

BECKER COUNTY
DETROIT LAKES, MINNESOTA
YEAR ENDED DECEMBER 31, 2020



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DETROIT LAKES, MINNESOTA
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**BECKER COUNTY
DETROIT LAKES, MINNESOTA
ORGANIZATION
DECEMBER 31, 2020**

<u>Office</u>	<u>Name</u>	<u>Term Expires</u>
Commissioners		
1st District	Larry Knutson	January 2022
2nd District	Ben Grimsley*	January 2022
3rd District	John Okeson	January 2021
4th District	Donald Skarie	January 2021
5th District	Barry Nelson**	January 2021
Officers		
Elected		
Attorney	Brian McDonald	January 2023
Auditor-Treasurer	Mary Hendrickson	January 2023
Recorder	Patricia Swenson	January 2023
Registrar of Titles	Patricia Swenson	January 2023
Sheriff	Todd Glander	January 2023
Appointed		
Administrator	Michael Brethorst	Indefinite
Assessor	Lisa Will	January 2023
Highway Engineer	Jim Olson	Indefinite
Coroner	Knute Thorsgard	Indefinite
Human Services Director	Denise Warren	Indefinite
Human Resources Director	Nancy Grabanski	Indefinite
Land Use Director	Steve Skoog	Indefinite
Surveyor	Roy Smith	Indefinite

*2020 Chair

**2020 Vice Chairman

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Becker County
Detroit Lakes, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Becker County as of December 31, 2020, including the Sunnyside Care Center, a blended component unit, as of September 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended December 31, 2020, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As further discussed in Note 6.E., as a result of the implementation of this standard, the County reported a restatement for a change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

Report on Supplementary Information

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Becker County's basic financial statements. The combining and individual nonmajor fund financial statements, the combining fiduciary statements and the schedule of intergovernmental revenue are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, which omits the federal awards for the business-type activity, which is included in the separately issued financials statements of the business-type activities, required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the combining statement of fiduciary net position, combining statement of changes in fiduciary net position, the schedule of intergovernmental revenue, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Becker County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Becker County’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Alexandria, Minnesota
July 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

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, 2020. The Management's Discussion and Analysis provides comparisons with the previous year and is designed to focus on the current year's activities, resulting changes, and currently known facts, and should be read in conjunction with the County's basic financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The total net position of governmental activities is \$117,684,342 of which \$99,569,035 is net investment in capital assets, \$7,946,531 is restricted for specific purposes, and \$10,168,776 is unrestricted. The total net position of governmental activities increased by \$11,148,661 for the year ended December 31, 2020.

The total net position of business-type activities is \$693,746, of which \$341,500 is net investment in capital assets, \$3,067 is restricted for capital projects, and \$349,179 is unrestricted. The total net position of business-type activities increased by \$140,337 for the year ended September 30, 2020.

At the close of 2020, the County's governmental funds reported combined ending fund balances of \$27,381,151 an increase of \$2,850,270 from the prior year. Of the total fund balance amount, \$1,500,307 is nonspendable, \$3,557,069 is legally or contractually restricted, \$1,770,048 is formally committed for specific purposes, \$10,683,341 is assigned for specific purposes, and \$9,870,386 is noted as unassigned fund balance in the General Fund. Maintaining an adequate fund balance is necessary to provide County services throughout the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

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

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

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

- Governmental activities--Most of the County's basic services are reported here, including general government, public safety, public transportation, highways and streets, sanitation, human services, health, culture and recreation, and conservation of natural resources. Property taxes and state and federal grants finance most of these activities.
- Business-type activities--The County charges fees to cover the costs of certain services it provides. Included here are the operations of the Sunnyside Care Center.
- Component unit--The County includes one separate legal entity in its report. The Becker County Economic Development Authority is presented in a separate column. Although legally separate, this "component unit" is important because the County is financially accountable for it. Complete financial statements of the Becker County Economic Development Authority can be obtained from the Becker County Auditor-Treasurer's Office located at 915 Lake Avenue, Detroit Lakes, Minnesota 56501.

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

Fund Financial Statements

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

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

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

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

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

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

Fiduciary Funds: Fiduciary funds are used to account for assets held by the County as an agent for others. Fiduciary Funds are not reflected in the government-wide financial statements because those resources are not available to support the County's programs. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

Notes to the Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities, and deferred inflows of resources by \$118,378,088 at the close of 2020. The largest portion of the County's net position (approximately 84.4%) reflects its net investment in capital assets (land, right-of-way, construction in progress, infrastructure, buildings and improvements, land improvements, machinery, furniture and equipment), less any related outstanding debt or contracts payable used to acquire those assets. It should be noted that this amount is not available for future spending. Approximately 6.7% of the County's net position is restricted, and 8.9% of the County's net position is unrestricted. The unrestricted net position amount of \$10,517,955 as of December 31, 2020, may be used to meet the County's ongoing obligations to citizens.

The County's overall financial position increased \$11,288,998 from last year. Total assets increased by \$12,463,332 from the prior year as a result of various road projects that were added to infrastructure, the receipt of \$4,565,169 in coronavirus relief funds during 2020 and \$681,764 in county relief funding to provide economic assistance to small businesses.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

