

**BECKER COUNTY**  
**DETROIT LAKES, MINNESOTA**  
YEAR ENDED DECEMBER 31, 2007

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

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DETROIT LAKES, MINNESOTA**

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## **INTRODUCTORY SECTION**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**ORGANIZATION SCHEDULE  
DECEMBER 31, 2007**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
<b>Commissioners</b>		
1 <sup>st</sup> District	Larry Knutson	January 2009
2 <sup>nd</sup> District	Harold Salminen	January 2011
3 <sup>rd</sup> District	Karen Mulari, Chair	January 2009
4 <sup>th</sup> District	John Bellefeuille	January 2011
5 <sup>th</sup> District	Barry Nelson	January 2009
<b>Officers</b>		
Elected:		
Attorney	Mike Fritz*	January 2011
Auditor-Treasurer	Ryan Tangen	January 2011
Coroner	Knute Thorsgard	January 2011
Recorder	Darlene Maneval	January 2011
Registrar of Titles	Darlene Maneval	January 2011
Sheriff	Tim Gordon	January 2011
Surveyor	Roy Smith	January 2011
Appointed:		
Administrator	Brian C. Berg	Indefinite
Assessor	Steven Skoog	January 2009
Highway Engineer	Brad Wentz	May 2009
Human Services Director	Nancy Nelson	Indefinite
Natural Resource Manager	Mark Lohmeier	Indefinite
Personnel Director	Nancy Grabanski	Indefinite
Solid Waste Officer	Steve Skoog	Indefinite
Veteran Services Officer	Lauri Brooke	September 2010

\*Joe Evans resigned November 16, 2007 to become a Judge in the 7<sup>th</sup> Judicial District. Mike Fritz was appointed on November 16, 2007 to fill the remaining term.

## **FINANCIAL SECTION**



Colleen Hoffman, Manager  
Gordon Dale, CPA  
Audrey Swenson, CPA

**GOVERNMENTAL AUDIT SERVICES**

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**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Becker County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Becker County, Minnesota, as of and for the year ended December 31, 2007, which, along with the financial statements for the business-type activities, comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sunnyside Care Center major enterprise fund as of and for the year ended September 30, 2007, which is the business-type activities of Becker County, or the Becker County Economic Development Authority which is the discretely presented component unit of Becker County. Those financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Sunnyside Care Center Enterprise Fund and the Becker County Economic Development Authority component unit is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Becker County as of December 31, 2007, and the Sunnyside Care Center Enterprise Fund at September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2008, on our consideration of Becker County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Becker County's basic financial statements. The introductory section and the supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Becker County. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hoffman, Dale, & Swenson*

Hoffman, Dale, & Swenson, PLLC

September 17, 2008





# COUNTY OF BECKER

*Ryan L. Tangen • County Auditor/Treasurer*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Unaudited)

The management of Becker County offers readers of the County's Financial Statements this narrative overview and analysis of the financial activities of Becker County for the fiscal year ended December 31, 2007. 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 assets of governmental activities are \$71,626,091, of which \$44,484,613 is invested in capital assets, net of related debt, \$1,374,075 is restricted for specific purposes, and \$25,767,403 is unrestricted. The total net assets of governmental activities increased by \$2,877,442 for the year ended December 31, 2007.

The total net assets of business-type activities are \$1,366,459, of which \$577,590 is invested in capital assets, net of related debt, \$51,200 is restricted for capital projects, and \$737,669 is unrestricted. The total net assets of business-type activities decreased by \$95,164 for the year ended September 30, 2007.

At the close of 2007, the County's governmental funds reported combined ending fund balances of \$26,897,206, an increase of \$3,375,521, from the prior year. Of the total fund balance amount, \$1,976,004 is legally or contractually reserved, \$2,916,229 is designated for specific purposes, and an additional \$22,004,973 is available for spending at the County's discretion and is noted as unreserved, undesignated fund balance. Maintaining an adequate fund balance is necessary to provide County services throughout the year.

Becker County started a 35,000 square foot expansion of its courthouse in the spring of 2007. The project also included the creation of 125 new parking spots to meet the needs of the new addition. Phase two of the construction project consists of remodeling and modifications to include a new heating and cooling system for the existing courthouse. The total estimated cost of the three part capital project is \$10,400,000 to be paid in 2007 and 2008. These projects will be funded by bond proceeds and the use of \$4,000,000 of unreserved undesignated fund balance.

### **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 liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes).

In the *Statement of Net Assets* 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, highways and streets, public transportation, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities**—The County charges fees to cover the costs of certain services it provides. Included here are the operations of the Sunnyside Care Center.
- **Component unit**—The County includes one separate legal entity in its report. The Becker County Economic Development Authority is presented in a separate column. Although legally separate, this "component unit" is important because the County is financially accountable for it.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term

financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The County reports three governmental fund types: General, Special Revenue, and Debt Service. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances 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 governmental 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 Assets and the Statement of Activities as business-type activities.

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

## Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 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 including combining statements, budgetary comparison schedules and a schedule of intergovernmental revenue.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net assets serve as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$72,992,550 at the close of 2007. The largest portion of the County's net assets (approximately 62 percent) reflects its investment in capital assets (i.e., land, construction in progress, infrastructure, buildings and improvements, land improvements, and machinery and equipment), net of related debt used to acquire those assets. It should be noted that this amount is not available for future spending. Approximately two percent of the County's net assets are restricted and 36 percent of the County's net assets are unrestricted. The unrestricted net asset amount of \$26,505,072, as of December 31, 2007, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased from last year. Total assets increased by \$9,654,529, from the prior year, and total liabilities increased by \$6,872,251 from the prior year, primarily as a result of the courthouse expansion project and the new bond issue. This resulted in increased net assets of \$2,782,278.

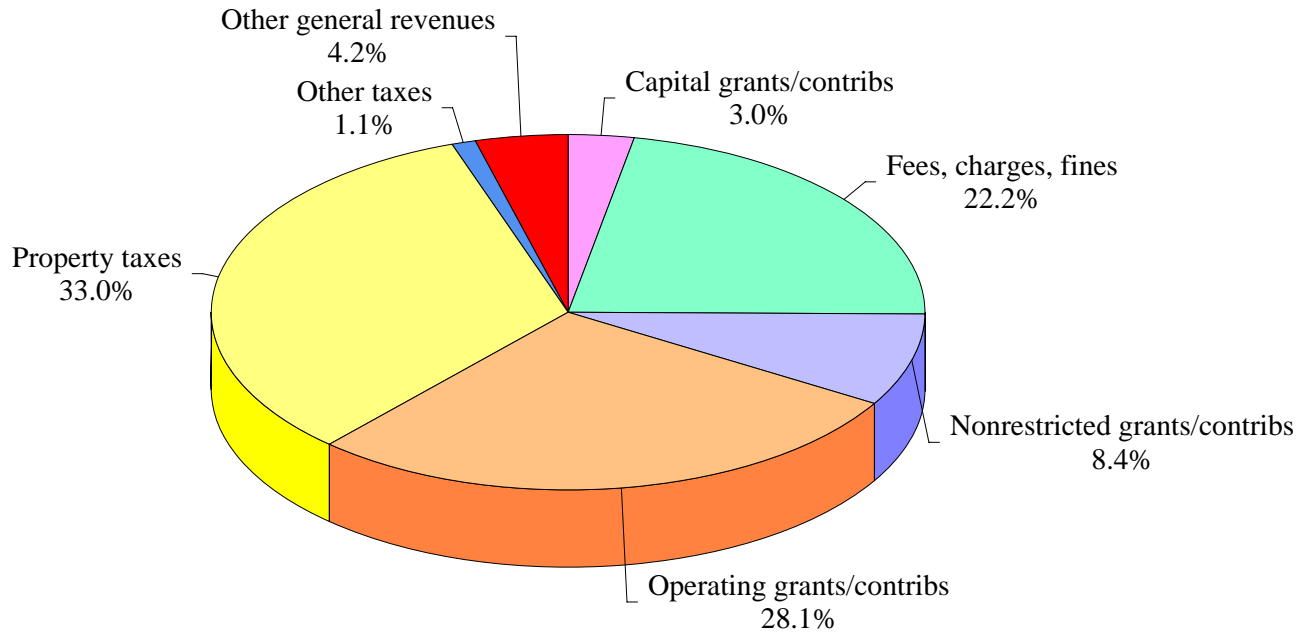
**NET ASSETS**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 31,786,276	\$ 27,847,555	\$ 1,130,312	\$ 1,163,046	\$ 32,916,588	\$ 29,010,601
Capital assets	<u>51,061,262</u>	<u>45,230,445</u>	<u>1,919,590</u>	<u>2,001,865</u>	<u>52,980,852</u>	<u>47,232,310</u>
Total assets	\$ 82,847,538	\$ 73,078,000	\$ 3,049,902	\$ 3,164,911	\$ 85,897,440	\$ 76,242,911
Other liabilities	\$ 2,901,695	\$ 2,497,975	\$ 209,186	\$ 156,525	\$ 3,110,881	\$ 2,654,500
Long-term liabilities outstanding	<u>8,319,752</u>	<u>1,831,376</u>	<u>1,474,257</u>	<u>1,546,763</u>	<u>9,794,009</u>	<u>3,378,139</u>
Total liabilities	\$ 11,221,447	\$ 4,329,351	\$ 1,683,443	\$ 1,703,288	\$ 12,904,890	\$ 6,032,639
Net assets						
Invested in capital assets, net of related debt	\$ 44,484,613	\$ 45,082,534	\$ 577,590	\$ 633,865	\$ 45,062,203	\$ 45,716,399
Restricted	1,374,075	1,061,178	51,200	50,547	1,425,275	1,111,725
Unrestricted	<u>25,767,403</u>	<u>22,604,937</u>	<u>737,669</u>	<u>777,211</u>	<u>26,505,072</u>	<u>23,382,148</u>
Total net assets	\$ 71,626,091	\$ 68,748,649	\$ 1,366,459	\$ 1,461,623	\$ 72,992,550	\$ 70,210,272

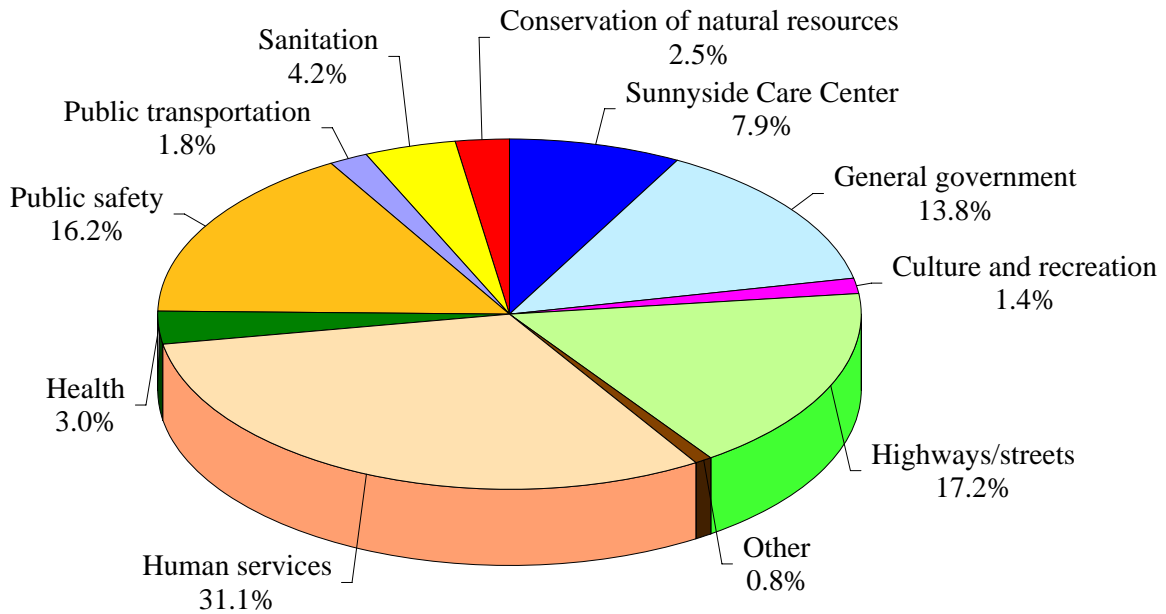
**CHANGES IN NET ASSETS**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$ 6,376,661	\$ 6,013,598	\$ 3,027,247	\$ 3,201,349	\$ 9,403,908	\$ 9,214,947
Operating grants and contributions	11,889,300	15,582,564	6,778	9,884	11,896,078	15,592,448
Capital grants and contributions	1,258,507	1,104,896	765	15,557	1,259,272	1,120,453
General revenues						
Property taxes	13,989,574	13,213,658	-	-	13,989,574	13,213,658
Other taxes	458,716	403,002	-	-	458,716	403,002
Grants and contributions not restricted to specific programs	3,562,602	3,581,576	-	-	3,562,602	3,581,576
Other general revenues	<u>1,769,515</u>	<u>1,436,551</u>	<u>5,196</u>	<u>3,689</u>	<u>1,774,711</u>	<u>1,440,240</u>
Total revenues	\$ 39,304,875	\$ 41,335,845	\$ 3,039,986	\$ 3,230,479	\$ 42,344,861	\$ 44,566,324
Expenses						
General government	\$ 5,449,334	\$ 4,873,767	\$ -	\$ -	\$ 5,449,334	\$ 4,873,767
Public safety	6,428,043	5,950,911	-	-	6,428,043	5,950,911
Highways and streets	6,808,368	6,462,850	-	-	6,808,368	6,462,850
Public transportation	704,777	398,104	-	-	704,777	398,104
Sanitation	1,669,953	1,600,852	-	-	1,669,953	1,600,852
Human services	12,321,070	12,475,362	-	-	12,321,070	12,475,362
Health	1,198,797	951,813	-	-	1,198,797	951,813
Culture and recreation	561,724	412,421	-	-	561,724	412,421
Conservation of natural resources	971,172	1,064,445	-	-	971,172	1,064,445
Economic development	125,178	155,424	-	-	125,178	155,424
Interest	189,017	9,452	-	-	189,017	9,452
Sunnyside Care Center	-	-	3,135,150	3,116,291	3,135,150	3,116,291
Total expenses	\$ 36,427,433	\$ 34,355,401	\$ 3,135,150	\$ 3,116,291	\$ 39,562,583	\$ 37,471,692
Increase (decrease) in net assets	\$ 2,877,442	\$ 6,980,444	\$ (95,164)	\$ 114,188	\$ 2,782,278	\$ 7,094,632
Net assets - January 1	<u>68,748,649</u>	<u>61,768,205</u>	<u>1,461,623</u>	<u>1,347,435</u>	<u>70,210,272</u>	<u>63,115,640</u>
Net assets - December 31	\$ 71,626,091	\$ 68,748,649	\$ 1,366,459	\$ 1,461,623	\$ 72,992,550	\$ 70,210,272

