Cost Rate

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:	\$	5,104,138
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues		1,821,262
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures		(25,801)
Expenditures per the Schedule of Expenditures of Federal Awards	\$	<u>6,899,599</u>