Net Position

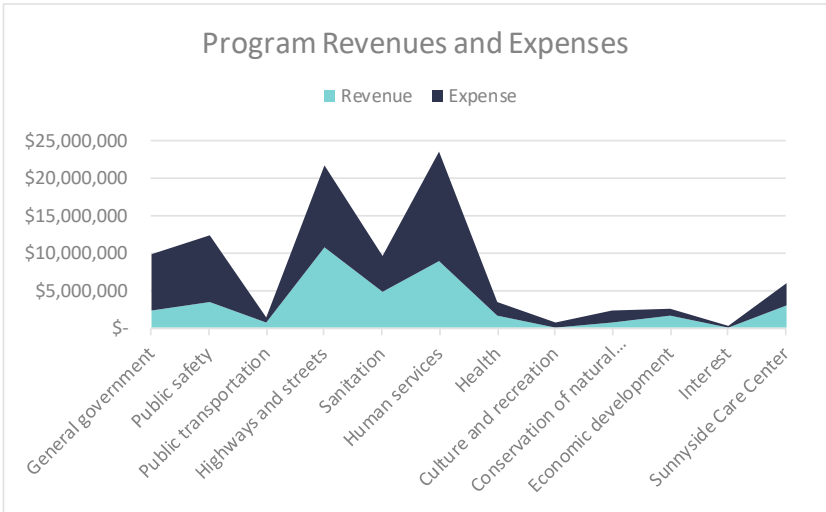
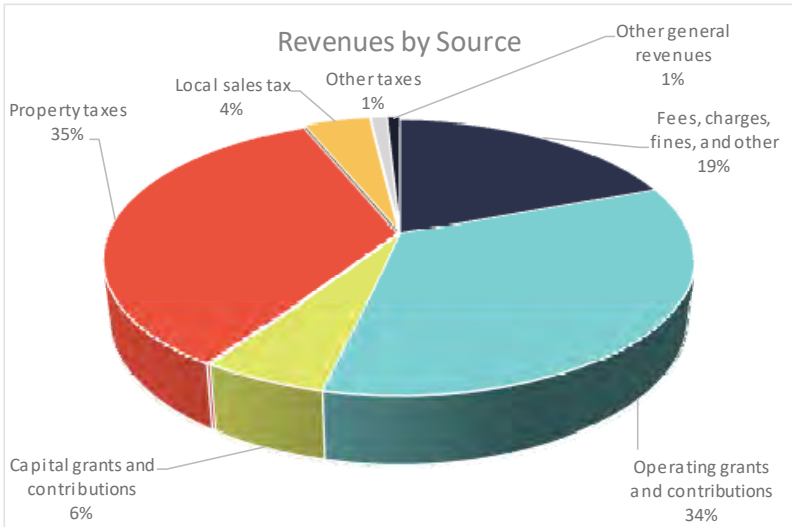
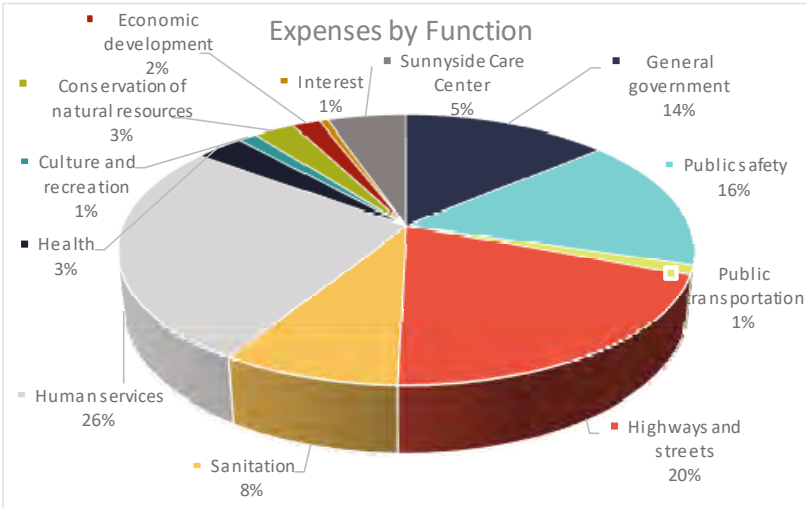
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 38,498,317	\$ 31,652,904	\$ 1,192,948	\$ 888,226	\$ 39,691,265	\$ 32,541,130
Capital assets	113,775,241	108,388,718	1,148,984	1,222,310	114,924,225	109,611,028
Total Assets	152,273,558	140,041,622	2,341,932	2,110,536	154,615,490	142,152,158
Deferred Outflows of Resources	2,392,427	2,971,263	51,846	59,659	2,444,273	3,030,922
Liabilities						
Other liabilities	5,844,347	3,159,358	445,724	263,841	6,290,071	3,423,199
Long-term liabilities outstanding	28,308,907	27,294,629	1,149,142	1,068,939	29,458,049	28,363,568
Total Liabilities	34,153,254	30,453,987	1,594,866	1,332,780	35,748,120	31,786,767
Deferred Inflows of Resources	2,828,389	6,023,217	105,166	284,006	2,933,555	6,307,223
Net Position						
Net investment in capital assets	99,569,035	95,981,316	341,500	363,822	99,910,535	96,345,138
Restricted	7,946,531	6,249,697	3,067	5,947	7,949,598	6,255,644
Unrestricted	10,168,776	4,304,668	349,179	183,640	10,517,955	4,488,308
Total Net Position	\$ 117,684,342	\$ 106,535,681	\$ 693,746	\$ 553,409	\$ 118,378,088	\$ 107,089,090

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Fees, charges, fines, and other	\$ 9,707,979	\$ 8,197,492	\$ 2,920,396	\$ 3,184,365	\$ 12,628,375	\$ 11,381,857
Operating grants and contributions	22,186,612	14,864,333	147,774	21,399	22,334,386	14,885,732
Capital grants and contributions	3,791,595	4,496,231	10,364	4,040	3,801,959	4,500,271
General Revenues:						
Property taxes	22,461,805	21,628,190	-	-	22,461,805	21,628,190
Local sales tax	2,830,080	2,662,237	-	-	2,830,080	2,662,237
Other taxes	685,982	873,954	-	-	685,982	873,954
Grants and contributions, not restricted to specific programs	1,614,107	1,589,337	-	-	1,614,107	1,589,337
Other general revenues	536,567	1,460,943	7	8	536,574	1,460,951
Total Revenues	63,814,727	55,772,717	3,078,541	3,209,812	66,893,268	58,982,529
Expenses						
General government	7,657,504	6,518,604	-	-	7,657,504	6,518,604
Public safety	8,771,575	9,371,231	-	-	8,771,575	9,371,231
Public transportation	659,373	754,261	-	-	659,373	754,261
Highways and streets	10,919,089	9,983,641	-	-	10,919,089	9,983,641
Sanitation	4,683,256	4,418,563	-	-	4,683,256	4,418,563
Human services	14,640,949	15,529,163	-	-	14,640,949	15,529,163
Health	1,816,065	1,837,708	-	-	1,816,065	1,837,708
Culture and recreation	696,309	667,807	-	-	696,309	667,807
Conservation of natural resources	1,521,837	1,600,496	-	-	1,521,837	1,600,496
Economic development	987,171	-	-	-	987,171	-
Interest	312,938	335,287	-	-	312,938	335,287
Sunnyside Care Center	-	-	2,938,204	3,004,446	2,938,204	3,004,446
Total Expenses	52,666,066	51,016,761	2,938,204	3,004,446	55,604,270	54,021,207
Increase (decrease) in net position	11,148,661	4,755,956	140,337	205,366	11,288,998	4,961,322
Net Position, January 1	106,535,681	101,705,734	553,409	348,043	107,089,090	102,053,777
Prior Period Adjustment	-	73,991	-	-	-	73,991
Net Position, January 1, As Restated	106,535,681	101,779,725	553,409	348,043	107,089,090	102,127,768
Net Position, December 31	\$ 117,684,342	\$ 106,535,681	\$ 693,746	\$ 553,409	\$ 118,378,088	\$ 107,089,090

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**



**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

At the end of 2020, the County's governmental funds reported combined ending fund balances of \$27,381,151. Of this amount, approximately 5.5% constitutes nonspendable fund balance, 13.0% constitutes legally or contractually restricted fund balance, 6.5% constitutes formally committed fund balance, 39% constitutes specifically assigned fund balance, and 36% constitutes unassigned fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the General Fund's total fund balance was \$13,917,089. The General Fund's nonspendable fund balance was \$849,329, restricted fund balance was \$1,427,326, committed fund balance was \$1,770,048, and unassigned fund balance was \$9,870,386. As a measure of the General Fund's liquidity, it is useful to compare both unrestricted fund balance and total fund balance to total fund expenditures for 2020. Unassigned fund balance represents 96.4% of total General Fund expenditures, while total fund balance represents 135.9% of that same amount.