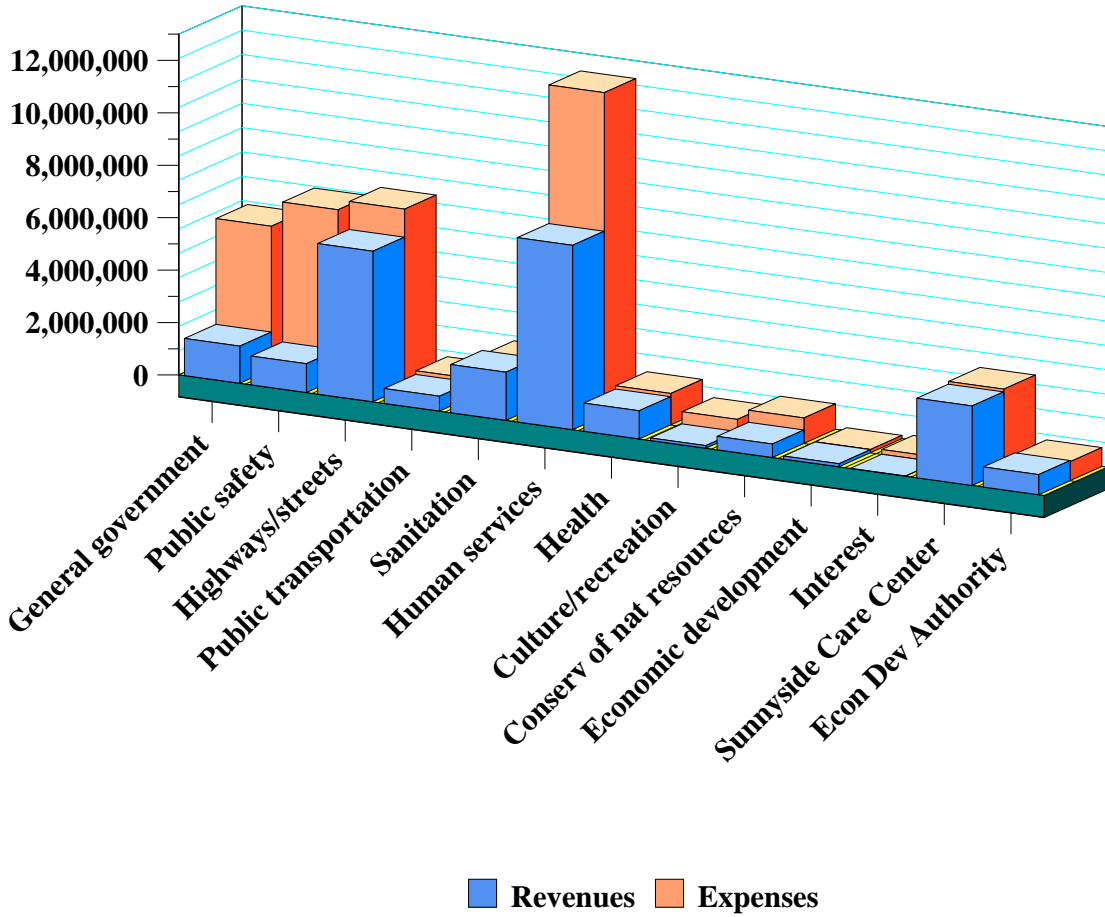
## Revenues by Source



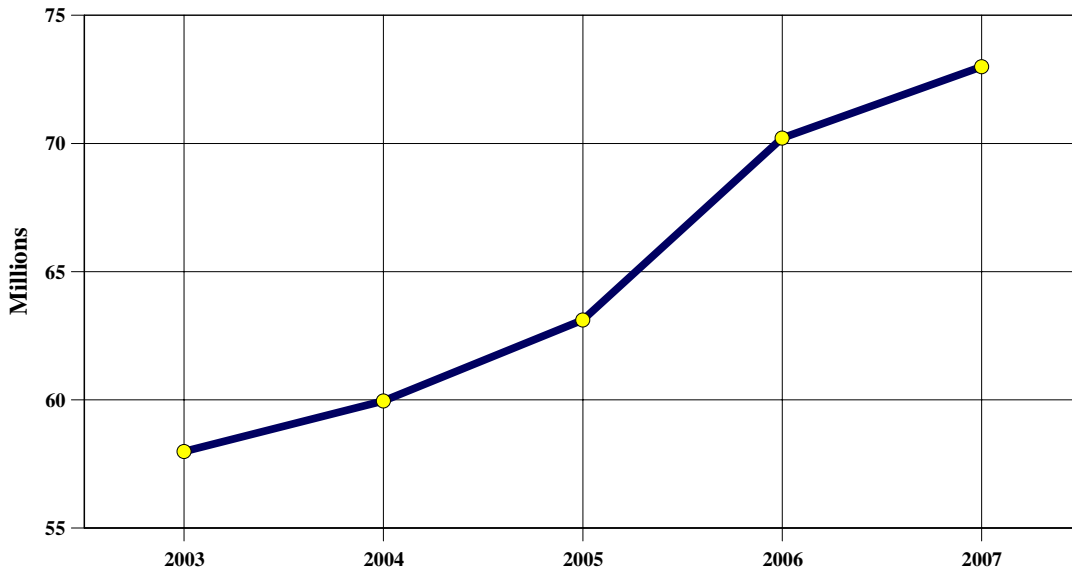
## Expenses by Function



### Program Revenues & Expenses



### Net Assets



## **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, unreserved 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 2007, the County's governmental funds reported combined ending fund balances of \$26,897,206. Of this amount, approximately seven percent constitutes legally or contractually reserved fund balance, 11 percent constitutes specifically designated fund balance, and 82 percent constitutes available unreserved, undesignated 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 \$11,815,566. The General Fund's reserved fund balance was \$712,364, unreserved, designated fund balance was \$2,814,478, and the unreserved, undesignated fund balance was \$8,288,724. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures for 2007. Unreserved fund balance represents nearly 100 percent of total General Fund expenditures, while total fund balance represents 106 percent of that same amount.

In 2007, the fund balance amount in the General Fund increased by \$2,944,934. The primary reason for this increase of the fund balance is the unspent courthouse construction bond proceeds. Also, the investment income for 2007 was higher than budgeted as was the intergovernmental revenue received.

The fund balance of the Public Safety Special Revenue Fund increased \$236,092 from the prior year, due to higher than expected E911 emergency systems revenues to be used for future E911 projects, increased state grants received for the Institutional Community Work Crew program and the postponement of emergency vehicle replacement delayed to 2008.

The fund balance of the Road and Bridge Special Revenue Fund increased \$32,280 in 2007, due to lower than expected road construction material costs.

The fund balance of the Human Services Special Revenue Fund increased \$184,465 from the prior year, due to a decrease in numbers and cost for out of home placement.

The fund balance of the Environmental Affairs Special Revenue Fund increased \$114,029 from the prior year, due to an increased special assessment program and cost saving on a new contract for solid waste hauling.

### **Proprietary Fund**

The Sunnyside Care Center Enterprise Fund's total operating revenues decreased by \$174,102 or approximately five percent, due to decreased resident days. Total resident days decreased from 18,316 in 2006 to 17,279 in 2007. The total cost of all operating expenses were comparable to the prior year and only increased \$7,821 or .25 percent. This combination of a decrease in operating revenues and a slight increase in operating expenses yielded an operating loss of \$37,367. However, when the nonoperating revenues and expenses are added to our analysis, the total change in net assets was \$(95,164).

## GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original budgets as approved for 2007.

Actual revenues were more than overall final budgeted revenues by \$1,206,660, with the largest positive variances in intergovernmental revenue and investment earnings.

Actual expenditures were less than overall final budgeted expenditures by \$4,857,600. The largest positive variance was in general government for buildings and grounds due to the courthouse expansion project resulting in expenditures under budget by \$5,363,723.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2007 and business-type activities as of September 30, 2007, amounted to \$52,980,852 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was approximately 12 percent. This was primarily due to the continued construction of the courthouse and various highway projects.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land	\$ 646,854	\$ 646,854	\$ 2,325	\$ 2,325	\$ 649,179	\$ 649,179
Right-of-Way	628,972	628,366	-	-	628,972	628,366
Construction in progress	4,525,151	392,861	-	1,246	4,525,151	394,107
Infrastructure	39,840,976	38,049,762	-	-	39,840,976	38,049,762
Buildings and improvements	3,589,637	3,503,976	1,794,976	1,860,515	5,384,613	5,364,491
Land improvements	356,461	379,857	19,195	20,537	375,656	400,394
Machinery and equipment	1,473,211	1,628,769	103,094	117,242	1,576,305	1,746,011
Total capital assets	<u>\$ 51,061,262</u>	<u>\$ 45,230,445</u>	<u>\$ 1,919,590</u>	<u>\$ 2,001,865</u>	<u>\$ 52,980,852</u>	<u>\$ 47,232,310</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 \$7,838,504 which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 6,395,000	\$ 100,000	\$ 1,230,000	\$ 1,250,000	\$ 7,625,000	\$ 1,350,000
Add: Bond premium	8,841	-	-	-	8,841	-
General obligation revenue notes	-	-	112,000	118,000	112,000	118,000
Capital leases	92,663	47,911	-	-	92,663	47,911
	<u>\$ 6,496,504</u>	<u>\$ 147,911</u>	<u>\$ 1,342,000</u>	<u>\$ 1,368,000</u>	<u>\$ 7,838,504</u>	<u>\$ 1,515,911</u>

The County's net increase in debt of \$6,322,593 during the fiscal year was attributable to the addition of the General Obligation Courthouse Expansion Bonds of 2007.



Minnesota Statutes limit the amount of debt that a County may have to two percent of its total market value, excluding revenue bonds. At the end of 2007, overall debt of the County is below the two percent debt limit.

Becker County's bond rating is "A1" from Moody'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 unemployment rate for Becker County was 6.9 percent as of December 31, 2007. This is higher than the statewide rate of 4.9 percent and the national average rate of 4.8 percent.
- Becker County's population at July 1, 2005 was 31,868, an increase of 1,868 since 2000. This ranks Becker County 33<sup>rd</sup> of 87 in the State of Minnesota.
- On December 18, 2007, Becker County set its 2008 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 Ryan L. Tangen, Becker County Auditor-Treasurer, P.O. Box 787, Detroit Lakes, Minnesota 56502-0787.

## **BASIC FINANCIAL STATEMENTS**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 23,612,818	\$ 678,021	\$ 24,290,839	\$ 1,476,157
Petty cash and change funds	12,850	-	12,850	-
Cash with escrow agent	2,930,494	-	2,930,494	99,478
Investments	8,345	-	8,345	-
Taxes receivable				
Current	299,772	-	299,772	3,457
Prior	148,134	-	148,134	2,574
Special assessments receivable				
Current	6,736	-	6,736	-
Prior	12,236	-	12,236	-
Accounts receivable	1,192,379	349,427	1,541,806	4,315
Accrued interest receivable	216,600	-	216,600	888
Loans receivable	-	-	-	35,000
Contract for deed receivable - current	-	-	-	47,238
Property held for resale	-	-	-	1,040,078
Due from other governments	2,691,483	-	2,691,483	170,739
Prepaid items	-	19,609	19,609	-
Inventories	601,929	17,360	619,289	-
Contract for deed receivable - noncurrent	-	-	-	1,123,004
Special assessments receivable - noncurrent	4,011	-	4,011	-
Investment in joint ventures	-	-	-	2,700
Deferred debt issuance expense	48,489	-	48,489	-
Restricted assets				
Donor-restricted assets	-	51,200	51,200	-
Resident trust funds	-	14,695	14,695	-
Capital assets -				
Non-depreciable	5,800,977	2,325	5,803,302	635,211
Depreciable - net of accumulated depreciation	45,260,285	1,917,265	47,177,550	2,180,740
<b>Total Assets</b>	<b>\$ 82,847,538</b>	<b>\$ 3,049,902</b>	<b>\$ 85,897,440</b>	<b>\$ 6,821,579</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 718,901	\$ 86,122	\$ 805,023	\$ 134,456
Salaries payable	559,024	97,091	656,115	-
Contracts payable	1,028,979	-	1,028,979	-
Due to other governments	412,549	-	412,549	56,274
Accrued interest payable	182,242	11,278	193,520	17,001
Deferred revenue - unearned	-	-	-	226,877
Security deposits	-	-	-	9,895
Other current liabilities	-	-	-	5,250
Payable from restricted assets				
Resident trust funds	-	14,695	14,695	-
Long-term liabilities				
Due within one year	339,364	69,840	409,204	334,063
Due within more than one year	7,980,388	1,404,417	9,384,805	1,459,800
<b>Total Liabilities</b>	<b>\$ 11,221,447</b>	<b>\$ 1,683,443</b>	<b>\$ 12,904,890</b>	<b>\$ 2,243,616</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 1  
(Continued)**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
<b><u>Net Assets</u></b>				
Invested in capital assets, net of related debt	\$ 44,484,613	\$ 577,590	\$ 45,062,203	\$ 1,605,151
Restricted for				
General government	438,231	-	438,231	-
Public safety	292,973	-	292,973	-
Conservation of natural resources	234,967	-	234,967	-
Capital projects	-	51,200	51,200	-
Debt service	392,827	-	392,827	-
Minnesota housing revolving loan fund	-	-	-	1,638,958
Other purposes	15,077	-	15,077	-
Unrestricted	25,767,403	737,669	26,505,072	1,333,854
<b>Total Net Assets</b>	<b><u>\$ 71,626,091</u></b>	<b><u>\$ 1,366,459</u></b>	<b><u>\$ 72,992,550</u></b>	<b><u>\$ 4,577,963</u></b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Program Revenues</b>		
		<b>Fees, Charges, Fines and Other</b>	<b>Operating Grants and Contributions</b>
	<b>Expenses</b>		
<b>Functions/Programs</b>			
<b>Primary Government</b>			
<b>Governmental activities</b>			
General government	\$ 5,449,334	\$ 1,231,767	\$ 184,736
Public safety	6,428,043	379,953	724,168
Highways and streets	6,808,368	969,929	3,720,040
Public transportation	704,777	143,513	225,154
Sanitation	1,669,953	1,763,879	74,985
Human services	12,321,070	946,330	6,086,734
Health	1,198,797	357,541	720,835
Culture and recreation	561,724	2,455	97,676
Conservation of natural resources	971,172	462,618	54,972
Economic development	125,178	118,676	-
Interest	189,017	-	-
<b>Total governmental activities</b>	<b>\$ 36,427,433</b>	<b>\$ 6,376,661</b>	<b>\$ 11,889,300</b>
<b>Business-type activities</b>			
Sunnyside Care Center	\$ 3,135,150	\$ 3,027,247	\$ 6,778
<b>Total Primary Government</b>	<b>\$ 39,562,583</b>	<b>\$ 9,403,908</b>	<b>\$ 11,896,078</b>
<b>Component Unit</b>			
Housing and Economic Development Authority	\$ 720,313	\$ 146,724	\$ 624,125
<b>General revenues and other</b>			
Property taxes			
Gravel taxes			
Mortgage registry and deed tax			
Payments in lieu of taxes			
Grants and contributions not restricted to specific programs			
Investment earnings			
Miscellaneous			
Gain on sale of capital assets			
<b>Total general revenues and other</b>			
<b>Change in net assets</b>			
<b>Net assets - January 1</b>			
<b>Net assets - December 31</b>			

**EXHIBIT 2**

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Discretely Presented Component Unit
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
\$ -	\$ (4,032,831)	\$ -	\$ (4,032,831)	
-	(5,323,922)	-	(5,323,922)	
1,058,507	(1,059,892)	-	(1,059,892)	
200,000	(136,110)	-	(136,110)	
-	168,911	-	168,911	
-	(5,288,006)	-	(5,288,006)	
-	(120,421)	-	(120,421)	
-	(461,593)	-	(461,593)	
-	(453,582)	-	(453,582)	
-	(6,502)	-	(6,502)	
-	(189,017)	-	(189,017)	
<b>\$ 1,258,507</b>	<b>\$ (16,902,965)</b>	<b>\$ -</b>	<b>\$ (16,902,965)</b>	
\$ 765	\$ -	\$ (100,360)	\$ (100,360)	
<b>\$ 1,259,272</b>	<b>\$ (16,902,965)</b>	<b>\$ (100,360)</b>	<b>\$ (17,003,325)</b>	
<u>\$ -</u>				<u>\$ 50,536</u>
	\$ 13,989,574	\$ -	\$ 13,989,574	\$ 160,841
	139,476	-	139,476	-
	37,191	-	37,191	-
	282,049	-	282,049	-
	3,562,602	-	3,562,602	16,175
	1,526,105	5,196	1,531,301	51,713
	243,410	-	243,410	15,416
	-	-	-	2,567
	<b>\$ 19,780,407</b>	<b>\$ 5,196</b>	<b>\$ 19,785,603</b>	<b>\$ 246,712</b>
	<b>\$ 2,877,442</b>	<b>\$ (95,164)</b>	<b>\$ 2,782,278</b>	<b>\$ 297,248</b>
	<b>68,748,649</b>	<b>1,461,623</b>	<b>70,210,272</b>	<b>4,280,715</b>
	<b>\$ 71,626,091</b>	<b>\$ 1,366,459</b>	<b>\$ 72,992,550</b>	<b>\$ 4,577,963</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<b>General Fund</b>	<b>Public Safety</b>
<u><b>Assets</b></u>		
Cash and pooled investments	\$ 9,455,507	\$ 3,247,851
Petty cash and change funds	8,400	1,200
Undistributed cash in agency funds	2,355	-
Cash with fiscal agent	2,930,494	-
Investments	8,345	-
Taxes receivable		
Current	39,749	104,869
Prior	31,649	41,684
Special assessments receivable		
Current	-	-
Prior	-	-
Accounts receivable	18,566	591
Accrued interest receivable	216,600	-
Due from other funds	29,136	813
Due from other governments	54,718	80,663
Inventories	-	-
Special assessments receivable - noncurrent	-	-
	<b>\$ 12,795,519</b>	<b>\$ 3,477,671</b>
<u><b>Liabilities and Fund Balances</b></u>		
<b>Liabilities</b>		
Accounts payable	\$ 64,366	\$ 104,170
Salaries payable	122,809	161,836
Contracts payable	705,075	-
Due to other funds	17,845	13,355
Due to other governments	15,717	17,305
Deferred revenue - unavailable	54,141	103,076
	<b>\$ 979,953</b>	<b>\$ 399,742</b>

**EXHIBIT 3**

Special Revenue Funds			Other Governmental Funds (Statement A-1)	Total Governmental Funds
Road and Bridge	Human Services	Environmental Affairs		
\$ 1,770,071	\$ 2,691,463	\$ 5,277,377	\$ 1,168,194	\$ 23,610,463
300	2,700	250	-	12,850
-	-	-	-	2,355
-	-	-	-	2,930,494
-	-	-	-	8,345
44,409	110,745	-	-	299,772
21,086	50,496	-	3,219	148,134
-	-	6,736	-	6,736
-	-	12,236	-	12,236
1,980	685,785	101,228	384,229	1,192,379
-	-	-	-	216,600
170,702	460	6,225	58,764	266,100
1,476,054	1,079,348	700	-	2,691,483
601,929	-	-	-	601,929
4,011	-	-	-	4,011
<b>\$ 4,090,542</b>	<b>\$ 4,620,997</b>	<b>\$ 5,404,752</b>	<b>\$ 1,614,406</b>	<b>\$ 32,003,887</b>
\$ 80,078	\$ 409,691	\$ 51,578	\$ 9,018	\$ 718,901
73,434	180,453	12,535	7,957	559,024
323,904	-	-	-	1,028,979
6,225	6,706	676	221,293	266,100
5,134	270,435	2,429	101,529	412,549
898,912	728,943	16,746	319,310	2,121,128
<b>\$ 1,387,687</b>	<b>\$ 1,596,228</b>	<b>\$ 83,964</b>	<b>\$ 659,107</b>	<b>\$ 5,106,681</b>



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	General Fund	Public Safety
<b>Fund Balances</b>		
Reserved for		
Missing heirs	\$ 15,077	\$ -
Inventories	-	-
Law library	27,893	-
Recorder's equipment	212,135	-
Enhancement	140,139	-
Debt service	259,056	-
Enhanced 911	-	292,973
Elections	58,064	-
Conservation of natural resources	-	-
Gravel pit closure	-	-
Unreserved		
Designated for		
DARE	-	9,315
Future expenditures	2,671,429	-
Canteen	-	7,237
Sheriff's equipment and education	-	58,152
Sheriff's contingency - drugs and alcohol	-	262
Sheriff's auxiliary	-	6,406
Employee health insurance	38,148	-
Transit	104,901	-
Undesignated	8,288,724	2,703,584
Unreserved, reported in nonmajor		
Special revenue funds	-	-
<b>Total Fund Balances</b>	<b>\$ 11,815,566</b>	<b>\$ 3,077,929</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,795,519</b>	<b>\$ 3,477,671</b>

**EXHIBIT 3**  
**(Continued)**

Special Revenue Funds			Other	Total
Road and	Human	Environmental	Governmental	Governmental
Bridge	Services	Affairs	Funds	Funds
			(Statement A-1)	
\$ -	\$ -	\$ -	\$ -	\$ 15,077
601,929	-	-	-	601,929
-	-	-	-	27,893
-	-	-	-	212,135
-	-	-	-	140,139
-	-	-	133,771	392,827
-	-	-	-	292,973
-	-	-	-	58,064
-	-	-	30,864	30,864
-	-	-	204,103	204,103
-	-	-	-	-
-	-	-	-	9,315
-	-	-	-	2,671,429
-	-	-	-	7,237
-	-	-	-	58,152
-	-	-	-	262
-	-	-	-	6,406
-	-	-	-	38,148
-	-	-	-	104,901
2,100,926	3,024,769	5,320,788	-	21,438,791
-	-	-	586,561	586,561
<b>\$ 2,702,855</b>	<b>\$ 3,024,769</b>	<b>\$ 5,320,788</b>	<b>\$ 955,299</b>	<b>\$ 26,897,206</b>
<b>\$ 4,090,542</b>	<b>\$ 4,620,997</b>	<b>\$ 5,404,752</b>	<b>\$ 1,614,406</b>	<b>\$ 32,003,887</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE STATEMENT OF NET ASSETS--GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2007**

<b>Fund balances - total governmental funds (Exhibit 3)</b>	<b>\$</b>	<b>26,897,206</b>
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		51,061,262
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.</p>		2,121,128
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Compensated absences	\$ (1,823,248)	
Capital leases	(92,663)	
General obligation bonds	(6,395,000)	
Accrued interest payable	(182,242)	
Deferred debt issuance costs	48,489	
Unamortized premium on general obligation bonds	(8,841)	(8,453,505)
<b>Net assets of governmental activities (Exhibit 1)</b>	<b>\$</b>	<b><u>71,626,091</u></b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>General Fund</b>	<b>Public Safety</b>
<b>Revenues</b>		
Taxes	\$ 2,011,936	\$ 4,839,236
Special assessments	-	-
Licenses and permits	275,172	4,805
Intergovernmental	2,328,064	1,219,828
Charges for services	1,019,864	222,965
Fines and forfeitures	69,711	22,485
Gifts and contributions	1,080	675
Investment earnings	1,525,238	17,185
Land and timber sales	23,506	-
Miscellaneous	373,087	129,698
	<b>\$ 7,627,658</b>	<b>\$ 6,456,877</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 9,587,358	\$ -
Public safety	-	6,218,102
Public transportation	671,750	-
Highways and streets	-	-
Sanitation	-	-
Human services	-	-
Health	-	-
Culture and recreation	346,556	-
Conservation of natural resources	355,979	-
Economic development	118,609	-
Capital outlay	-	-
<b>Debt service</b>		
Principal retirement	4,632	2,614
Interest	1,210	69
Administrative and fiscal services	-	-
Bond issuance costs	50,913	-
	<b>\$ 11,137,007</b>	<b>\$ 6,220,785</b>

**EXHIBIT 5**

<b>Special Revenue Funds</b>			<b>Other</b>	<b>Total</b>
<b>Road and</b>	<b>Human</b>	<b>Environmental</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Bridge</b>	<b>Services</b>	<b>Affairs</b>	<b>Funds</b>	<b>Funds</b>
			<b>(Statement A-2)</b>	
\$ 2,171,744	\$ 5,114,745	\$ -	\$ 22,162	\$ 14,159,823
2,954	-	216,238	-	219,192
19,414	-	-	-	299,391
5,559,258	7,348,951	97,515	150,294	16,703,910
81,059	-	1,515,607	2,455	2,841,950
-	-	-	-	92,196
-	-	-	-	1,755
867	-	-	-	1,543,290
-	-	-	565,760	589,266
871,303	1,172,807	15,288	410	2,562,593
<b>\$ 8,706,599</b>	<b>\$ 13,636,503</b>	<b>\$ 1,844,648</b>	<b>\$ 741,081</b>	<b>\$ 39,013,366</b>
\$ -	\$ -	\$ -	\$ -	\$ 9,587,358
-	-	-	-	6,218,102
-	-	-	-	671,750
8,478,494	-	-	-	8,478,494
-	-	1,666,140	-	1,666,140
-	12,253,241	-	-	12,253,241
-	1,198,797	-	-	1,198,797
-	-	-	167,005	513,561
-	-	-	606,355	962,334
-	-	-	-	118,609
248,147	-	-	-	248,147
18,612	-	13,241	100,000	139,099
-	-	1,238	2,000	4,517
-	-	-	2,000	2,000
-	-	-	-	50,913
<b>\$ 8,745,253</b>	<b>\$ 13,452,038</b>	<b>\$ 1,680,619</b>	<b>\$ 877,360</b>	<b>\$ 42,113,062</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>General Fund</b>	<b>Public Safety</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (3,509,349)</b>	<b>\$ 236,092</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 50,000	\$ -
Transfers out	-	-
Proceeds from capital lease	-	-
Bonds and notes issued	6,395,000	-
Premium on bonds/notes issued	9,283	-
	<b>\$ 6,454,283</b>	<b>\$ -</b>
<b>Total Other Financing Sources (Uses)</b>		
<b>Net Change in Fund Balance</b>	<b>\$ 2,944,934</b>	<b>\$ 236,092</b>
<b>Fund Balance - January 1</b>	<b>8,870,632</b>	<b>2,841,837</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 11,815,566</b>	<b>\$ 3,077,929</b>

**EXHIBIT 5**  
**(Continued)**

<b>Special Revenue Funds</b>			<b>Other</b>	<b>Total</b>
<b>Road and</b>	<b>Human</b>	<b>Environmental</b>	<b>Governmental</b>	<b>Governmental</b>
<b>Bridge</b>	<b>Services</b>	<b>Affairs</b>	<b>Funds</b>	<b>Funds</b>
			<b>(Statement A-2)</b>	
<b>\$ (38,654)</b>	<b>\$ 184,465</b>	<b>\$ 164,029</b>	<b>\$ (136,279)</b>	<b>\$ (3,099,696)</b>
\$ -	\$ -	\$ -	\$ -	\$ 50,000
-	-	(50,000)	-	(50,000)
83,851	-	-	-	83,851
-	-	-	-	6,395,000
-	-	-	-	9,283
<b>\$ 83,851</b>	<b>\$ -</b>	<b>\$ (50,000)</b>	<b>\$ -</b>	<b>\$ 6,488,134</b>
<b>\$ 45,197</b>	<b>\$ 184,465</b>	<b>\$ 114,029</b>	<b>\$ (136,279)</b>	<b>\$ 3,388,438</b>
<b>2,670,575</b>	<b>2,840,304</b>	<b>5,206,759</b>	<b>1,091,578</b>	<b>23,521,685</b>
<b>(12,917)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,917)</b>
<b>\$ 2,702,855</b>	<b>\$ 3,024,769</b>	<b>\$ 5,320,788</b>	<b>\$ 955,299</b>	<b>\$ 26,897,206</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*EXHIBIT 6*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Net change in fund balances - total governmental funds (Exhibit 5) \$ 3,388,438**

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

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

Expenditures for general capital assets and infrastructure	\$ 9,217,405	
Current year depreciation	(3,386,588)	5,830,817

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the governmental funds.

Change in deferred revenue	\$ 291,509	
Proceeds from debt issuance	(6,478,851)	(6,187,342)

Repayment of debt principal is an expenditure in the governmental funds.  
but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal repayments		
General obligation bonds	\$ 100,000	
Capital leases	39,099	139,099

Governmental funds report the effect of issuance costs, premiums, discounts,  
and similar items when debt is first issued, whereas these amounts are deferred  
and amortized in the statement of activities.

Change in deferred debt issuance costs	\$ 48,489	
Change in unamortized premium on general obligation bonds	(8,841)	39,648

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	\$ (180,518)	
Change in compensated absences	(139,783)	
Change in inventories	(12,917)	(333,218)

**Change in net assets of governmental activities (Exhibit 2) \$ 2,877,442**



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 7**

**STATEMENT OF NET ASSETS  
SUNNYSIDE CARE CENTER ENTERPRISE FUND  
SEPTEMBER 30, 2007**

<u>Assets</u>	
<b>Current Assets</b>	
Cash and pooled investments	\$ 678,021
Accounts receivable - net of allowance for uncollectible accounts of \$5,000	349,427
Inventories	17,360
Prepaid items	19,609
	<hr/>
<b>Total Current Assets</b>	<b>\$ 1,064,417</b>
<b>Restricted Assets</b>	
Donor-restricted assets	\$ 51,200
Resident trust funds	14,695
	<hr/>
<b>Total Restricted Assets</b>	<b>\$ 65,895</b>
<b>Noncurrent Assets</b>	
Capital assets	
Non-depreciable	\$ 2,325
Depreciable - net of accumulated depreciation	1,917,265
	<hr/>
<b>Total Noncurrent Assets</b>	<b>\$ 1,919,590</b>
<b>Total Assets</b>	<b>\$ 3,049,902</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 7**  
***(Continued)***

**STATEMENT OF NET ASSETS  
SUNNYSIDE CARE CENTER ENTERPRISE FUND  
SEPTEMBER 30, 2007**

**Liabilities**

**Current Liabilities**

Accounts payable	\$	86,122
Salaries payable		97,091
Compensated absences payable - current		42,840
General obligation revenue notes payable - current		27,000
Interest payable		11,278
		11,278

**Total Current Liabilities** **\$ 264,331**

**Current Liabilities Payable from Restricted Assets**

Resident trust funds	\$	14,695
		14,695

**Noncurrent Liabilities**

Compensated absences payable - long-term	\$	89,417
General obligation bonds payable - long-term		1,210,000
General obligation revenue notes payable - long-term		105,000
		105,000

**Total Noncurrent Liabilities** **\$ 1,404,417**

**Total Liabilities** **\$ 1,683,443**

**Net Assets**

Invested in capital assets, net of related debt	\$	577,590
Restricted for capital acquisitions		51,200
Unrestricted		737,669
		737,669

**Total Net Assets** **\$ 1,366,459**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 8**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
SUNNYSIDE CARE CENTER ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

<b>Operating Revenues</b>	
Net resident service revenue	\$ 2,999,911
Other operating revenue	27,336
	<hr/>
<b>Total Operating Revenues</b>	<b>\$ 3,027,247</b>
<b>Operating Expenses</b>	
Employee benefits	\$ 434,661
Nursing services	1,110,221
Administration and fiscal services	307,163
Social service and activities	92,403
Ancillary services	287,848
Plant operations	180,106
Laundry and linen	46,679
Dietary	260,137
Housekeeping	77,124
Medical care surcharge	160,455
Depreciation	107,817
	<hr/>
<b>Total Operating Expenses</b>	<b>\$ 3,064,614</b>
<b>Operating Income (Loss)</b>	<b>\$ (37,367)</b>
<b>Nonoperating Revenues (Expenses)</b>	
Noncapital grants and contributions	\$ 6,778
Investment earnings	5,196
Interest expense	(70,536)
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>\$ (58,562)</b>
<b>Income (Loss) Before Contributions</b>	<b>\$ (95,929)</b>
Capital contributions	765
	<hr/>
<b>Change in Net Assets</b>	<b>\$ (95,164)</b>
<b>Net Assets - October 1</b>	<b>1,461,623</b>
	<hr/>
<b>Net Assets - September 30</b>	<b>\$ 1,366,459</b>
	<hr/> <hr/>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 9**

**STATEMENT OF CASH FLOWS  
SUNNYSIDE CARE CENTER ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from residents	\$ 3,171,741
Payments to suppliers	(1,014,952)
Payments to employees	<u>(1,952,821)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ 203,968</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Grants and contributions	<u>\$ 6,778</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	\$ (10,908)
Principal paid on long-term debt	(26,000)
Interest paid on long-term debt	(70,703)
Capital grants and contributions	<u>765</u>
<b>Net cash provided by (used in) capital and related financing activities</b>	<b><u>\$ (106,846)</u></b>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	\$ 5,196
Increase in restricted assets	<u>(653)</u>
<b>Net cash provided by (used in) investing activities</b>	<b><u>\$ 4,543</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 108,443</b>
<b>Cash and Cash Equivalents at October 1</b>	<b><u>569,578</u></b>
<b>Cash and Cash Equivalents at September 30</b>	<b><u><u>\$ 678,021</u></u></b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 9**  
***(Continued)***

**STATEMENT OF CASH FLOWS  
SUNNYSIDE CARE CENTER ENTERPRISE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2007  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (37,367)
<b>Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 107,817
Provision for bad debts	28,798
Changes in operating assets and liabilities	
Accounts receivable	115,696
Inventories	(1,073)
Prepaid items	(2,830)
Accounts payable	9,579
Accrued expenses	(16,652)
<b>Total adjustments</b>	<b>\$ 241,335</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 203,968</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>	
Capital asset purchases included in accounts payable	\$ 14,634

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**EXHIBIT 10**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007**

	<u>Agency (Statement C-1)</u>
<b><u>Assets</u></b>	
Cash and pooled investments	<u>\$ 865,717</u>
<b><u>Liabilities</u></b>	
Accounts payable	\$ 169,423
Due to other governments	542,103
Prepaid taxes	<u>154,191</u>
<b>Total Liabilities</b>	<u><b>\$ 865,717</b></u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

I. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the County has the option to apply FASB pronouncements issued after that date to its business-type activities, the County has chosen not to do so. 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 Minnesota Statutes, Chapter 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

The Becker County Economic Development Authority (EDA) provides services pursuant to Minnesota Statutes, §§ 469.090 to 469.1081 and Minnesota Statutes, §§ 469.001 to 469.047, and is reported in a separate column in the County's basic financial statements to emphasize that the EDA is legally separate from Becker County. The EDA is governed by a seven-member Board appointed by the Becker County Board of Commissioners, and Becker County is financially accountable for the EDA.