In 2020, the fund balance in the General Fund increased by \$3,123,731. The County received approximately \$4.5 million in federal Coronavirus Relief Funds. The federal grant funded public safety and public health payroll costs that would have otherwise been funded by the property tax levy. The excess levy funds were transferred to the general fund from the public safety, human service and environmental funds. In addition, the County was appropriated \$681,764 in December 2020 to make grants to businesses and nonprofits that were impacted by executive orders related to the COVID-19 pandemic.

The fund balance of the Public Safety Special Revenue Fund decreased \$246,675 from the prior year, due primarily to a remodel in the Sheriff's office at the courthouse.

The fund balance of the Road and Bridge Special Revenue Fund decreased \$980,035 in 2020, due to work performed on road and bridge projects for which contributions were received after the period of availability in 2021.

The fund balance of the Human Services Special Revenue Fund increased \$495,923 from the prior year, due mainly to the levy savings from the Coronavirus Relief Funds.

The fund balance of the Environmental Affairs Special Revenue Fund increased \$321,497 due to increases in recycling activity and commodity rates.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

Proprietary Fund

The Sunnyside Care Center Enterprise Fund's total operating revenues decreased \$263,969, or approximately 8.3%. Nursing facility occupancy for fiscal year 2019 was 89.3% compared to 83.5% in fiscal year 2020. Operating expenses decreased \$64,897, or 2.2%, which primarily resulted from decreased employee benefits from prior year. This combination of a decrease in operating revenues and a decrease in operating expenses resulted in operating income of \$7,256. When the nonoperating revenues and expenses and capital contributions are added to the analysis, the total change in net position was a positive \$140,337 due to an increase in noncapital grants and contributions.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were amendments to the original budget as approved for 2020.

Actual revenues were more than overall final budgeted revenues by \$2,341,819, due to a higher amount of intergovernmental income.

Actual expenditures were more than overall final budgeted expenditures by \$1,154,516, as a result of expenditures required to respond to the COVID-19 pandemic.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2020, and business-type activities, amounted to \$114,924,225 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was approximately 4.8%. This was primarily due to the capitalized infrastructure.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,903,196	\$ 1,715,310	\$ 118,625	\$ 118,625	\$ 2,021,821	\$ 1,833,935
Right-of-way	1,257,146	1,171,419	-	-	1,257,146	1,171,419
Construction in progress	1,134,318	393,263	-	-	1,134,318	393,263
Infrastructure	71,544,217	66,427,163	-	-	71,544,217	66,427,163
Buildings and improvements	31,899,643	32,803,018	947,382	1,011,601	32,847,025	33,814,619
Land improvements	1,231,375	1,340,091	36,623	33,179	1,267,998	1,373,270
Machinery, furniture, and equipment	4,805,346	4,538,454	46,354	58,905	4,851,700	4,597,359
Total Capital Assets	\$ 113,775,241	\$ 108,388,718	\$ 1,148,984	\$ 1,222,310	\$ 114,924,225	\$ 109,611,028

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

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 \$12,042,484, which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 11,235,000	\$ 11,995,000	\$ -	\$ -	\$ 11,235,000	\$ 11,995,000
General obligation revenue notes	-	-	16,000	24,000	16,000	16,000
Advanced from other fund	-	-	791,484	834,488	791,484	791,484
Total Long-Term Debt	\$ 11,235,000	\$ 11,995,000	\$ 807,484	\$ 858,488	\$ 12,042,484	\$ 12,802,484

The County’s net decrease in debt of \$760,000 during the fiscal year was primarily due to scheduled principal payments.

Minnesota Statutes limit the amount of debt that a county may have to three percent of its total market value, excluding revenue bonds. At the end of 2020, overall debt of the County is below the 3% debt limit.

Becker County’s bond rating is “AA” from Standard and Poor’s.

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

- The County depends on financial resources flowing from, or associated with, both the Federal Government and the State of Minnesota. Because of this dependency, the County is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.
- The unemployment rate for Becker County was 4.9% as of December 31, 2020. This is higher than statewide rate of 3.2% and higher than national average rate of 3.5%
- Becker County’s 2018 population estimation was 34,545, an increase of 1,916 since the 2010 census of 32,504.
- On December 15, 2020, Becker County set its 2021 revenue and expenditure budgets.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2020**

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1
DECEMBER 31, 2020**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	\$ 26,094,086	\$ 1,737,686	\$ 27,831,772	\$ 1,272,827
Restricted cash	-	-	-	1,066,744
Petty cash and change funds	8,900	-	8,900	-
Taxes receivable				
Current	330,962	-	330,962	5,423
Prior	156,785	-	156,785	-
Special assessments receivable				
Current	29,408	-	29,408	-
Prior	92,516	-	92,516	-
Accounts receivable, net	344,749	199,904	544,653	179,396
Accrued interest receivable	36,463	-	36,463	-
Loans receivable	-	-	-	32,641
Property held for resale	-	-	-	108,087
Internal balances	791,484	(791,484)	-	-
Due from other governments	9,904,141	-	9,904,141	-
Loans receivable - noncurrent	-	-	-	590,708
Inventories	650,978	-	650,978	-
Prepaid items	57,845	28,830	86,675	17,495
Restricted assets				
Donor restricted assets	-	3,067	3,067	-
Resident trust funds	-	14,945	14,945	-
Capital assets				
Nondepreciable	4,294,660	118,625	4,413,285	370,997
Depreciable - net of accumulated depreciation	109,480,581	1,030,359	110,510,940	2,902,600
Total Assets	\$ 152,273,558	\$ 2,341,932	\$ 154,615,490	\$ 6,546,918
Deferred Outflows of Resources				
Deferred pension outflows	\$ 2,287,667	\$ 51,846	\$ 2,339,513	\$ -
Deferred OPEB outflows	104,760	-	104,760	-
Total Deferred Outflows of Resources	\$ 2,392,427	\$ 51,846	\$ 2,444,273	\$ -

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1 (CONTINUED)
DECEMBER 31, 2020

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Liabilities</u>				
Accounts payable	858,859	\$ 126,868	\$ 985,727	\$ 19,559
Salaries payable	1,092,815	81,724	1,174,539	-
Compensated absences	-	90,714	90,714	-
Contracts payable	2,971,206	-	2,971,206	-
Due to other governments	721,034	-	721,034	5,013
Deposits	119,724	-	119,724	-
Unearned Revenue	34,000	-	34,000	-
Other liabilities	-	-	-	18,481
Accrued interest payable	46,709	2,033	48,742	-
Unearned revenue	-	132,346	132,346	821
Security deposits	-	-	-	22,524
Customer deposits	-	12,039	12,039	-
Long-term liabilities				
Due within one year	1,977,152	8,000	1,985,152	-
Due in more than one year	11,871,954	8,000	11,879,954	2,417,300
Other postemployment benefits - current	49,760	-	49,760	-
Other postemployment benefits	757,774	-	757,774	-
Net pension liability	13,652,267	1,133,142	14,785,409	-
Total Liabilities	\$ 34,153,254	\$ 1,594,866	\$ 35,748,120	\$ 2,483,698
<u>Deferred Inflows of Resources</u>				
Deferred pension inflows	\$ 2,750,698	\$ 105,166	\$ 2,855,864	\$ -
Deferred OPEB inflows	77,691	-	77,691	-
Total Deferred Inflows of Resources	\$ 2,828,389	\$ 105,166	\$ 2,933,555	\$ -
<u>Net Position</u>				
Net Investment in capital assets	\$ 99,569,035	\$ 341,500	\$ 99,910,535	\$ 856,297
Restricted for				
General government	847,562	-	847,562	-
Highways and streets	4,412,239	-	4,412,239	-
Capital projects	-	3,067	3,067	-
Economic assistance	579,764	-	579,764	-
Conservation of natural resources	1,311,158	-	1,311,158	-
Debt service	795,808	-	795,808	-
Housing	-	-	-	1,706,932
Unrestricted	10,168,776	349,179	10,517,955	1,499,991
Total Net Position	\$ 117,684,342	\$ 693,746	\$ 118,378,088	\$ 4,063,220

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2
YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 7,657,504	\$ 1,705,007	\$ 566,301	\$ -
Public safety	8,771,575	197,309	3,398,665	-
Public transportation	659,373	62,005	696,376	-
Highways and streets	10,919,089	1,505,990	5,599,234	3,750,195
Sanitation	4,683,256	4,647,876	284,109	41,400
Human services	14,640,949	995,787	7,932,578	-
Health	1,816,065	359,978	1,367,186	-
Culture and recreation	696,309	7,640	152,180	-
Conservation of natural resources	1,521,837	226,387	521,048	-
Economic development	987,171	-	1,668,935	-
Interest	312,938	-	-	-
Total governmental activities	\$ 52,666,066	\$ 9,707,979	\$ 22,186,612	\$ 3,791,595
Business-type activities				
Sunnyside Care Center	2,938,204	2,920,396	147,774	10,364
Total Primary Government	\$ 55,604,270	\$ 12,628,375	\$ 22,334,386	\$ 3,801,959
Component unit				
Economic Development Authority	\$ 867,606	\$ 373,226	\$ 352,926	\$ -

General Revenues

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

Total general revenues

Change in Net Position

Net Position - Beginning

Net position - Ending

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Net (Expense) Revenue and Change in Net Position			
Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (5,386,196)	\$ -	\$ (5,386,196)	
(5,175,601)	-	(5,175,601)	
99,008	-	99,008	
(63,670)	-	(63,670)	
290,129	-	290,129	
(5,712,584)	-	(5,712,584)	
(88,901)	-	(88,901)	
(536,489)	-	(536,489)	
(774,402)	-	(774,402)	
681,764	-	681,764	
(312,938)	-	(312,938)	
\$ (16,979,880)	\$ -	\$ (16,979,880)	
-	140,330	140,330	
\$ (16,979,880)	\$ 140,330	\$ (16,839,550)	
			<u>\$ (141,454)</u>
\$ 21,989,484	\$ -	\$ 21,989,484	\$ 123,347
393,432	-	393,432	-
78,889	-	78,889	-
192,055	-	192,055	-
2,830,080	-	2,830,080	-
1,614,107	-	1,614,107	1,578
493,927	-	493,927	-
315,053	7	315,060	45,678
221,514	-	221,514	14,794
-	-	-	31,233
\$ 28,128,541	\$ 7	\$ 28,128,548	\$ 216,630
\$ 11,148,661	\$ 140,337	\$ 11,288,998	\$ 75,176
106,535,681	553,409	107,089,090	3,988,044
\$ 117,684,342	\$ 693,746	\$ 118,378,088	\$ 4,063,220

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3
DECEMBER 31, 2020**

<u>Assets</u>	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Cash and pooled investments	\$ 12,854,281	\$ 2,940,881	\$ -
Petty cash and change funds	7,550	200	100
Taxes receivable			
Current	51,732	116,867	40,331
Prior	24,982	51,837	21,434
Special assessments receivable			
Current	-	-	-
Prior	80,000	-	-
Accounts receivable, net	84,996	18,217	-
Accrued interest receivable	36,463	-	-
Due from other funds	42,277	-	77,011
Due from other governments	863,240	39,973	7,334,328
Prepaid items	57,845	-	-
Inventories	-	-	650,978
Advance to component unit	791,484	-	-
Total Assets	<u>\$ 14,894,850</u>	<u>\$ 3,167,975</u>	<u>\$ 8,124,182</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 167,194	\$ 154,838	\$ 143,221
Salaries payable	236,127	301,447	85,710
Contracts payable	-	246,779	2,633,429
Due to other funds	7,242	10,008	30,166
Due to other governments	254,134	134,689	9,314
Deposits	119,724	-	-
Unearned revenue	-	34,000	-
Total Liabilities	<u>\$ 784,421</u>	<u>\$ 881,761</u>	<u>\$ 2,901,840</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>\$ 193,340</u>	<u>\$ 168,704</u>	<u>\$ 4,533,369</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2020**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,912,855	\$ 1,439,909	\$ 2,946,160	\$ 26,094,086
200	850	-	8,900
103,865	-	18,167	330,962
51,015	-	7,517	156,785
-	29,408	-	29,408
-	12,516	-	92,516
16,233	128,178	97,125	344,749
-	-	-	36,463
-	1,134	-	120,422
1,608,789	35,996	21,815	9,904,141
-	-	-	57,845
-	-	-	650,978
-	-	-	791,484
<u>\$ 7,692,957</u>	<u>\$ 1,647,991</u>	<u>\$ 3,090,784</u>	<u>\$ 38,618,739</u>
\$ 322,840	\$ 66,621	\$ 4,145	\$ 858,859
417,212	42,753	9,566	1,092,815
-	90,998	-	2,971,206
7,663	12,072	53,271	120,422
131,365	6,698	184,834	721,034
-	-	-	119,724
-	-	-	34,000
<u>\$ 879,080</u>	<u>\$ 219,142</u>	<u>\$ 251,816</u>	<u>\$ 5,918,060</u>
<u>\$ 298,696</u>	<u>\$ 77,920</u>	<u>\$ 47,499</u>	<u>\$ 5,319,528</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2020**