Complete financial statements of the Becker County Economic Development Authority can be obtained from the Becker County Auditor-Treasurer's Office located at 829 Lake Avenue, Detroit Lakes, Minnesota 56501.

Joint Ventures

The County participates in joint ventures, related organizations, and jointly-governed organizations which are described in Notes section V, subdivisions D, E, and F, respectively.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

I. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

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

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, charges, and fines paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are 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. 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**

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be 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 annual property tax levy and special appropriations from the State of Minnesota.

The Road and Bridge Special Revenue Fund is used to account for financial transactions of County highway operations. Financing is provided by annual tax levy, intergovernmental revenues designated for highway purposes, and charges for services.

The Human Services Special Revenue Fund is used to account for financial services provided to persons receiving public assistance. Financing is provided by annual tax levy and intergovernmental revenues designated for human services purposes.

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

The County reports the following major enterprise fund:

The Sunnyside Care Center Enterprise Fund is used to account for the operations of the Sunnyside Care Center. The Care Center's financial position and operations are presented as of and for the year ended September 30, 2007.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

I. Summary of Significant Accounting Policies

B. Basic Financial Statements

2. Fund Financial Statements (Continued)

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

C. Measurement Focus and Basis of Accounting

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

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

As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements.

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

D. Assets, Liabilities, and Net Assets 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 deposits and investments.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Cash and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2007, based on market prices. Pursuant to Minnesota Statute, § 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 2007 were \$1,525,238. Total investment earnings for 2007 were \$1,543,290.

Becker County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minnesota Statute, § 471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the fair value of the County's position in the pool is the same as the value of the pool shares.

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 on May 15 and the second half due on October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as current and prior taxes receivable.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances from/to other funds" (i.e., the non-current 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."

All receivables, including those of the discretely presented component unit, are shown net of an allowance for uncollectible amounts, if applicable.

4. Inventories and Prepaid Items

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

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

4. Inventories and Prepaid Items (Continued)

Inventories, as reported in the fund financial statements, are offset by a fund balance reserve to indicate that they do not constitute available spendable resources.

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

5. Restricted Assets

Certain funds of the County are classified as restricted on the statement of net assets 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.

6. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extended the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Infrastructure	25-50
Buildings and improvements	5-40
Land improvements	8-22
Machinery and equipment	4-12

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (Continued)

7. Compensated absences

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

8. Deferred Revenue

Governmental funds and the government-wide financial statements defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

9. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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 when issued. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Assets and Fund Balance

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

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity

10. Net Assets and Fund Balance (Continued)

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget – Nonmajor Funds

The Natural Resource Management Special Revenue Fund had expenditures in excess of budget in the amount of \$147,492 as of December 31, 2007.

B. Land Management

The County manages approximately 74,727 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.

III. Detailed Notes on All Funds

A. Assets

1. Cash and Investments

Reconciliations of the County's total deposits and investments to the basic financial statements, as of December 31, 2007, are reported as follows:

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Investments (Continued)

Primary government		
Cash and pooled investments	\$	24,290,839
Petty cash and change funds		12,850
Cash with escrow agent		2,930,494
Investments		8,345
Restricted assets		
Donor-restricted assets		51,200
Resident trust funds		14,695
Fiduciary funds		
Cash and pooled investments		865,717
Component unit		
Cash and pooled investments		1,476,157
Cash with escrow agent		<u>99,478</u>
Total cash and investments	\$	<u><u>29,749,775</u></u>
Deposits	\$	12,636,082
Cash on hand		13,650
Investments		16,985,419
Change in Enterprise Fund's cash from September 30 to December 31, 2007		<u>114,624</u>
Total deposits, cash on hand, and investments	\$	<u><u>29,749,775</u></u>

Deposits

Minnesota Statutes, §§ 118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the Board. Minnesota Statute, § 118A.03 requires that all County deposits be covered by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest 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, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County has a deposit policy for custodial credit risk. As of December 31, 2007, the County's deposits were not exposed to custodial credit risk.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Investments (Continued)

Investments

Minnesota Statutes, §§ 118A.04 and 118A.05 generally authorize the following types of investments available to the County:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, § 118A.04, subdivision 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 certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers' acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2007, the County had the following investments and maturities:



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Investments

Interest Rate Risk (Continued)

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>
Federal Home Loan Bank	\$ 5,988,789	\$ 2,790,214	\$ 1,500,210	\$ 1,698,365
Federal Home Loan Mortgage Corporation	652,699	-	-	652,699
Federal Farm Credit Bank	1,000,000	-	1,000,000	-
Federal National Mortgage Association	1,773,609	-	1,742,971	30,638
Government National Mortgage Association	1,106	1,106	-	-
Negotiable Certificates of Deposit	1,897,849	1,897,849	-	-
Minnesota Association of Governments Investing for Counties (MAGIC)	<u>5,671,367</u>	<u>5,671,367</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 16,985,419</u>	<u>\$ 10,360,536</u>	<u>\$ 4,243,181</u>	<u>\$ 2,381,702</u>
	100%	61%	25%	14%

Credit Risk

Generally, a 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.

The County's exposure to credit risk as of December 31, 2007, is as follows:

	<u>Moody's Rating</u>	<u>Fair Value</u>
Federal Home Loan Bank	AAA	\$ 4,790,169
Federal Home Loan Bank	N/R	1,198,620
Federal Home Loan Mortgage Corporation	AAA	652,699
Federal Farm Credit Bank	AAA	1,000,000
Federal National Mortgage Association	AAA	1,502,820
Federal National Mortgage Association	N/R	270,789
Government National Mortgage Association	N/A	1,106
Negotiable Certificates of Deposit	N/A	1,897,849
Minnesota Association of Governments Investing for Counties (MAGIC)	N/A	<u>5,671,367</u>
		<u>\$ 16,985,419</u>

N/R – not rated

N/A – not applicable

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

1. Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a policy on custodial credit risk. At December 31, 2007, 28.4 percent of the County's investments were subject to custodial credit risk in the following amounts by issuer.

Issuer	Amount
Federal Home Loan Bank	\$ 2,940,238
Federal Home Loan Mortgage Corporation	430,583
Federal National Mortgage Association	214,621
Government National Mortgage Association	887
Negotiable CDs	1,234,306

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, excluding U.S. guaranteed investments, investment pools, and mutual funds. The County's negotiable certificates of deposit are with 20 separate financial institutions and are not exposed to concentration of credit risk.

Investments in any one issuer that represent five percent or more of the County's investments are:

Issuer	Reported Amount	
Federal Home Loan Bank	\$ 5,988,789	35%
Federal Farm Credit Bank	1,000,000	6%
Federal National Mortgage Association	1,773,609	10%

2. Receivables

Receivables as of December 31, 2007, for the County's governmental activities and as of September 30, 2007, for the County's business-type activities, including any applicable allowances for uncollectible accounts, are as follows:

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 447,906	\$ -
Special Assessments	22,983	4,011
Accounts	1,192,379	-
Accrued interest	216,600	-
Due from other governments	2,691,483	-
Total Governmental Activities	\$ 4,571,351	\$ 4,011
Business-Type Activities		
Accounts	\$ 349,427	\$ -

3. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2007, and for the business-type activities for the year ended September 30, 2007, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 646,854	\$ -	\$ -	\$ 646,854
Right-of-way	628,366	606	-	628,972
Construction in progress	392,861	4,220,177	87,887	4,525,151
Total capital assets, not depreciated	\$ 1,668,081	\$ 4,220,783	\$ 87,887	\$ 5,800,977
Capital assets being depreciated				
Infrastructure	\$ 63,560,760	\$ 4,372,882	\$ -	\$ 67,933,642
Buildings and improvements	8,554,562	429,989	-	8,984,551
Land improvements	467,923	-	-	467,923
Machinery and equipment	4,426,147	281,638	135,366	4,572,419
Total capital assets being depreciated	\$ 77,009,392	\$ 5,084,509	\$ 135,366	\$ 81,958,535
Less: accumulated depreciation for				
Infrastructure	\$ 25,510,998	\$ 2,581,668	\$ -	\$ 28,092,666
Buildings and improvements	5,050,586	344,328	-	5,394,914
Land improvements	88,066	23,396	-	111,462
Machinery and equipment	2,797,378	437,196	135,366	3,099,208
Total accumulated depreciation	\$ 33,447,028	\$ 3,386,588	\$ 135,366	\$ 36,698,250
Total capital assets, depreciated, net	\$ 43,562,364	\$ 1,697,921	\$ -	\$ 45,260,285
Governmental Activities				
Capital Assets, Net	\$ 45,230,445	\$ 5,918,704	\$ 87,887	\$ 51,061,262

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,325	\$ -	\$ -	\$ 2,325
Construction in progress	1,246	-	1,246	-
Total capital assets, not depreciated	\$ 3,571	\$ -	\$ 1,246	\$ 2,325
Capital assets being depreciated				
Buildings and improvements	\$ 2,549,352	\$ 16,670	\$ -	\$ 2,566,022
Land improvements	149,767	-	-	149,767
Machinery and equipment	423,662	10,118	-	433,780
Total capital assets being depreciated	\$ 3,122,781	\$ 26,788	\$ -	\$ 3,149,569
Less: accumulated depreciation for				
Buildings and improvements	\$ 688,837	\$ 82,209	\$ -	\$ 771,046
Land improvements	129,230	1,342	-	130,572
Machinery and equipment	306,420	24,266	-	330,686
Total accumulated depreciation	\$ 1,124,487	\$ 107,817	\$ -	\$ 1,232,304
Total capital assets, depreciated, net	\$ 1,998,294	\$ (81,029)	\$ -	\$ 1,917,265
Business-Type Activities				
Capital Assets, Net	\$ 2,001,865	\$ (81,029)	\$ 1,246	\$ 1,919,590

Depreciation Expense

Depreciation expense was charged to functions of the County as follows:

Governmental Activities	
General government	\$ 287,033
Public safety	165,167
Highways and streets, including depreciation of infrastructure assets	2,777,452
Public transportation	30,834
Sanitation	59,758
Human services	14,370
Culture and recreation	48,163
Conservation of natural resources	659
Economic development	3,152
Total Depreciation Expense – Governmental Activities	\$ 3,386,588
Business-Type Activities	
Sunnyside Care Center	\$ 107,817

Construction Commitments

The County has active construction commitments as of December 31, 2007, in the amount of \$3,911,574 for general government – courthouse addition, with \$4,138,372 spent-to-date on the project.

Construction commitments are being financed by County taxes and intergovernmental revenue from local, state, and federal agencies.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds (Continued)

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General Fund	Human Services SRF	\$ 5,631	Charges for services
	Other Governmental	<u>23,505</u>	Land and timber sales
Total Due to General Fund		<u>\$ 29,136</u>	
Public Safety Special Revenue Fund	Human Services SRF	<u>\$ 813</u>	Charges for services
Road and Bridge Special Revenue Fund	General Fund	\$ 17,385	Charges for services
	Public Safety SRF	13,355	Charges for services
	Human Services SRF	262	Charges for services
	Environmental Affairs SRF	676	Charges for services
	Other Governmental	<u>139,024</u>	Gravel tax and land and charges for services
Total Due to Road and Bridge SRF		<u>\$ 170,702</u>	
Human Services Special Revenue Fund	General Fund	<u>\$ 460</u>	Charges for services
Environmental Affairs SRF	Road and Bridge SRF	<u>\$ 6,225</u>	Charges for services
Other Governmental	Other Governmental	<u>\$ 58,764</u>	Proceeds from timber sales
Total Due To/From Other Funds		<u>\$ 266,100</u>	

Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of an operating transfer to the General Fund from the Environmental Affairs Special Revenue Fund, in the amount of \$50,000.

C. Liabilities

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. As of December 31, 2007, governmental funds reported the following various components of deferred unavailable revenue:

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities

Deferred Revenue (Continued)

	Deferred Unavailable
Taxes	\$ 322,316
Special Assessments	17,865
Contracts	316,261
Grants	847,847
Receivables	613,811
Charges for services	3,028
Total Deferred Revenue	\$ 2,121,128

Compensated Absences

Under the County's personnel policies and union contracts, employees are granted vacation in varying amounts based on their length of service. Vacation leave accrual varies from 12 to 24 days per year. Sick leave accrual is 12 days per year. Leave may be accumulated to a maximum of 24 days vacation and 120 days sick leave under the County's employment policy.

Unused compensatory time, accumulated vacation and vested sick leave are paid to employees upon termination. Unvested sick leave, approximately \$524,625 at December 31, 2007, is available to employees in the event of illness-related absences and is not paid to them at termination.

Leases

Operating Leases

The County leases space under noncancelable operating leases. Total costs for such leases were \$991,373 for the year ended December 31, 2007. The future minimum lease payments for these leases are as follows:

Year Ending December 31	Amount
2008	\$ 206,302
2009	143,160
2010	143,160
2011	143,160
2012	143,160
2013-2014	212,431
Total	\$ 991,373

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of certain equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The capital leases consist of the following at December 31, 2007:

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities

Leases

Capital Leases (Continued)

<u>Lease</u>	<u>Maturity</u>	<u>Installment</u>	<u>Payment Amount</u>	<u>Original</u>	<u>Balance</u>
Governmental Activities					
2005 Postage machine	2010	Annual	\$ 5,842	\$ 23,517	\$ 11,074
2002 Dictaphone equipment	2007	Semi-Annual	2,683	23,412	-
2005 Landfill loader	2009	Annual	14,479	52,135	16,350
2007 Loader	2011	Annual	18,612	83,851	65,239
Less: Accumulated depreciation				<u>(69,799)</u>	<u>-</u>
Total Governmental Activities Capital Leases				<u>\$ 113,116</u>	<u>\$ 92,663</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2007, were as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2008	\$ 38,933
2009	26,867
2010	19,098
2011	<u>18,612</u>
Total minimum lease payments	\$ 103,510
Less amount representing interest	<u>(10,847)</u>
Present Value of Minimum Lease Payments	<u>\$ 92,663</u>

Long-Term Debt

Governmental Activities

<u></u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amounts</u>	<u>Outstanding Balance December 31, 2007</u>
G.O. Courthouse Expansion Bonds of 2007	2027	\$250,000-\$435,000	3.5028	\$ 6,395,000	<u>\$ 6,395,000</u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities

Long-Term Debt (Continued)

Business-Type Activities

	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amounts</u>	<u>Outstanding Balance September 30, 2007</u>
2004 G.O. Nursing Home Bonds	2034	\$20,000-\$90,000	5.00-5.65	\$ 1,250,000	\$ 1,230,000
2004 G.O. Revenue Note	2022	\$6,000-\$8,000	1.68	135,430	<u>112,000</u>
					<u>\$ 1,342,000</u>

Debt Service Requirements

Debt service requirements at December 31, 2007, for governmental activities and September 30, 2007, for business-type activities were as follows:

Governmental Activities

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 305,000	\$ 326,661
2009	255,000	244,831
2010	265,000	234,431
2011	275,000	223,631
2012	285,000	212,431
2013-2017	1,350,000	902,655
2018-2022	1,640,000	603,166
2023-2027	<u>2,020,000</u>	<u>221,427</u>
Subtotal	\$ 6,395,000	\$ 2,969,233
Add: Bond premium	<u>8,841</u>	-
Total	<u>\$ 6,403,841</u>	<u>\$ 2,969,233</u>

Business-Type Activities

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 27,000	\$ 69,052
2009	27,000	67,934
2010	32,000	66,691
2011	32,000	65,324
2012	32,000	63,956
2013-2017	182,000	296,575
2018-2022	230,000	247,816
2023-2027	255,000	185,121
2028-2032	350,000	101,700
2033-2034	<u>175,000</u>	<u>10,029</u>
Total	<u>\$ 1,342,000</u>	<u>\$ 1,174,198</u>



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

III. Detailed Notes on All Funds

C. Liabilities

Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended December 31, 2007, and for the business-type activities for the year ended September 30, 2007, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 100,000	\$ 6,395,000	\$ 100,000	\$ 6,395,000	\$ 305,000
Add: Bond premium	-	8,841	-	8,841	-
Capital leases	47,911	83,851	39,099	92,663	34,364
Compensated absences	<u>1,683,465</u>	<u>1,247,023</u>	<u>1,107,240</u>	<u>1,823,248</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,831,376</u>	<u>\$ 7,734,715</u>	<u>\$ 1,246,339</u>	<u>\$ 8,319,752</u>	<u>\$ 339,364</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,250,000	\$ -	\$ 20,000	\$ 1,230,000	\$ 20,000
General obligation revenue notes	118,000	-	6,000	112,000	7,000
Compensated absences	<u>178,763</u>	<u>-</u>	<u>46,506</u>	<u>132,257</u>	<u>42,840</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,546,763</u>	<u>\$ -</u>	<u>\$ 72,506</u>	<u>\$ 1,474,257</u>	<u>\$ 69,840</u>

IV. Pension Plans

A. Defined Benefits Plans

Plan Description

All full-time and certain part-time employees of the County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund, the Public Employee's Police and Fire Fund, and the Public Employees Correctional Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

IV. Pension Plans

A. Defined Benefits Plans

Plan Description (Continued)

Public Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. Members, who are employed in a county correctional institution and have direct contact with inmates, are covered by the Public Employees Correctional Fund.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The retirement 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 Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3 percent for each year of service. For Public Employees Correctional Fund Members, the annuity accrual rate is 1.9 percent for each year of service.