<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (continued)	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Fund Balances			
Nonspendable			
Inventories	\$ -	\$ -	\$ 650,978
Advances to other funds	791,484	-	-
Prepaid items	57,845	-	-
Restricted			
Debt service	-	-	-
Law library	95,825	-	-
Recorder's technology equipment	483,360	-	-
Enhancements	268,377	-	-
Gravel pit closure	-	-	-
Conservation of natural resources	-	-	-
Economic assistance	579,764	-	-
Committed			
Capital improvements	709,787	-	-
Historical society and museums building project	1,000,000	-	-
Attorney contingencies	60,261	-	-
Assigned			
Environmental affairs	-	-	-
Public safety	-	2,117,510	-
Highways and streets	-	-	37,995
Human services	-	-	-
Culture and recreation	-	-	-
Unassigned	9,870,386	-	-
Total Fund Balances	\$ 13,917,089	\$ 2,117,510	\$ 688,973
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,894,850	\$ 3,167,975	\$ 8,124,182

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2020**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 650,978
-	-	-	791,484
-	-	-	57,845
-	-	818,585	818,585
-	-	-	95,825
-	-	-	483,360
-	-	-	268,377
-	-	283,041	283,041
-	-	1,028,117	1,028,117
-	-	-	579,764
-	-	-	709,787
-	-	-	1,000,000
-	-	-	60,261
-	1,350,929	-	1,350,929
-	-	-	2,117,510
-	-	-	37,995
6,515,181	-	-	6,515,181
-	-	661,726	661,726
-	-	-	9,870,386
<u>\$ 6,515,181</u>	<u>\$ 1,350,929</u>	<u>\$ 2,791,469</u>	<u>\$ 27,381,151</u>
<u>\$ 7,692,957</u>	<u>\$ 1,647,991</u>	<u>\$ 3,090,784</u>	<u>\$ 38,618,739</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL
ACTIVITIES – EXHIBIT 4
YEAR ENDED DECEMBER 31, 2020**

Fund balances - total governmental funds (Exhibit 3) \$ 27,381,151

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 113,775,241

Deferred outflows of resources resulting from pension and OPEB obligations are not available resources and, therefore, are not reported in governmental funds. 2,392,427

Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds. 5,319,528

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General obligation bonds	\$ (11,235,000)	
Other postemployment benefits	(807,534)	
Accrued interest payable	(46,709)	
Compensated absences	(2,614,106)	
Net pension liability	<u>(13,652,267)</u>	(28,355,616)

Deferred inflows resulting from pension and OPEB obligations are not due and payable in the current period and, therefore, are not reported in governmental funds. (2,828,389)

Net Position of Governmental Activities (Exhibit 1) \$ 117,684,342

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5
YEAR ENDED DECEMBER 31, 2020

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Revenues			
Taxes	\$ 3,636,634	\$ 7,708,237	\$ 2,807,208
Sales tax	-	-	2,830,080
Special assessments	-	-	-
Licenses and permits	392,686	66,555	15,025
Intergovernmental	5,420,917	3,341,502	8,402,749
Charges for services	1,158,443	289,376	900,033
Fines and forfeits	53,369	33,082	-
Gifts and contributions	-	5,051	-
Investment earnings	315,053	-	-
Miscellaneous	183,676	59,784	590,932
Total Revenues	\$ 11,160,778	\$ 11,503,587	\$ 15,546,027
Expenditures			
Current			
General government	\$ 6,651,930	\$ -	\$ -
Public safety	-	9,060,308	-
Public transportation	580,093	-	-
Highways and streets	-	-	15,766,216
Sanitation	-	-	-
Human services	-	-	-
Health	18,393	-	-
Culture and recreation	476,473	-	-
Conservation of natural resources	1,008,528	-	-
Economic development	987,171	-	-
Intergovernmental			
General government	-	-	-
Highways and streets	-	-	759,846
Conservation of natural resources	-	-	-
Capital outlay			
General government	520,231	-	-
Public safety	-	922,007	-
Sanitation	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	\$ 10,242,819	\$ 9,982,315	\$ 16,526,062
Excess of Revenues Over (Under) Expenditures	\$ 917,959	\$ 1,521,272	\$ (980,035)
Other Financing Sources (Uses)			
Transfers in	\$ 2,204,299	\$ -	\$ -
Transfers out	-	(1,767,947)	-
Sale of capital assets	1,473	-	-
Insurance recoveries	-	-	-
Total Other Financing Sources (Uses)	\$ 2,205,772	\$ (1,767,947)	\$ -

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Human Services	Environmental Affairs	Other Governmental Funds	Total
\$ 6,862,325	\$ -	\$ 1,434,428	\$ 22,448,832
-	-	-	2,830,080
-	1,287,705	-	1,287,705
-	4,201	-	478,467
9,129,603	289,513	232,016	26,816,300
1,108,570	2,898,780	7,640	6,362,842
-	-	-	86,451
1,620	-	-	6,671
-	-	-	315,053
146,282	455,470	396,429	1,832,573
\$ 17,248,400	\$ 4,935,669	\$ 2,070,513	\$ 62,464,974
\$ -	\$ -	\$ -	\$ 6,651,930
-	-	-	9,060,308
-	-	-	580,093
-	-	-	15,766,216
-	4,830,323	-	4,830,323
14,483,921	-	-	14,483,921
1,842,415	-	-	1,860,808
-	-	208,528	685,001
-	-	433,566	1,442,094
-	-	-	987,171
-	-	130,454	130,454
-	-	-	759,846
-	-	50,644	50,644
-	-	-	520,231
-	-	-	922,007
-	285,253	-	285,253
-	-	760,000	760,000
-	-	318,488	318,488
\$ 16,326,336	\$ 5,115,576	\$ 1,901,680	\$ 60,094,788
\$ 922,064	\$ (179,907)	\$ 168,833	\$ 2,370,186
\$ -	\$ -	\$ -	\$ 2,204,299
(426,141)	(10,211)	-	(2,204,299)
-	-	-	1,473
-	511,615	-	511,615
\$ (426,141)	\$ 501,404	\$ -	\$ 513,088

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Public Safety</u>	<u>Road and Bridge</u>
Net Change in Fund Balance	\$ 3,123,731	\$ (246,675)	\$ (980,035)
Fund Balance - January 1	10,793,358	2,364,185	1,702,012
Increase (decrease) in inventory	<u>-</u>	<u>-</u>	<u>(33,004)</u>
Fund Balance - December 31	<u>\$ 13,917,089</u>	<u>\$ 2,117,510</u>	<u>\$ 688,973</u>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

<u>Human Services</u>	<u>Environmental Affairs</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 495,923	\$ 321,497	\$ 168,833	\$ 2,883,274
6,019,258	1,029,432	2,622,636	24,530,881
-	-	-	(33,004)
<u>\$ 6,515,181</u>	<u>\$ 1,350,929</u>	<u>\$ 2,791,469</u>	<u>\$ 27,381,151</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-
WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES – EXHIBIT 6
YEAR ENDED DECEMBER 31, 2020**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 2,883,274

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

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

Unavailable revenue - December 31	\$ 5,319,528	
Unavailable revenue - January 1	(4,014,924)	1,304,604

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	\$ 12,029,279	
Net book value of assets disposed	(76,056)	
Current year depreciation	(6,566,700)	5,386,523

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

Principal repayments:		
General obligation bonds		760,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ 5,550	
Change in compensated absences	(247,436)	
Change in other postemployment benefits	(27,887)	
Change in net pension liability	(1,498,955)	
Change in deferred outflows of resources	(578,836)	
Change in deferred inflows of resources	3,194,828	
Change in inventories	(33,004)	814,260

Change in Net Position of Governmental Activities (Exhibit 2) \$ 11,148,661

PROPRIETARY FUND

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 7
SEPTEMBER 30, 2020**

Assets

Current assets	
Cash and pooled investments	\$ 1,737,686
Accounts receivable	199,904
Prepaid items	<u>28,830</u>
Total current assets	\$ 1,966,420
Restricted assets	
Donor restricted assets	\$ 3,067
Resident trust funds	<u>14,945</u>
Total restricted assets	\$ 18,012
Noncurrent assets	
Capital assets	
Nondepreciable	\$ 118,625
Depreciable - net	<u>1,030,359</u>
Total noncurrent assets	\$ 1,148,984
Total Assets	\$ 3,133,416
<u>Deferred outflows of resources</u>	
Deferred pension outflows	<u>\$ 51,846</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 7 (CONTINUED)
SEPTEMBER 30, 2020**

Liabilities

Current liabilities	
Accounts payable	\$ 126,868
Salaries payable	81,724
Compensated absences payable	90,714
Accrued interest payable	2,033
Resident trust funds payable	12,039
Unearned revenue	132,346
General obligation revenue notes payable - current	8,000
	\$ 453,724
Total current liabilities	
Noncurrent liabilities	
Advance from other funds	\$ 791,484
General obligation revenue notes payable	8,000
Net pension liability	1,133,142
	\$ 1,932,626
Total noncurrent liabilities	
	\$ 2,386,350
Total Liabilities	
	\$ 2,386,350

Deferred inflows of resources

Deferred pension inflows	\$ 105,166
	\$ 105,166

Net Position

Net investment in capital assets	341,500
Restricted for capital acquisitions	3,067
Unrestricted	349,179
	349,179
Total Net Position	
	\$ 693,746

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
SUNNYSIDE CARE CENTER ENTERPRISE FUND – EXHIBIT 8
YEAR ENDED SEPTEMBER 30, 2020**

Operating Revenues	
Charges for services	\$ 2,899,910
Other operating revenue	20,486
	<hr/>
Total Operating Revenues	\$ 2,920,396
 Operating Expenses	
Employee benefits	\$ 429,099
Ancillary services	86,355
Nursing	1,147,716
Social services and activities	69,330
Plant operations	194,419
Administrative	448,612
Medical care surcharge	84,450
Laundry and linen	35,060
Dietary	273,869
Housekeeping	50,134
Depreciation	94,096
	<hr/>
Total Operating Expenses	\$ 2,913,140
 Operating Income (Loss)	 \$ 7,256
 Nonoperating Revenues (Expenses)	
Noncapital grants and contributions	\$ 147,774
Interest income	7
Interest expense	(25,064)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 122,717
 Income (loss) before contributions and transfers	 \$ 129,973
Capital grants and contributions	10,364
	<hr/>
Change in Net Position	\$ 140,337
 Net Position - October 1	 553,409
	<hr/>
Net Position - September 30	\$ 693,746
	<hr/> <hr/>

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CASH FLOWS – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 9
YEAR ENDED SEPTEMBER 30, 2020**

Cash Flows from Operating Activities	
Receipts from residents	\$ 3,102,387
Payments to suppliers	(1,996,892)
Payments to employees	(776,586)
Changes in pension related liabilities	(82,824)
	<u>246,085</u>
Net cash provided by operating activities	\$ 246,085
Cash Flows from Noncapital Financing Activities	
Noncapital grants and contributions	<u>147,774</u>
Cash Flows from Capital and Related Financing Activities	
Contributions received for capital expenses	\$ 10,364
Principal paid on long-term debt	(51,004)
Interest paid on long-term debt	(25,117)
Purchases of capital assets	(20,770)
	<u>(86,527)</u>
Net cash provided by (used in) capital and related financing activities	\$ (86,527)
Cash Flows from Investing Activities	
Interest received	<u>7</u>
Net Increase in Cash and Cash Equivalents	307,339
Cash and Cash Equivalents at October 1	\$ 1,430,347
Cash and Cash Equivalents at September 30	\$ 1,737,686

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CASH FLOWS – SUNNYSIDE CARE
CENTER ENTERPRISE FUND – EXHIBIT 9 (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Reconciliation of Operating Income (Loss) to Net Cash Provided by

(Used in) Operating Activities

Operating income (loss)	\$ 7,256
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Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities

Depreciation expense	\$ 94,096
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Provision for bad debts	(51)
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Effect of changes in assets, deferred inflows, liabilities and deferred outflows:

Accounts receivable	49,696
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Deferred outflows of resources	7,813
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Prepaid items	1,508
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Accounts payable	45,301
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Accrued liabilities	(1,243)
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Deferred inflows of resources	(178,840)
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Net pension liability	88,203
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Unearned revenue	132,346
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Total adjustments	\$ 238,829
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Net Cash Provided by Operating Activities	\$ 246,085
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FIDUCIARY FUNDS