For all Public Employees Retirement Fund members whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund and Public Employees Correctional Fund members, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

IV. Pension Plans

A. Defined Benefits Plans (Continued)

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 5.75 percent, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan increased in 2008 to 6.00 percent. Public Employees Police and Fire Fund members were required to contribute 7.80 percent of their annual covered salary in 2007. That rate increased to 8.60 percent in 2008. Public Employees Correctional Fund members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2007 and 2008:

	2007	2008
Public Employees Retirement Fund		
Basic Plan Members	11.78%	11.78%
Coordinated Plan Members	6.25	6.50
Public Employees Police and Fire Fund	11.70	12.90
Public Employees Correctional Fund	8.75	8.75

The County's contributions for the years ending December 31, 2007, 2006, and 2005, for the Public Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Public Employees Correctional Fund, were:

	Public Employees Retirement Fund	Public Employees Police and Fire Fund	Public Employees Correctional Fund
2007	\$ 654,662	\$ 170,997	\$ 90,653
2006	586,617	139,150	82,774
2005	512,981	112,168	75,946

These amounts are equal to the contractually required contributions for each year as set by state statute.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

IV. Pension Plans (Continued)

B. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353D. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statute, § 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

The County's contributions for the years ending December 31, 2007, 2006, and 2005, were \$6,909, \$6,328, and \$6,364, respectively, equal to the contractually required contributions for each year as set by state statute.

C. Other Post-Employment Benefits – Retirees

In accordance with Minnesota Statutes, the County provides post-retirement health care benefits for certain retirees and their dependents. As of year-end, the County has 11 active participants. During 2007, the County expended \$80,224 for these benefits and was fully reimbursed by each participant.

V. 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, may be involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

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

B. Management Agreement

The Sunnyside Care Center is managed by Ecumen. The Care Center is under a three-year agreement, which expires August 15, 2009. The monthly management fee is 3.0 percent of annual operating revenues. Management fees for the year ending September 30, 2007 amounted to \$92,254.

Certain employees of Ecumen perform services for the Care Center. Payments to Ecumen for salaries and related expenses for the year ending September 30, 2007 amounted to \$58,665. The Care Center had unpaid amounts pertaining to the above transactions at September 30, 2007 amounting to \$30,496.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage, 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 Insurance Trust (MCIT) to cover workers' compensation and property and casualty liabilities. To cover 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 each of the past three fiscal years.

The Worker's 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 \$400,000 per claim in 2007. 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. The 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.

D. Joint Ventures

Becker County Children's Initiative

The Becker County Children's Initiative (BCCI) collaborative was established in 1995, under the authority of the Joint Powers Acts, pursuant to Minnesota Statutes, §§ 471.59 and 124D.23. The BCCI includes Becker County and the Multi-County Board of Health. The purpose of the BCCI is to provide coordinated family services and to commit resources to an integrated fund. Control of the BCCI is vested in a Board of Directors. Becker County has two members on the Board.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Becker County Children's Initiative (Continued)

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

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

The BCCI has no long-term debt. Financing is provided by state and federal grants, appropriations from joint powers members, and miscellaneous revenues. In 2007, Becker County was not required to make a contribution to the BCCI. Separate financial information can be obtained from the Becker County Children's Initiative, P.O. Box 24, Detroit Lakes, Minnesota 56502-0024.

Homeland Security Emergency Management (HSEM) Region 3 Emergency Managers Joint Powers Board

The HSEM Region 3 Emergency Managers Joint Powers Board was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, § 471.59 and Minnesota Statutes, Chapter 12. Members include Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau counties. The purpose of the HSEM Region 3 Emergency Managers Joint Powers Board is to engage in planning, training, and/or the purchase of equipment in order to better respond to emergencies and natural and other disasters within HSEM Region 3; specifically within the jurisdictional boundaries of the member counties.

Control is vested in the HSEM Region 3 Emergency Managers Joint Powers Board, which is composed of one representative from each member county, appointed by their respective governing bodies as provided in the HSEM Region 3 Emergency Managers Board's Joint Powers Agreement.

The HSEM Region 3 Emergency Managers Joint Powers Board has no long-term debt. Financing will be provided by a Homeland Security Grant Program and other grant programs and awards.

Northwest Minnesota Regional Radio Board

The Northwest Minnesota Regional Radio Board was formed in 2007 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes, §§ 403.39 and 471.59. Members include Becker, Beltrami, Clearwater, Clay, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau counties and the City of Moorhead. The purpose of the Northwest Minnesota Regional Radio Board is to provide

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

D. Joint Ventures

Northwest Minnesota Regional Radio Board (Continued)

regional administration for the installation, operation, and maintenance of local and regional enhancements to the Statewide Public Safety Radio and Communication System (ARMER).

Control is vested in the Northwest Minnesota Regional Radio Board, which is composed of one county commissioner from each member county and one city council member from the member city, appointed by their respective governing bodies as provided in the Northwest Minnesota Regional Radio Board's Joint Powers Agreement.

The Northwest Minnesota Regional Radio Board has no long-term debt. Financing is provided by annual contributions from members, reflective of the extent of participation and use of services. Becker County did not contribute to the Northwest Regional Radio Board for the year ended December 31, 2007. Complete financial information can be obtained from Greater Northwest Emergency Medical Services, 2301 Johanneson Avenue NW, Suite 103, Bemidji, Minnesota 56601.

Northwestern Counties Data Processing Security Association

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

Control of the Association is vested in the Northwestern Counties Data Processing Security Association Joint Powers Board, which is composed of one county commissioner appointed by each member county board. In the event of dissolution, the net assets of the Association at that time shall be distributed to the respective member counties in proportion to the contribution of each.

The Northwestern Counties Data Processing Security Association has no long-term debt. Financing is provided by state grants and appropriations from member counties when needed. Becker County did not contribute to the Association for the year ended December 31, 2007. Lake of the Woods County, in an agent capacity, reports the cash transactions of the Association as an agency fund on its financial statements. Complete financial information can be obtained from the Lake of the Woods County Auditor's Office, 206 8<sup>th</sup> Avenue SE, Suite 260, Baudette, MN 56623.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

D. Joint Ventures (Continued)

West Central Area Agency on Aging

The West Central Area Agency on Aging was established June 2, 1982, by a joint powers agreement among Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin Counties. The agreement was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the nine-county area. Each county may be assessed a proportional share of the 25 percent of the administrative costs incurred in the carrying out of this agreement. Each county's proportional share of this 25 percent of the administrative costs will be based upon the number of persons age 60 or older living within that county. In 2007, Becker County paid \$4,077 to the West Central Area Agency on Aging as its share of the 2007 assessment.

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

Control is vested in the West Central Board on Aging. The Board consists of one commissioner from each of the counties. The county commissioners of the county he or she represents appoint each member of the Board. Complete financial information can be obtained from the Area Agency on Aging, P.O. Box 726, Fergus Falls, Minnesota 56537.

West Central Drug Task Force

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

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency. In the event of dissolution of the Task Force, the equipment will be divided and returned to the appropriate agencies. If only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force.

Beginning January 1, 2004, Douglas County became the fiscal agent for the Task Force. Financing and equipment will be provided by the full-time and associate member agencies. Becker County provided \$1,000 to this organization in 2007.



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

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

E. Related Organizations

The County Board is responsible for appointing the members of other organizations, but the County's accountability, for these organizations, does not extend beyond making the appointments. The County Board appoints the Board Members of the Pelican River Watershed District and the Cormorant Lakes Watershed District.

F. Jointly-Governed Organizations

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 City of Detroit Lakes. The County appropriated \$48,500 for airport operations in 2007.

District IV Transportation Planning

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

Lake Agassiz Regional Library

The Lake Agassiz Regional Library, a consolidated public library system serving over 134,228 residents, was formed in 1961 pursuant to Minnesota Statutes, §§ 134.20 and 471.59, and includes the counties of Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin, as well as the cities of Breckenridge, Crookston, Detroit Lakes, Mahnomen, and Moorhead. Control of the Library is vested in the Lake Agassiz Regional Library Board of trustees which is composed of 23 individuals who represent 12 signatory entities. Becker County appropriated \$262,009 to the Lake Agassiz Regional Library for the year ended December 31, 2007.

Minnesota Rural County Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Becker, Beltrami, Clay, Clearwater, Itasca, Kittson, Lake, Lake of the Woods, Mahnomen, Marshall, McLeod, Morrison, Norman, Pennington, Polk, Red Lake, and Roseau Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee which is composed of ten directors, each with an alternate, who are appointed annually by each respective county board. The County did not contribute to the Caucus for the year ended December 31, 2007.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

V. Summary of Significant Contingencies and Other Items

F. Jointly-Governed Organizations (Continued)

Western Area City/County Co-Op

Becker County and 24 other cities and counties created the Western Area City/County Co-Op (WACCO). Each member of WACCO is authorized to appoint one member to the Board of Directors. The County paid \$5,000 in dues during 2007.

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969 pursuant to Minnesota Statutes, Chapter 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, administer legal drainage systems, issue applications and permits, educate the public on conservation issues, and provide dispute resolution. Control of the Wild Rice Watershed District is vested in a 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 the remaining counties each appoint one member.

VI. Becker County Economic Development Authority

A. Summary of Significant Accounting Policies

The Becker County Economic Development Authority's (EDA) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2007, and include the financial statements of the Housing Department for the year ended June 30, 2007. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the EDA has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the EDA has chosen not to do so. The more significant accounting policies established in GAAP and used by the EDA are discussed below.

1. Financial Reporting Entity

The EDA was established May 27, 1997, having all of the powers and duties of an economic development authority under Minnesota Statutes, §§ 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 Minnesota Statutes, §§ 469.001 to 469.047. The EDA is governed by a seven-member Board appointed by the Becker County Board of Commissioners.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

A. Summary of Significant Accounting Policies

1. Financial Reporting Entity (Continued)

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. Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) display information about the financial activities of the overall EDA. 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 assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The EDA's net assets are reported in three parts: (1) invested in capital assets, net of related debt; (2) restricted net assets; and (3) unrestricted net assets. The EDA 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 EDA's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions 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.

Fund Financial Statements

The fund financial statements provide information about the EDA's funds. Separate statements for each fund category—governmental and proprietary—are presented.

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**

VI. Becker County Economic Development Authority

A. Summary of Significant Accounting Policies

2. Basic Financial Statements (Continued)

The EDA reports the following major governmental fund:

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

The EDA reports the following major enterprise funds:

The EDA Activities Fund is used to account for the operations of buildings the EDA built and is leasing out. This fund has a December 31 year-end.

The Housing Department Fund is used to account for the operations of the EDA's housing department. This fund has a June 30 year-end and accounts for all the EDA's federal expenditures.

3. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded 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. The EDA considers all revenues to be available if they are collected within 30 days after the end of the current period. Property and other taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

4. Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

The EDA has defined cash and cash equivalents to include cash on hand and demand deposits.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

A. Summary of Significant Accounting Policies

4. Assets, Liabilities, and Net Assets or Equity (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances from/to other funds” (i.e., the non-current 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 fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 on May 15 and the second half due on October 15.

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

Property Held for Resale

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the EDA as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

A. Summary of Significant Accounting Policies

4. Assets, Liabilities, and Net Assets or Equity

Capital Assets (Continued)

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

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

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements and in proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

In the governmental fund financial statements, the face amount of the debt issued is reported as an other financing source. 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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans subject to change.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

A. Summary of Significant Accounting Policies

4. Assets, Liabilities, and Net Assets or Equity (Continued)

Use of Estimates

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

B. Detailed Notes on All Funds

1. Assets

Cash and Investments

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

Governmental activities	\$ 524,473
Business-type activities	<u>1,051,162</u>
Total Cash and Investments	<u>\$ 1,575,635</u>

Deposits

Minnesota Statutes, §§ 118A.02 and 118A.04 authorize the EDA to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statute, § 118A.03 requires all EDA deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest 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, revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the 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, 2007, the EDA's deposits were not exposed to custodial credit risk.

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

1. Assets (Continued)

Investments

Minnesota Statutes, §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the EDA:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as high risk by Minnesota Statute, § 118A.04, subdivision 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 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.

During the year ended December 31, 2007, the EDA had no investments.

Receivables

No allowance for uncollectible accounts has been made for the EDA's governmental activities or for business-type activities.