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT 10
DECEMBER 31, 2020**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
<u>Assets</u>		
Cash and pooled investments	\$ 8,875	\$ 1,668,250
Taxes receivable for other governments	-	879,995
Due from other governments	-	57,109
Total Assets	<u>\$ 8,875</u>	<u>\$ 2,605,354</u>
 <u>Liabilities</u>		
Due to other governments	<u>\$ -</u>	<u>\$ 1,369,866</u>
 <u>Deferred Inflows of Resources</u>		
Taxes Levied for Subsequent Period	<u>\$ -</u>	<u>\$ 112,706</u>
 <u>Net Position</u>		
Restricted for:		
Individuals, Organizations and Other Governments	<u>\$ 8,875</u>	<u>\$ 1,122,782</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT 11
YEAR ENDED DECEMBER 31, 2020**

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Individuals	\$ 67,499	\$ 269,326
Taxes for other governments	-	35,958,842
Licenses and fees collected for state	-	3,937,881
Miscellaneous	-	182,998
Total Additions	67,499	40,349,047
Deductions		
Beneficiary payments	\$ 85,133	\$ 263,858
Payments to state	-	3,937,881
Payment to the collaborative	-	221,299
Payments to other governments	-	35,986,295
Total Deductions	85,133	40,409,333
Net Decrease in Fiduciary Net Position	\$ (17,634)	\$ (60,286)
Fiduciary Net Position - Beginning of Year	-	-
Restatement for Change in Accounting Principle	26,509	1,183,068
Fiduciary Net Position - Beginning of Year, As Restated	26,509	1,183,068
Fiduciary Net Position - End of Year	\$ 8,875	\$ 1,122,782

See accompanying Notes to Financial Statements.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

Becker County was established March 18, 1858, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Becker County (primary government) and its component unit for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Blended Component Units

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Discretely Presented Component Unit

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

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

Joint Ventures and Jointly-governed Organizations

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

2. Fund Financial Statements

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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.

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major enterprise fund:

The Sunnyside Care Center Enterprise Fund is used to account for the operations of the Sunnyside Care Center, which operates a 34-bed licensed long-term health care facility in Lake Park, Minnesota, and is managed by Ecumen Services Inc. The Care Center is under an agreement through July 31, 2023, with monthly management fees of \$7,100 through July 31, 2020 and \$8,333 monthly management fees August 1, 2020 through July 31, 2023. The Care Center's financial position and operations are presented as of and for the year ended September 30, 2020.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

Additionally, the County reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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

1. Cash and Cash Equivalents

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

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2020. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2020 were \$315,053.

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

The Sunnyside Care Center Enterprise Fund had \$7 investment income for the year ended September 30, 2020.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

3. Receivables and Payables

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible accounts which is calculated on a case by case basis. As of December 31, 2020, the allowance for doubtful accounts is \$1,061,200.

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

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments payable in the years 2015 through 2020 and noncurrent special assessments payable in 2021 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

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

7. Capital Assets

Capital assets, which include land, right-of-way, construction in progress, infrastructure (roads, bridges, and similar items), buildings and improvements, land improvements, and machinery, furniture, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Governmental activities capital assets have initial useful lives extending beyond 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. Business-type activities capital assets have a dollar amount for capitalization per asset of \$2,000. Capital assets are recorded at cost if purchased or at fair market value on the date received, if donated.

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

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

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

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

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

8. Unearned Revenue

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

9. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for amounts is reported in the governmental funds for up to the annual accrual of vacation and vested sick leave if matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of the earned balances of vacation and vested sick leave for all full-time employees during the year calculated at an overall average rate of pay. For the governmental activities, compensated absences are liquidated by the General Fund, Public Safety Special Revenue Fund, the Road and Bridge Special Revenue Fund, the Natural Resource Management Fund, the Environmental Affairs Special Revenue Fund, and the Human Services Special Revenue Fund. For the business-type activities, compensated absences are liquidated by the Sunnyside Care Center Enterprise Fund.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

10. Deferred Outflows/Inflows of Resources

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

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

Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also has deferred pension and OPEB inflows. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience and also pension or OPEB plan changes in proportionate share and, accordingly, are reported only in the statement of net position.

11. Long-Term Obligations

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

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

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

12. Pension Plan

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

13. Classification of Net Position

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

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

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

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

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14. Classification of Fund Balances

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

Nonspendable - amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - amounts in which constraints have been placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

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

Assigned - amounts the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer who has been delegated that authority by Board resolution.

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

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

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15. Minimum Fund Balance

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

16. Use of Estimates

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

17. Net Resident Service Revenue

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

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

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

	2020
Gross Residential Service Revenues	\$ 3,101,793
Adjustments and Allowances	(201,934)
Provision for Bad Debts	51
Net Resident Service Revenues	<u>\$ 2,899,910</u>

18. Charity Care

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

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19. Third-Party Reimbursement Agreements

Medicaid

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

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

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

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

Medicare

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

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

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2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following is a table of the individual funds with expenditures in excess of budget for the year ended December 31, 2020:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 10,242,819	\$ 9,088,303	\$ 1,154,516
Public Safety	9,982,315	9,123,579	858,736
Environmental Affairs	5,115,576	4,536,541	579,035
Gravel Tax	130,454	-	130,454
Debt Service	1,078,488	1,078,438	50

B. Land Management

The County manages approximately 74,085 acres of state-owned tax-forfeited land. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

3. Detailed Notes on All Funds

A. Assets and Deferred Outflows of Resources

1. Deposits and Investments

Governmental Activities

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

Governmental Activities	
Cash and pooled investments	\$ 26,094,086
Petty cash and change funds	8,900
Business-Type Activities	
Cash and pooled investments	1,737,686
Restricted cash	
Donor-restricted cash	3,067
Resident trust funds	14,945
Fiduciary funds	
Cash and pooled investments	<u>1,677,125</u>
Total Cash and Investments	<u><u>\$ 29,535,809</u></u>

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a. Deposits

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

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

Custodial Credit Risk

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

b. Investments

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

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County has a formal investment policy that limits investment maturities to meet cash requirements for ongoing operations as a means of managing its exposure to fair value losses arising from increasing interest rates or the need to sell securities on the open market prior to maturity.

Credit Risk

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

Custodial Credit Risk

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

At December 31, 2020, the County's investments were not exposed to custodial credit risk.