Loans Receivable—Governmental Activities

Loans receivable consist of cash loans to private enterprises or nonprofit organizations. The following is a summary of changes in loans receivable for the year ended December 31, 2007:

<u>Loans Receivable</u>	<u>Balance January 1</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance December 31</u>
Maple Avenue Apartments	\$ 35,000	\$ -	\$ -	\$ 35,000



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

1. Assets (Continued)

Contract for Deed—Business-Type Activities

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 June 30, 2007:

Balance – July 1, 2006	\$	1,099,641
New loans		259,461
Payments		(94,877)
Canceled contracts		<u>(93,983)</u>
 Balance – June 30, 2007	 \$	 1,170,242
 Less: current portion		 <u>(47,238)</u>
 Long-Term Portion		 <u><u>\$ 1,123,004</u></u>

<u>Contract for Deed</u>	<u>Date</u>	<u>Interest Rates (%)</u>	<u>Due Date</u>	<u>Monthly Payment</u>	<u>Balance June 30</u>
Patty Sweeney	October 1, 1999	-	October 1, 2014	\$ 301	\$ 62,589
Lee Ward	February 1, 2000	-	January 1, 2015	165	62,936
Cynthia Burton	March 1, 2001	-	March 1, 2021	189	78,105
Michael Steffl	September 1, 2002	-	September 1, 2017	339	54,753
Katrina Albrecht	May 1, 2003	-	May 1, 2028	155	80,910
Sean Grove and Amy Olson	June 1, 2004	-	June 1, 2024	285	81,480
Anthony and Angela Sieling	July 1, 2004	-	July 1, 2029	177	88,462
Kim Steward and Randy Heinen	September 1, 2004	-	September 1, 2020	521	85,057
Robert Goodrich	August 1, 2004	-	August 1, 2022	287	72,171
Jamie Johnson and Ryan Evans	June 1, 2005	-	May 31, 2020	298	78,794
Felicia Johnson	December 1, 2005	-	December 1, 2035	227	82,399
Melissa Pearson	February 1, 2006	-	February 1, 2033	221	84,999
Dennis and Lori Krasovich	December 1, 2003	-	December 1, 2031	434	136,061
Michelle Skramstad	February 1, 2007	-	February 1, 2032	339	<u>121,526</u>
 Total					 <u><u>\$ 1,170,242</u></u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

1. Assets (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

EDA Business-Type Activities as of and for the year ending December 31, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 134,474	\$ 23,880	\$ -	\$ 158,354
Construction in progress	<u>-</u>	<u>298,857</u>	<u>-</u>	<u>298,857</u>
Total capital assets, not depreciated	\$ 134,474	\$ 322,737	\$ -	\$ 457,211
Capital assets being depreciated				
Buildings	\$ 285,768	\$ 58,505	\$ -	\$ 344,273
Less: accumulated depreciation for Buildings	<u>14,288</u>	<u>8,607</u>	<u>-</u>	<u>22,895</u>
Total capital assets depreciated, net	\$ 271,480	\$ 49,898	\$ -	\$ 321,378
Governmental Activities Capital Assets, Net	<u>\$ 405,954</u>	<u>\$ 372,635</u>	<u>\$ -</u>	<u>\$ 778,589</u>

Housing Business-Type Activities as of and for the year ending June 30, 2007:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 178,000	\$ -	\$ -	\$ 178,000
Capital assets being depreciated				
Buildings	\$ 2,549,877	\$ -	\$ -	\$ 2,549,877
Machinery, furniture, and equipment	<u>101,216</u>	<u>-</u>	<u>-</u>	<u>101,216</u>
Total capital assets being depreciated	\$ 2,651,093	\$ -	\$ -	\$ 2,651,093
Less: accumulated depreciation for Buildings	\$ 641,580	\$ 53,410	\$ -	\$ 694,990
Machinery, furniture, and equipment	<u>95,062</u>	<u>1,679</u>	<u>-</u>	<u>96,741</u>
Total accumulated depreciation	\$ 736,642	\$ 55,089	\$ -	\$ 791,731
Total capital assets depreciated, net	\$ 1,914,451	\$ (55,089)	\$ -	\$ 1,859,362
Business-Type Activities Capital Assets, Net	<u>\$ 2,092,451</u>	<u>\$ (55,089)</u>	<u>\$ -</u>	<u>\$ 2,037,362</u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

1. Assets

Capital Assets (Continued)

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

EDA Business-Type Activities		
Becker Workshop	\$	4,850
Group Home		<u>3,757</u>
Total Depreciation Expense – EDA	\$	<u>8,607</u>
Housing Business-Type Activities		
Public housing	\$	47,009
Other housing		<u>8,080</u>
Total Depreciation Expense – Housing	\$	<u>55,089</u>

2. Interfund Payables

Due To/From Other Funds

Business-Type Activities

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
EDA – General Fund	EDA – Activities Enterprise Fund	\$ 60,168
EDA – Activities Enterprise Fund	EDA – General Fund	12,780

3. Related Party Payables

Becker County EDA is a component unit of Becker County and purchases employee services from Becker County. For the year ended December 31, 2007, the EDA paid the County \$118,676 from the Levy and \$228,614 from housing programs.

4. Liabilities

Payables

There were no payables at December 31, 2007, for governmental activities. Payables at June 30, 2007, for business-type activities were as follows:

	<u>Business-type Activities</u>
Accounts	\$ 134,456
Due to Becker County	56,274
Other	15,145
Accrued interest payable	<u>17,001</u>
Total Payables	<u>\$ 222,876</u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

4. Liabilities (Continued)

Long-Term Debt

Governmental Activities

The EDA and the Lake Park Economic Development Authority have a cost-sharing arrangement to each pay one-half of the costs of the Lake Park South 10 Industrial Park Project, which is to be partially funded by the Wild Rice Promissory Note. The full amount of the note is \$144,000, of which the EDA and the Lake Park Economic Development Authority are both jointly and severally responsible to repay. The EDA and the Lake Park Economic Development Authority have each opened irrevocable letters of credit in the amount of \$72,000 to secure the note. The entire amount of this note payable is reported on the Statement of Net Assets of the EDA, along with a receivable for the Lake Park Economic Development Authority's share of the note repayment.

The following is a schedule of long-term debt for governmental activities at December 31, 2007:

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amounts</u>	<u>Outstanding Balance December 31, 2007</u>
Wild Rice Promissory Note	2013	\$ 1,500	-	\$ 144,000	<u>\$ 100,500</u>

EDA Business-Type Activities – December 31, 2007

The EDA entered into a loan with the Greater Minnesota Housing Fund in the amount of \$217,300 on December 20, 2007, to start construction for a twelve unit supportive housing project. For the construction of the project the EDA has secured a loan commitment in the principal amount of \$1,400,000 from the Minnesota Housing Finance Agency and a \$108,000, fifteen year forgivable, loan from the Federal Home Loan Bank of Des Moines.

The following is a schedule of long-term debt for EDA business-type activities at December 31, 2007:

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amounts</u>	<u>Outstanding Balance December 31, 2007</u>
Greater MN Housing Fund	2037	\$ -	-	\$ 217,300	<u>\$ 217,300</u>

Housing Business-Type Activities – June 30, 2007

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

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

4. Liabilities

Long-Term Debt

Housing Business-Type Activities – June 30, 2007 (continued)

maturity, and with annual renewals thereafter for as long as the U.S. Department of Housing and Urban Development allows renewals of the ACC.

The EDA entered into two loan agreements for the year ended June 30, 2007, in the amounts of \$250,000 and \$110,000 with the Minnesota Housing Finance Agency. The EDA also had an outstanding loan agreement for \$220,000 also with the Minnesota Housing Finance Agency. These loans are being used for the Community Revitalization Fund Program. The loans are to be paid from the proceeds of the sale of homes that are projects in the program.

The EDA entered into a loan agreement in the amount of \$177,000 with the Greater Minnesota Housing Fund to be used for the construction of a twelve unit apartment. The loan was paid down to an outstanding balance of \$96,093 as of June 30, 2007.

The following is a schedule of long-term debt for housing business-type activities at June 30, 2007:

<u>Types of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (%)</u>	<u>Original Issue Amounts</u>	<u>Outstanding Balance June 30, 2007</u>
Loans payable	N/A	N/A	2.00	\$ 529,000	\$ 580,000
Mortgage loan	N/A	N/A	-	800,000	800,000
Loan payable	N/A	N/A	-	177,000	<u>96,063</u>
Total Long-Term Debt					<u>\$ 1,476,063</u>

Debt Service Requirements

Governmental Activities

Debt service requirements at December 31, 2007, were as follows:

<u>Year Ending December 31</u>	<u>Promissory Note</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 18,000	\$ -
2009	18,000	-
2010	18,000	-
2011	18,000	-
2012-2013	<u>28,500</u>	<u>-</u>
Total	<u>\$ 100,500</u>	<u>\$ -</u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

B. Detailed Notes on All Funds

4. Liabilities

Long-Term Debt

Debt Service Requirements (Continued)

Business-Type Activities

The debt instruments in business-type activities consist of three loans from MHFA with maturities of twenty months after issuance. The current portion is \$220,000, with \$360,000 due within two years.

Changes in Long-Term Liabilities

Governmental Activities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Wild Rice Promissory Note	\$ 118,500	\$ -	\$ 18,000	\$ 100,500	\$ 18,000

EDA Business-Type Activities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans payable	\$ 59,472	\$ -	\$ 59,472	\$ -	\$ -
Mortgage loan	-	217,300	-	217,300	-
EDA Business-Type Activities Long-Term Liabilities	<u>\$ 59,472</u>	<u>\$ 217,300</u>	<u>\$ 59,472</u>	<u>\$ 217,300</u>	<u>\$ -</u>

Housing Business-Type Activities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans payable	\$ 529,000	\$ 360,000	309,000	\$ 580,000	\$ 220,000
Mortgage loan	800,000	-	-	800,000	-
Loan Payable	177,000	-	80,937	96,063	96,063
Housing Business-Type Activities Long-Term Liabilities	<u>\$ 1,506,000</u>	<u>\$ 360,000</u>	<u>\$ 389,937</u>	<u>\$ 1,476,063</u>	<u>\$ 316,063</u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority (Continued)

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, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The EDA is covered under Becker County's membership in the Minnesota Counties Insurance Trust and through the purchase of commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

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.

2. 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.

3. Minnesota Housing Trust Fund Loans

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

Loan dated July 1, 1992, with a final maturity of July 1, 2022	\$ 9,989
Loan dated December 30, 1994, with a final maturity of December 30, 2024	46,350
Loan dated May 29, 2003, with a final maturity of May 29, 2033	<u>28,995</u>
Total	<u>\$ 85,334</u>

4. Minnesota Housing Revolving Fund Programs

The EDA received grants from the Minnesota Housing Finance Agency 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. Should the EDA discontinue these programs, the revolving fund will be returned to the Minnesota Housing Finance Agency. The amounts received and balances on hand at June 30, 2007, are as follows:

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

C. Summary of Significant Contingencies and Other Items

4. Minnesota Housing Revolving Fund Programs (Continued)

	Original Grant	Revolving Fund Cash	Contract for Deed Receivable	Property Held For Resale
Community Revitalization Fund	\$ 323,401	\$ 86,804	\$ -	\$ 675,074
Minnesota Urban and Rural Homesteading Loan	2,060,100	102,268	1,170,242	198,491

5. Operating Leases

Lakes Homes and Program Development, Inc., entered into a five-year operating lease with the EDA for property the EDA owns (carrying value of \$107,609 and accumulated depreciation of \$24,213) to be used for the operation of Hidden Hills Group Home. According to the lease terms, the EDA began receiving monthly installments of \$500 beginning in January 2005 (aggregate payments of \$30,000 during the lease term).

Lutheran Social Services of Minnesota entered into a five-year operating lease with the EDA for the property the EDA owns (carrying value of \$158,589 and accumulated depreciation of \$62,244) to be used for the operation of Springhill Group Home. According to the lease terms, the EDA began receiving monthly installments of \$800 beginning in August 2004 (aggregate payments of \$48,000 during the lease term).

Becker County entered into a five-year lease with the EDA for property the EDA owns (carrying value of \$207,820 and accumulated depreciation of \$14,551) to be used for the Becker County Workshop. According to the lease terms, the EDA began receiving monthly installments of \$1,750 beginning in August 2005 (aggregate payments of \$105,000 during the lease term).

6. Five year commitment

The EDA has a five year commitment (no lease) from Four County Mental Health Initiative, for the use of the property the EDA owns (carrying value of \$165,353 and accumulated depreciation of \$8,344), to be used for the operation of the Highway 34 Group Home. According to the commitment, the residents will pay 30% of their income towards rent with the Four County Mental Health Initiative providing subsidies.

7. Housing Program

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



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

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

8. Conduit Debt Issuance

Public Facilities Lease – The Becker County Economic Development Authority issued \$6,395,000 Public Facilities Lease Revenue Bonds, Series 2007A, to finance construction of the Courthouse Expansion Project to be owned and operated by Becker County, Minnesota. The Becker County Economic Development Authority and Becker County, Minnesota, entered into an irrevocable leveraged lease agreement for the facility whereby the bond principal and interest are payable solely from the revenues derived from the lease agreement. The rental payments of the County are absolute and unconditional obligations of the County payable from a direct ad valorem tax levied on all taxable property within the County for this purpose without limit as to rate or amount. The Series 2007A Bonds are not a general obligation of the Becker County Economic Development Authority or a charge against its general credit or taxing powers. The lease agreement is for the life of the bond issue 2007A at which time the facility becomes the property of Becker County. The assets and related debt are reflected in the financial statements of Becker County. The Becker County Economic Development Authority is the administrator for the project during the construction phase. The related revenues and expenditures are accounted for within the capital projects fund within Becker County’s financial activities.

9. Loan Commitments

The EDA has received loan commitments for projects in 2008. They are as follows:

MHFA deferred loan – permanent supportive housing	\$	1,400,000
MHFA deferred loan – highway 34 and willow group homes		200,075
Federal Home Loan Bank – permanent supportive housing		108,000

10. Construction Commitments

The EDA awarded the following contracts for the West River Townhomes permanent supportive housing project as of December 31, 2007.

Vendor	Amount	Completed	Remaining
HDC Development Co. LLC	\$ 1,167,830	\$ 205,628	\$ 962,202
ICWC Crew for Labor	75,000	8,399	66,601
Lightowler Johnson Associates	41,220	37,484	3,736
Emmons & Oliver	6,990	4,812	2,178
<b>Total Commitments (all vendors)</b>	<b>\$ 1,291,040</b>	<b>\$ 256,323</b>	<b>\$ 1,034,717</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

VI. Becker County Economic Development Authority

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

11. Subsequent Event

Sale of property – On December 17, 2007, Drake Consulting Service purchased the Springhill Group Home from Becker County EDA Housing Department for \$225,000. The property consisted of a 6 bedroom single family home built by the HRA in 1989 for the purpose of leasing it to Lutheran Social Services, an agency that successfully used it as a juvenile group home for 19 years. The EDA was approached by Drake Consulting Service about purchasing the home. A public hearing was held on October 11, 2007, to hear comments on the potential sale of the home. Based upon the comments received before and during the public hearing, the EDA Board agreed to sell the home to Drake Consulting Service as long as they continued to meet the covenants proposed by the County Attorney, which included continuing to provide services of a similar nature. At June 30, 2007, the carrying value of the Springhill Group Home was \$158,589 with accumulated depreciation of \$62,244.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 1*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,969,710	\$ 1,969,710	\$ 2,011,936	\$ 42,226
Licenses and permits	286,600	286,600	275,172	(11,428)
Intergovernmental	2,108,680	2,108,680	2,328,064	219,384
Charges for services	920,000	920,000	1,019,864	99,864
Fines and forfeitures	75,000	75,000	69,711	(5,289)
Gifts and contributions	-	-	1,080	1,080
Investment earnings	650,000	650,000	1,525,238	875,238
Miscellaneous	391,008	391,008	373,087	(17,921)
Land and timber sales	20,000	20,000	23,506	3,506
<b>Total Revenues</b>	<b>\$ 6,420,998</b>	<b>\$ 6,420,998</b>	<b>\$ 7,627,658</b>	<b>\$ 1,206,660</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 238,973	\$ 238,973	\$ 236,440	\$ 2,533
Courts	46,000	46,000	68,857	(22,857)
Administrator	186,959	186,959	174,460	12,499
Human resources	158,984	158,984	199,888	(40,904)
County auditor-treasurer	558,014	558,014	552,088	5,926
Motor vehicle	212,694	212,694	202,915	9,779
County assessor	408,773	408,773	399,794	8,979
Elections	25,788	25,788	32,207	(6,419)
Central services	19,400	19,400	16,826	2,574
Information technology	440,642	440,642	433,106	7,536
Attorney	636,305	636,305	587,266	49,039
Law library	52,000	52,000	55,483	(3,483)
Contracted legal services	26,000	26,000	23,272	2,728
Recorder	522,655	522,655	579,778	(57,123)
Surveyor	11,648	11,648	10,301	1,347
Planning and zoning	347,930	347,930	382,452	(34,522)
Buildings and grounds	10,544,672	10,544,672	5,180,949	5,363,723
Becker County annex	127,634	127,634	145,725	(18,091)
Veterans service officer	79,145	79,145	78,131	1,014
Accounting and auditing	35,000	35,000	34,990	10
Other general government	116,400	116,400	182,360	(65,960)
Cost allocation plan	8,200	8,200	10,070	(1,870)
<b>Total general government</b>	<b>\$ 14,803,816</b>	<b>\$ 14,803,816</b>	<b>\$ 9,587,358</b>	<b>\$ 5,216,458</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

***Schedule 1  
(Continued)***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public transportation</b>				
Transit	\$ 298,609	\$ 298,609	\$ 623,250	\$ (324,641)
Airport	70,318	70,318	48,500	21,818
<b>Total public transportation</b>	<b>\$ 368,927</b>	<b>\$ 368,927</b>	<b>\$ 671,750</b>	<b>\$ (302,823)</b>
<b>Culture and recreation</b>				
Historical society	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Senior citizens	3,920	3,920	4,547	(627)
Regional library	218,387	218,387	262,009	(43,622)
<b>Total culture and recreation</b>	<b>\$ 302,307</b>	<b>\$ 302,307</b>	<b>\$ 346,556</b>	<b>\$ (44,249)</b>
<b>Conservation of natural resources</b>				
Cooperative extension	\$ 123,104	\$ 123,104	\$ 128,016	\$ (4,912)
Soil and water conservation	150,209	150,209	150,209	-
Agricultural society/county fair	15,000	15,000	15,000	-
Wetland challenge	27,614	27,614	27,613	1
Water planning	26,256	26,256	26,256	-
Other conservation of natural resources	3,825	3,825	8,885	(5,060)
<b>Total conservation of natural resources</b>	<b>\$ 346,008</b>	<b>\$ 346,008</b>	<b>\$ 355,979</b>	<b>\$ (9,971)</b>
<b>Economic development</b>				
Administration	\$ 173,549	\$ 173,549	\$ 118,609	\$ 54,940
<b>Debt service</b>				
Principal retirement	\$ -	\$ -	\$ 4,632	\$ (4,632)
Interest	-	-	1,210	(1,210)
Bond issuance cost	-	-	50,913	(50,913)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,755</b>	<b>\$ (56,755)</b>
<b>Total Expenditures</b>	<b>\$ 15,994,607</b>	<b>\$ 15,994,607</b>	<b>\$ 11,137,007</b>	<b>\$ 4,857,600</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (9,573,609)</b>	<b>\$ (9,573,609)</b>	<b>\$ (3,509,349)</b>	<b>\$ 6,064,260</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

***Schedule 1  
(Continued)***

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Bonds issued	9,600,000	9,600,000	6,395,000	(3,205,000)
Premium on debt issued	-	-	9,283	9,283
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 9,650,000</b>	<b>\$ 9,650,000</b>	<b>\$ 6,454,283</b>	<b>\$ (3,195,717)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 76,391</b>	<b>\$ 76,391</b>	<b>\$ 2,944,934</b>	<b>\$ 2,868,543</b>
<b>Fund Balance - January 1</b>	<b>8,870,632</b>	<b>8,870,632</b>	<b>8,870,632</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,947,023</b>	<b>\$ 8,947,023</b>	<b>\$ 11,815,566</b>	<b>\$ 2,868,543</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 2*

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC SAFETY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 4,857,472	\$ 4,857,472	\$ 4,839,236	\$ (18,236)
Licenses and permits	600	600	4,805	4,205
Intergovernmental	794,047	794,047	1,219,828	425,781
Charges for services	332,750	332,750	222,965	(109,785)
Fines and forfeitures	15,000	15,000	22,485	7,485
Gifts and contributions	-	-	675	675
Investment earnings	-	-	17,185	17,185
Miscellaneous	82,400	82,400	129,698	47,298
<b>Total Revenues</b>	<b>\$ 6,082,269</b>	<b>\$ 6,082,269</b>	<b>\$ 6,456,877</b>	<b>\$ 374,608</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Public safety</b>				
Sheriff	\$ 3,002,711	\$ 3,002,711	\$ 3,106,002	\$ (103,291)
Boat and water safety	42,750	42,750	46,452	(3,702)
Emergency services	20,370	20,370	46,889	(26,519)
Coroner	33,925	33,925	58,387	(24,462)
County jail	2,590,398	2,590,398	2,600,136	(9,738)
Probation and parole	307,753	307,753	291,684	16,069
Sentence to serve	71,862	71,862	68,552	3,310
<b>Total public safety</b>	<b>\$ 6,069,769</b>	<b>\$ 6,069,769</b>	<b>\$ 6,218,102</b>	<b>\$ (148,333)</b>
<b>Debt service</b>				
Principal retirement	\$ -	\$ -	\$ 2,614	\$ (2,614)
Interest	-	-	69	(69)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,683</b>	<b>\$ (2,683)</b>
<b>Total Expenditures</b>	<b>\$ 6,069,769</b>	<b>\$ 6,069,769</b>	<b>\$ 6,220,785</b>	<b>\$ (151,016)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 12,500</b>	<b>\$ 12,500</b>	<b>\$ 236,092</b>	<b>\$ 223,592</b>
<b>Fund Balance - January 1</b>	<b>2,841,837</b>	<b>2,841,837</b>	<b>2,841,837</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,854,337</b>	<b>\$ 2,854,337</b>	<b>\$ 3,077,929</b>	<b>\$ 223,592</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

Schedule 3

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,162,571	\$ 2,162,571	\$ 2,171,744	\$ 9,173
Special assessments	4,173	4,173	2,954	(1,219)
Licenses and permits	22,000	22,000	19,414	(2,586)
Intergovernmental	6,090,492	6,090,492	5,559,258	(531,234)
Charges for services	90,000	90,000	81,059	(8,941)
Investment earnings	1,000	1,000	867	(133)
Miscellaneous	877,000	877,000	871,303	(5,697)
<b>Total Revenues</b>	<b>\$ 9,247,236</b>	<b>\$ 9,247,236</b>	<b>\$ 8,706,599</b>	<b>\$ (540,637)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 314,864	\$ 314,864	\$ 310,544	\$ 4,320
Maintenance	2,707,647	2,707,647	2,695,975	11,672
Construction	5,046,520	5,046,520	4,469,718	576,802
Equipment maintenance and shop	838,076	838,076	877,295	(39,219)
Other highways and streets	131,129	131,129	124,962	6,167
<b>Total highways and streets</b>	<b>\$ 9,038,236</b>	<b>\$ 9,038,236</b>	<b>\$ 8,478,494</b>	<b>\$ 559,742</b>
<b>Capital outlay</b>				
Highways and streets	\$ 209,000	\$ 209,000	\$ 248,147	\$ (39,147)
<b>Debt service</b>				
Principal retirement	\$ -	\$ -	\$ 18,612	\$ (18,612)
<b>Total Expenditures</b>	<b>\$ 9,247,236</b>	<b>\$ 9,247,236</b>	<b>\$ 8,745,253</b>	<b>\$ 501,983</b>
<b>Excess of Revenues Over (Under) Expenditures</b>				
	\$ -	\$ -	\$ (38,654)	\$ (38,654)
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease	\$ -	\$ -	\$ 83,851	\$ (83,851)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,197</b>	<b>\$ 45,197</b>
<b>Fund Balance - January 1</b>	<b>2,670,575</b>	<b>2,670,575</b>	<b>2,670,575</b>	<b>-</b>
<b>Increase (decrease) in reserved for inventories</b>	<b>-</b>	<b>-</b>	<b>(12,917)</b>	<b>(12,917)</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,670,575</b>	<b>\$ 2,670,575</b>	<b>\$ 2,702,855</b>	<b>\$ 32,280</b>



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 4*

**BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,130,400	\$ 5,130,400	\$ 5,114,745	\$ (15,655)
Intergovernmental	7,214,038	7,214,038	7,348,951	134,913
Miscellaneous	1,402,458	1,402,458	1,172,807	(229,651)
<b>Total Revenues</b>	<b>\$ 13,746,896</b>	<b>\$ 13,746,896</b>	<b>\$ 13,636,503</b>	<b>\$ (110,393)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 2,604,872	\$ 2,604,872	\$ 2,650,803	\$ (45,931)
Social services	10,014,927	10,014,927	9,602,438	412,489
<b>Total human services</b>	<b>\$ 12,619,799</b>	<b>\$ 12,619,799</b>	<b>\$ 12,253,241</b>	<b>\$ 366,558</b>
<b>Health</b>				
Community health	1,120,084	1,120,084	1,198,797	(78,713)
<b>Total Expenditures</b>	<b>\$ 13,739,883</b>	<b>\$ 13,739,883</b>	<b>\$ 13,452,038</b>	<b>\$ 287,845</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 7,013</b>	<b>\$ 7,013</b>	<b>\$ 184,465</b>	<b>\$ 177,452</b>
<b>Fund Balance - January 1</b>	<b>2,840,304</b>	<b>2,840,304</b>	<b>2,840,304</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,847,317</b>	<b>\$ 2,847,317</b>	<b>\$ 3,024,769</b>	<b>\$ 177,452</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 5*

**BUDGETARY COMPARISON SCHEDULE  
ENVIRONMENTAL AFFAIRS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 200,000	\$ 200,000	\$ 216,238	\$ 16,238
Intergovernmental	93,000	93,000	97,515	4,515
Charges for services	1,550,000	1,550,000	1,515,607	(34,393)
Miscellaneous	4,000	4,000	15,288	11,288
<b>Total Revenues</b>	<b>\$ 1,847,000</b>	<b>\$ 1,847,000</b>	<b>\$ 1,844,648</b>	<b>\$ (2,352)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Sanitation</b>				
Solid waste	\$ 1,436,082	\$ 1,436,082	\$ 1,350,818	\$ 85,264
Recycling	274,746	274,746	268,457	6,289
Hazardous waste	68,162	68,162	46,865	21,297
<b>Total sanitation</b>	<b>\$ 1,778,990</b>	<b>\$ 1,778,990</b>	<b>\$ 1,666,140</b>	<b>\$ 112,850</b>
<b>Debt service</b>				
Principal retirement	\$ -	\$ -	\$ 13,241	\$ (13,241)
Interest	-	-	1,238	(1,238)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,479</b>	<b>\$ (14,479)</b>
<b>Total Expenditures</b>	<b>\$ 1,778,990</b>	<b>\$ 1,778,990</b>	<b>\$ 1,680,619</b>	<b>\$ 98,371</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 68,010</b>	<b>\$ 68,010</b>	<b>\$ 164,029</b>	<b>\$ 96,019</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(50,000)	(50,000)	(50,000)	-
<b>Net Change in Fund Balance</b>	<b>\$ 18,010</b>	<b>\$ 18,010</b>	<b>\$ 114,029</b>	<b>\$ 96,019</b>
<b>Fund Balance - January 1</b>	<b>5,206,759</b>	<b>5,206,759</b>	<b>5,206,759</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,224,769</b>	<b>\$ 5,224,769</b>	<b>\$ 5,320,788</b>	<b>\$ 96,019</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007

I. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. 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 a public hearing, and then a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

II. Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2007:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
General government			
Courts	\$ 68,857	\$ 46,000	\$ (22,857)
Human resources	199,888	158,984	(40,904)
Elections	32,207	25,788	(6,419)
Law library	55,483	52,000	(3,483)
Recorder	579,778	522,655	(57,123)
Planning and zoning	382,452	347,930	(34,522)
Becker County annex	145,725	127,634	(18,091)
Other general government	182,360	116,400	(65,960)
Cost allocation plan	10,070	8,200	(1,870)
Public transportation			
Transit	623,250	298,609	(324,641)
Culture and recreation			
Senior citizens	4,547	3,920	(627)
Regional library	262,009	218,387	(43,622)
Conservation of natural resources			
Cooperative extension	128,016	123,104	(4,912)
Other conservation of natural resources	8,885	3,825	(5,060)

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

II. Excess of Expenditures Over Budget (Continued)

	<u>Expenditures</u>	<u>Budget</u>	<u>Budget</u>
Debt service			
Principal retirement	\$ 4,632	\$ -	\$ (4,632)
Interest	1,210	-	(1,210)
Bond issuance cost	50,913	-	(50,913)
Public Safety Special Revenue Fund			
Public safety			
Sheriff	3,106,002	3,002,711	(103,291)
Boat and water safety	46,452	42,750	(3,702)
Emergency services	46,889	20,370	(26,519)
Coroner	58,387	33,925	(24,462)
County jail	2,600,136	2,590,398	(9,738)
Debt service			
Principal retirement	2,614	-	(2,614)
Interest	69	-	(69)
Road and Bridge Special Revenue Fund			
Highways and streets			
Equipment maintenance and shop	877,295	838,076	(39,219)
Capital outlay			
Highways and streets	248,147	209,000	(39,147)
Debt service			
Principal retirement	18,612	-	(18,612)
Human Services Special Revenue Fund			
Human services			
Income maintenance	2,650,803	2,604,872	(45,931)
Health			
Community health	1,198,797	1,120,084	(78,713)
Environmental Affairs Special Revenue Fund			
Debt service			
Principal retirement	13,241	-	(13,241)
Interest	1,238	-	(1,238)

**SUPPLEMENTARY INFORMATION**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

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

The Resource Development Special Revenue Fund is used to account for the receipt and expenditure of certain state grants. 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.

The County Ditch Special Revenue Fund is used to account for financing of the construction and repair of the ditch system.

The Natural Resource Management Special Revenue Fund is used to account for the sale or lease of land and sales of timber and wood. The salary and expenditures of the County Land Commissioner and clerical wages are paid from this fund. The net balance in the fund is apportioned at the end of the year.

The Gravel Tax Special Revenue Fund is used to account for revenues from a ten-cent-per-cubic-yard production tax on gravel removed from pits in Becker County under the provisions of Minnesota Statute, § 298.75.

Debt Service Funds

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

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Statement A-1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>Special Revenue Funds (Statement B-1)</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds (Exhibit 3)</u>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 1,034,568	\$ 133,626	\$ 1,168,194
Taxes receivable - prior	495	2,724	3,219
Accounts receivable	384,229	-	384,229
Due from other funds	58,764	-	58,764
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b><u>\$ 1,478,056</u></b>	<b><u>\$ 136,350</u></b>	<b><u>\$ 1,614,406</u></b>
 <b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 9,018	\$ -	\$ 9,018
Salaries payable	7,957	-	7,957
Due to other funds	221,293	-	221,293
Due to other governments	101,529	-	101,529
Deferred revenue - unavailable	316,731	2,579	319,310
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b><u>\$ 656,528</u></b>	<b><u>\$ 2,579</u></b>	<b><u>\$ 659,107</u></b>
 <b>Fund Balances</b>			
Reserved for			
Conservation of natural resources	\$ 30,864	\$ -	\$ 30,864
Debt service	-	133,771	133,771
Gravel pit closure	204,103	-	204,103
Unreserved			
Designated for future expenditures	20,379	-	20,379
Undesignated	566,182	-	566,182
	<hr/>	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b><u>\$ 821,528</u></b>	<b><u>\$ 133,771</u></b>	<b><u>\$ 955,299</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b><u>\$ 1,478,056</u></b>	 <b><u>\$ 136,350</u></b>	 <b><u>\$ 1,614,406</u></b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Statement A-2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Special Revenue Funds (Statement B-2)</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds (Exhibit 5)</b>
<b>Revenues</b>			
Taxes	\$ 20,293	\$ 1,869	\$ 22,162
Intergovernmental	150,208	86	150,294
Charges for services	2,455	-	2,455
Land and timber sales	565,760	-	565,760
Miscellaneous	410	-	410
	<b>\$ 739,126</b>	<b>\$ 1,955</b>	<b>\$ 741,081</b>
<b>Expenditures</b>			
<b>Current</b>			
Culture and recreation	\$ 167,005	\$ -	\$ 167,005
Conservation of natural resources	606,355	-	606,355
<b>Debt service</b>			
Principal retirement	-	100,000	100,000
Interest	-	2,000	2,000
Administrative and fiscal services	-	2,000	2,000
	<b>\$ 773,360</b>	<b>\$ 104,000</b>	<b>\$ 877,360</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (34,234)</b>	<b>\$ (102,045)</b>	<b>\$ (136,279)</b>
<b>Fund Balance - January 1</b>	<b>855,762</b>	<b>235,816</b>	<b>1,091,578</b>
<b>Fund Balance - December 31</b>	<b>\$ 821,528</b>	<b>\$ 133,771</b>	<b>\$ 955,299</b>



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2007**

	<b>Parks and Recreation</b>	<b>Resource Development</b>
<u><b>Assets</b></u>		
Cash and pooled investments	\$ 312,191	\$ 199,976
Taxes receivable - prior	495	-
Accounts receivable	-	-
Due from other funds	23,506	35,258
<b>Total Assets</b>	<b>\$ 336,192</b>	<b>\$ 235,234</b>
<u><b>Liabilities and Fund Balances</b></u>		
<b>Liabilities</b>		
Accounts payable	\$ 6,738	\$ -
Salaries payable	3,404	-
Due to other funds	3,819	-
Due to other governments	-	-
Deferred revenue - unavailable	470	-
<b>Total Liabilities</b>	<b>\$ 14,431</b>	<b>\$ -</b>
<b>Fund Balances</b>		
Reserved for		
Conservation of natural resources	\$ -	\$ -
Gravel pit restoration	-	-
Unreserved		
Designated for future expenditures	-	-
Undesignated	321,761	235,234
<b>Total Fund Balances</b>	<b>\$ 321,761</b>	<b>\$ 235,234</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 336,192</b>	<b>\$ 235,234</b>

**Statement B-1**

<u>County Ditch</u>	<u>Natural Resource Management</u>	<u>Gravel Tax</u>	<u>Total (Statement A-1)</u>
\$ 9,187	\$ 148,392	\$ 364,822	\$ 1,034,568
-	-	-	495
-	346,135	38,094	384,229
-	-	-	58,764
<b><u>\$ 9,187</u></b>	<b><u>\$ 494,527</u></b>	<b><u>\$ 402,916</u></b>	<b><u>\$ 1,478,056</u></b>
\$ -	\$ 2,280	\$ -	\$ 9,018
-	4,553	-	7,957
-	84,932	132,542	221,293
-	35,258	66,271	101,529
-	316,261	-	316,731
<b><u>\$ -</u></b>	<b><u>\$ 443,284</u></b>	<b><u>\$ 198,813</u></b>	<b><u>\$ 656,528</u></b>
\$ -	\$ 30,864	\$ -	\$ 30,864
-	-	204,103	204,103
-	20,379	-	20,379
9,187	-	-	566,182
<b><u>\$ 9,187</u></b>	<b><u>\$ 51,243</u></b>	<b><u>\$ 204,103</u></b>	<b><u>\$ 821,528</u></b>
<b><u>\$ 9,187</u></b>	<b><u>\$ 494,527</u></b>	<b><u>\$ 402,916</u></b>	<b><u>\$ 1,478,056</u></b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Parks and Recreation</u>	<u>Resource Development</u>
<b>Revenues</b>		
Taxes	\$ 369	\$ -
Intergovernmental	97,689	52,519
Charges for services	2,455	-
Land and timber sales	23,506	35,261
Miscellaneous	-	410
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>\$ 124,019</b>	<b>\$ 88,190</b>
	<hr/>	<hr/>
<b>Expenditures</b>		
<b>Current</b>		
Culture and recreation	\$ 167,005	\$ -
Conservation of natural resources	-	120,669
	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>\$ 167,005</b>	<b>\$ 120,669</b>
	<hr/>	<hr/>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (42,986)</b>	<b>\$ (32,479)</b>
	<hr/>	<hr/>
<b>Fund Balance - January 1</b>	<b>364,747</b>	<b>267,713</b>
	<hr/>	<hr/>
<b>Fund Balance - December 31</b>	<b>\$ 321,761</b>	<b>\$ 235,234</b>
	<hr/> <hr/>	<hr/> <hr/>

**Statement B-2**

<b>County Ditch</b>	<b>Natural Resource Management</b>	<b>Gravel Tax</b>	<b>Total (Statement A-2)</b>
\$ -	\$ -	\$ 19,924	\$ 20,293
-	-	-	150,208
-	-	-	2,455
-	506,993	-	565,760
-	-	-	410
<b>\$ -</b>	<b>\$ 506,993</b>	<b>\$ 19,924</b>	<b>\$ 739,126</b>
\$ -	\$ -	\$ -	\$ 167,005
-	485,686	-	606,355
<b>\$ -</b>	<b>\$ 485,686</b>	<b>\$ -</b>	<b>\$ 773,360</b>
\$ -	\$ 21,307	\$ 19,924	\$ (34,234)
<b>9,187</b>	<b>29,936</b>	<b>184,179</b>	<b>855,762</b>
<b>\$ 9,187</b>	<b>\$ 51,243</b>	<b>\$ 204,103</b>	<b>\$ 821,528</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 6*

**BUDGETARY COMPARISON SCHEDULE  
PARKS AND RECREATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 369	\$ 369
Intergovernmental	92,500	92,500	97,689	5,189
Charges for services	2,000	2,000	2,455	455
Gifts and contributions	2,100	2,100	-	(2,100)
Miscellaneous	300	300	-	(300)
Land and timber sales	30,000	30,000	23,506	(6,494)
<b>Total Revenues</b>	<b>\$ 126,900</b>	<b>\$ 126,900</b>	<b>\$ 124,019</b>	<b>\$ (2,881)</b>
<b>Expenditures</b>				
<b>Current</b>				
Culture and recreation	196,303	196,303	167,005	29,298
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (69,403)</b>	<b>\$ (69,403)</b>	<b>\$ (42,986)</b>	<b>\$ 26,417</b>
<b>Fund Balance - January 1</b>	<b>364,747</b>	<b>364,747</b>	<b>364,747</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 295,344</b>	<b>\$ 295,344</b>	<b>\$ 321,761</b>	<b>\$ 26,417</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 7*

**BUDGETARY COMPARISON SCHEDULE  
RESOURCE DEVELOPMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	75,200	75,200	52,519	(22,681)
Miscellaneous	400	400	410	10
Land and timber sales	45,000	45,000	35,261	(9,739)
<b>Total Revenues</b>	<b>\$ 120,600</b>	<b>\$ 120,600</b>	<b>\$ 88,190</b>	<b>\$ (32,410)</b>
<b>Expenditures</b>				
<b>Current</b>				
Conservation of natural resources	126,800	126,800	120,669	6,131
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (6,200)</b>	<b>\$ (6,200)</b>	<b>\$ (32,479)</b>	<b>\$ (26,279)</b>
<b>Fund Balance - January 1</b>	<b>267,713</b>	<b>267,713</b>	<b>267,713</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 261,513</b>	<b>\$ 261,513</b>	<b>\$ 235,234</b>	<b>\$ (26,279)</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 8*

**BUDGETARY COMPARISON SCHEDULE  
DITCH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
<b>Current</b>				
Conservation of natural resources	\$ 300	\$ 300	\$ -	\$ 300
<b>Excess of Revenues Over (Under)   Expenditures</b>	<b>\$ (300)</b>	<b>\$ (300)</b>	<b>\$ -</b>	<b>\$ 300</b>
<b>Fund Balance - January 1</b>	<b>9,187</b>	<b>9,187</b>	<b>9,187</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,887</b>	<b>\$ 8,887</b>	<b>\$ 9,187</b>	<b>\$ 300</b>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 9*

**BUDGETARY COMPARISON SCHEDULE  
NATURAL RESOURCE MANAGEMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Land and timber sales	\$ 366,700	\$ 366,700	\$ 506,993	\$ 140,293
<b>Expenditures</b>				
<b>Current</b>				
Forfeited land	338,194	338,194	485,686	(147,492)
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 28,506</b>	<b>\$ 28,506</b>	<b>\$ 21,307</b>	<b>\$ (7,199)</b>
<b>Fund Balance - January 1</b>	<b>29,936</b>	<b>29,936</b>	<b>29,936</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 58,442</b>	<b>\$ 58,442</b>	<b>\$ 51,243</b>	<b>\$ (7,199)</b>



**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 10*

**BUDGETARY COMPARISON SCHEDULE  
GRAVEL TAX SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 170,000	\$ 170,000	\$ 19,924	\$ (150,076)
<b>Expenditures</b>				
<b>Current</b>				
Conservation of natural resources	170,000	170,000	-	170,000
<b>Excess of Revenues Over (Under) Expenditures</b>	\$ -	\$ -	\$ 19,924	\$ 19,924
<b>Fund Balance - January 1</b>	<u>184,179</u>	<u>184,179</u>	<u>184,179</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 184,179</u>	<u>\$ 184,179</u>	<u>\$ 204,103</u>	<u>\$ 19,924</u>

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**AGENCY FUNDS**

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

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

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

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Statement C-1*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>CLEARING FUND</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 256,598	\$ 3,385,459	\$ 3,395,354	\$ 246,703
<b><u>Liabilities</u></b>				
Accounts payable	\$ 165,051	\$ 169,423	\$ 165,051	\$ 169,423
Due to other governments	91,547	3,216,036	3,230,303	77,280
<b>Total Liabilities</b>	<b>\$ 256,598</b>	<b>\$ 3,385,459</b>	<b>\$ 3,395,354</b>	<b>\$ 246,703</b>
 <b><u>TAXES AND PENALTIES FUND</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 526,786	\$ 32,926,510	\$ 32,884,460	\$ 568,836
<b><u>Liabilities</u></b>				
Due to other governments	\$ 386,427	\$ 32,772,319	\$ 32,744,101	\$ 414,645
Prepaid taxes	140,359	154,191	140,359	154,191
<b>Total Liabilities</b>	<b>\$ 526,786</b>	<b>\$ 32,926,510</b>	<b>\$ 32,884,460</b>	<b>\$ 568,836</b>
 <b><u>CHILDREN'S INITIATIVE FUND</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 129,623	\$ 183,946	\$ 263,391	\$ 50,178
<b><u>Liabilities</u></b>				
Due to other governments	\$ 129,623	\$ 183,946	\$ 263,391	\$ 50,178
 <b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 913,007	\$ 36,495,915	\$ 36,543,205	\$ 865,717
<b><u>Liabilities</u></b>				
Accounts payable	\$ 165,051	\$ 169,423	\$ 165,051	\$ 169,423
Due to other governments	607,597	36,172,301	36,237,795	542,103
Prepaid taxes	140,359	154,191	140,359	154,191
<b>Total Liabilities</b>	<b>\$ 913,007</b>	<b>\$ 36,495,915</b>	<b>\$ 36,543,205</b>	<b>\$ 865,717</b>

## **OTHER SCHEDULES**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 11*

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
<b>Shared Revenue</b>		
<b>State</b>		
Highway users tax	\$ 3,646,431	\$ -
County program aid	1,536,930	-
PERA rate reimbursement	38,181	-
Disparity reduction aid	1,234	-
Police state aid	132,706	-
Enhanced 911	128,313	-
Market value credit	1,390,015	-
Mobile home market value credit	13,574	-
	<b>\$ 6,887,384</b>	<b>\$ -</b>
<b>Total Shared Revenue</b>		
<b>Reimbursement for Services</b>		
<b>State</b>		
Minnesota Department of Human Services	\$ 2,558,374	\$ -
	<b>\$ 2,558,374</b>	<b>\$ -</b>
<b>Payments</b>		
<b>Local</b>		
Local contributions	\$ 582,668	\$ -
Payments in lieu of taxes	282,049	-
	<b>\$ 864,717</b>	<b>\$ -</b>
<b>Total Payments</b>		
<b>Grants</b>		
<b>State</b>		
Minnesota Department/Board of/Office of		
Corrections	\$ 297,614	\$ -
Public Safety	14,529	-
Transportation	152,405	-
Health	159,591	-
Natural Resources	137,715	-
Human Services	2,231,888	-
Soil and Water Resources	66,942	-
Housing Finance Agency	-	426,627
Veterans Services	11,070	-
Commerce	22,530	-
Pollution Control Agency	74,985	-
Peace Officers	18,893	-
	<b>\$ 3,188,162</b>	<b>\$ 426,627</b>
<b>Total State</b>		

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**Schedule 11  
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Primary Government</b>	<b>Discretely Presented Component Unit</b>
<b>Federal</b>		
Department of		
Agriculture	\$ 178,536	\$ -
Housing and Urban Development	-	429,183
Transportation	1,189,266	-
Health and Human Services	1,807,117	-
Homeland Security	30,354	-
	<b>\$ 3,205,273</b>	<b>\$ 429,183</b>
<b>Total Federal</b>	<b>\$ 3,205,273</b>	<b>\$ 429,183</b>
<b>Total Grants</b>	<b>\$ 6,393,435</b>	<b>\$ 855,810</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 16,703,910</b>	<b>\$ 855,810</b>

**MANAGEMENT AND COMPLIANCE SECTION**

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

*Schedule 12*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Our report expresses an unqualified opinion on the financial statements of Becker County.
- B. A Significant deficiency in internal control was disclosed by the audit of financial statements of Becker County and are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The significant deficiency was not a material weakness.
- C. No instances of noncompliance material to the financial statements of Becker County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award program was reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award program for Becker County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major program is Highway Planning and Construction, CFDA #20.205.
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Becker County was determined to be a low-risk auditee.



**II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

96-7 Segregation of Duties

Due to the limited number of personnel within several County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Becker County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting control point of view.

Segregation of duties was previously a reportable condition which has now been redefined under *Statement of Auditing Standards 112* as a control deficiency. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

We recommend that Becker County's management be aware of the absence of segregation of duties within the accounting and data processing functions and, if possible, implement oversight procedures to ensure that internal control policies and procedures are being implemented by staff.

Client's Response:

*The County is aware of the segregation of duty issue. It has implemented comprehensive internal controls.*

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.



Colleen Hoffman, Manager  
Gordon Dale, CPA  
Audrey Swenson, CPA

**GOVERNMENTAL AUDIT SERVICES**

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**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners  
Becker County

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Becker County as of and for the year ended December 31, 2007, and have issued our report thereon dated September 17, 2008. We did not audit the financial Statements of the Sunnyside Care Center, the major enterprise fund which is the business-type activities of Becker County, or the financial statements of the Becker County Economic Development Authority which is the discretely presented component unit. Those financial statements were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Becker County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs, item 96-7, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Becker County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Becker County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minnesota Statute, § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains seven applicable categories of compliance to be tested: depositories of public funds and public investments, conflicts of interest, public indebtedness, contracting - bid laws, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories. The results of our tests indicate that for the items tested, Becker County complied with the material terms and conditions of applicable legal provisions.

The County's written response to the significant deficiency identified in our audit is found in the accompanying Schedule of Findings and Questioned Costs and has not been subjected to any procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than those specified parties.



Hoffman, Dale, & Swenson, PLLC

September 17, 2008



Colleen Hoffman, Manager  
Gordon Dale, CPA  
Audrey Swenson, CPA

**GOVERNMENTAL AUDIT SERVICES**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners  
Becker County

Compliance

We have audited the compliance of Becker County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to its major federal programs for the year ended December 31, 2007. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Becker County's financial statements include the operations of the Becker County Economic Development Authority (EDA) component unit. Our audit, described below, did not include the operations of the EDA because those financial statements were audited by other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Becker County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the Becker County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2007.

### Internal Control Over Compliance

The management of Becker County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Becker County as of and for the year ended December 31, 2007, and have issued our report thereon dated September 17, 2008. We did not audit the financial statements of the Sunnyside Care Center Enterprise Fund, or the Becker County Economic Development Authority, the discretely presented component unit. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Becker County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*Hoffman, Dale, & Swenson*

Hoffman, Dale, & Swenson, PLLC

September 17, 2008

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**Schedule 13**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Federal Grantor Pass Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Woman, Infants, and Children	10.557	\$ 164,811
Passed Through Minnesota Department of Human Services Matching Grants for Food Stamp Program	10.561	<u>13,725</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>\$ 178,536</u></b>
<b>U.S. Department of Housing and Urban Development</b>		
Passed Through Minnesota Housing Finance Agency Home Investment Partnerships Program	14.239	\$ 108,427
Direct		
Public and Indian Housing	14.850	70,299
Section 8 Housing Choice Vouchers	14.871	205,290
Public Housing Capital Fund	14.872	<u>45,167</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<b><u>\$ 429,183</u></b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 1,054,555
Federal Transit - Capital Investment Grant	20.500	200,000
Formula Grants for Other Than Urbanized Areas	20.509	72,749
Passed Through Minnesota Department of Public Safety State and Community Highway Safety	20.600	26,459
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	21,000
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	<u>14,917</u>
<b>Total U.S. Department of Transportation</b>		<b><u>\$ 1,389,680</u></b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Health Immunization Grant	93.268	\$ 400
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	55,141
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	151,410
Temporary Assistance for Needy Families	93.558	520,786
Child Care and Development Block Grant	93.575	237,518

**BECKER COUNTY  
DETROIT LAKES, MINNESOTA**

**Schedule 13  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Federal Grantor Pass Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Human Services (continued)		
Child Care Mandatory and Matching Funds	93.596	164,561
Foster Care - Title IV-E	93.658	245,142
Social Services Block Grant	93.667	366,694
Chafee Foster Care Independence Program	93.674	16,793
State Children's Insurance Program	93.767	321
Block Grants for Community Mental Health Services	93.958	5,759
Maternal and Child Health Services Block Grant	93.994	42,592
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 1,807,117</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 7,500
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance	97.036	8,367
Passed Through Minnesota Department of Natural Resources		
Emergency Management Performance Grant	97.042	958
Passed Through Minnesota Department of Public Safety		
Homeland Security Grant Program	97.067	13,529
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 30,354</b>
<b>Total Federal Awards</b>		<b>\$ 3,834,870</b>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Becker County. The County's reporting entity is defined in Note 1 to the financial statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting.
3. The County's basic financial statements include the operations of the Becker County Economic Development Authority Component Unit.
4. There were no pass-through grants to subrecipients or other agencies in 2007.
5. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	\$ 3,634,456
Highway Planning and Construction grant received more than 60 days after year-end	200,414
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 3,834,870</u>