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Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County policy minimizes concentration of credit risk by diversifying the investment portfolio. The following table represents the County's deposit and investment balances at December 31, 2020, and information relating to potential investment risks:

<u>Investment Type</u>	<u>Credit Risk</u>		<u>Concentration</u>	<u>Interest Rate</u>	<u>Carrying</u> <u>Fair Value</u>
	<u>Credit</u> <u>Rating</u>	<u>Rating</u> <u>Agency</u>	<u>Risk</u> <u>Over 5 Percent</u> <u>of Portfolio</u>	<u>Risk</u> <u>Maturity</u> <u>Date</u>	
U.S. government agency securities					
Federal National Mortgage Association	N/R	N/A		4/1/2021	\$ 35
Federal National Mortgage Association	N/R	N/A	<5.0%	6/30/2022	310,000
Federal Farm Credit Bank	AAA	Moody's	<5.0%	11/30/2023	<u>499,955</u>
Total U.S. government agency securities					<u>\$ 809,990</u>
Local securities					
Connecticut State Taxable General Obligation Bond	A1	Moody's		1/15/2026	\$ 558,675
Lake Park Audubon General Obligation Bonds	AAA	Moody's		2/1/2026	<u>569,095</u>
Total local securities			7.35%		<u>\$ 1,127,770</u>
Negotiable certificates of deposit	N/R			< 1 year	\$ 3,863,960
Negotiable certificates of deposit	N/R			1-5 years	2,449,493
CDARS	N/R			> 5 years	<u>1,000,000</u>
Total negotiable certificates of deposit			26.40%		<u>\$ 7,313,453</u>
MAGIC Fund	N/R		N/A		<u>\$ 12,004,421</u>
Total Investments					\$ 21,255,634
Deposits					8,211,316
Change funds					8,900
Restricted cash at Sunnyside Care Center					18,012
Change in Enterprise Fund cash from September 30 to December 31, 2020					<u>41,947</u>
Total Cash and Investments					<u>\$ 29,535,809</u>

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

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

At December 31, 2020, the County had the following recurring fair value measurements.

	December 31 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Agencies	\$ 809,990	\$ -	\$ 809,990	\$ -
Municipal/Public Bonds	1,127,770	-	1,127,770	-
Negotiable certificates of deposit	7,313,453	-	7,313,453	-
	<u>9,251,213</u>	<u>-</u>	<u>9,251,213</u>	<u>-</u>
Total Investments included in the Fair value hierarchy	<u>\$ 9,251,213</u>	<u>\$ -</u>	<u>\$ 9,251,213</u>	<u>\$ -</u>
Investments at amortized cost				
MAGIC portfolio external investment pool	<u>\$ 12,004,421</u>			
Total investments	<u>\$ 21,255,634</u>			

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

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

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2. Receivables

Receivables as of December 31, 2020, for the County's governmental activities and as of September 30, 2020, for the County's business-type activities, including any applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities		
Taxes	\$ 487,747	\$ -
Special assessments	121,924	44,495
Accounts	344,749	-
Interest	36,463	-
Due from other governments	9,904,141	-
Total Governmental Activities	\$ 10,895,024	\$ 44,495
Business-Type Activities		
Accounts	\$ 199,904	\$ -

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

	2020
Medicare	\$ 972
Medicaid	115,249
Residents	25,145
Third-Party Payors and Other	58,538
	\$ 199,904

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3. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2020, and for the business-type activities for the year ended September 30, 2020 was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,715,310	\$ 187,886	\$ -	\$ 1,903,196
Right-of-way	1,171,419	85,727	-	1,257,146
Construction in progress	393,263	1,125,317	(384,262)	1,134,318
Total capital assets not depreciated	<u>3,279,992</u>	<u>1,398,930</u>	<u>(384,262)</u>	<u>4,294,660</u>
Capital assets depreciated				
Building and improvements	44,998,822	156,758	(110,093)	45,045,487
Land improvements	2,200,127	-	-	2,200,127
Machinery, furniture, and equipment	12,628,827	1,236,283	(87,127)	13,777,983
Infrastructure	132,786,277	9,621,570	-	142,407,847
Total capital assets depreciated	<u>192,614,053</u>	<u>11,014,611</u>	<u>(197,220)</u>	<u>203,431,444</u>
Less: accumulated depreciation for				
Buildings and improvements	12,195,804	1,015,601	(65,561)	13,145,844
Land improvements	860,036	108,716	-	968,752
Machinery, furniture, and equipment	8,090,373	937,867	(55,603)	8,972,637
Infrastructure	66,359,114	4,504,516	-	70,863,630
Total accumulated depreciation	<u>87,505,327</u>	<u>6,566,700</u>	<u>(121,164)</u>	<u>93,950,863</u>
Total capital assets depreciated, net	<u>105,108,726</u>	<u>4,447,911</u>	<u>(76,056)</u>	<u>109,480,581</u>
Governmental Activities Capital Assets, Net	<u>\$ 108,388,718</u>	<u>\$ 5,846,841</u>	<u>\$ (460,318)</u>	<u>\$ 113,775,241</u>

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Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 118,625	\$ -	\$ -	\$ 118,625
Capital assets depreciated				
Land improvements	\$ 205,080	\$ 8,265	\$ -	\$ 213,345
Buildings and improvements	2,747,259	9,848	(35,125)	2,721,982
Equipment	684,028	2,657	(219,752)	466,933
Vehicles	14,438	-	(14,438)	-
Total capital assets depreciated	3,650,805	20,770	(269,315)	3,402,260
Less: accumulated depreciation for				
Land improvements	171,901	4,821	-	176,722
Buildings and improvements	1,735,658	74,067	(35,125)	1,774,600
Equipment	625,123	15,208	(219,752)	420,579
Vehicles	14,438	-	(14,438)	-
Total accumulated depreciation	2,547,120	94,096	(269,315)	2,371,901
Total capital assets depreciated, net	1,103,685	(73,326)	-	1,030,359
Business-Type Activities Capital assets, Net	\$ 1,222,310	\$ (73,326)	\$ -	\$ 1,148,984

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

Governmental Activities	
General government	\$ 552,779
Public safety	711,915
Highways and streets, including depreciation of infrastructure assets	4,814,435
Human services	38,624
Sanitation	335,366
Public transportation	76,524
Culture and recreation	4,602
Conservation of natural resources	32,455
Total Depreciation Expense - Governmental Activities	\$ 6,566,700
Business-Type Activities Sunnyside Care Center	\$ 94,096

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B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	\$ 7,255
	Road and Bridge Special Revenue Fund	30,166
	Gravel Tax Special Revenue Fund	4,856
Total due to General Fund		\$ 42,277
Road and Bridge Special Revenue Fund	General Fund	\$ 7,068
	Public Safety Special Revenue Fund	9,740
	Human Services Special Revenue Fund	49
	Environmental Affairs Special Revenue Fund	12,072
	Resource Development Fund	2,484
	Parks and Recreation Special Revenue Fund	5,503
	Natural Resource Management Special Revenue Fund	881
	Gravel Tax Special Revenue Fund	39,214
Total due to Road and Bridge Special Revenue Fund		\$ 77,011
Environmental Affairs Special Revenue Fund	General Fund	\$ 174
	Public Safety Special Revenue Fund	268
	Parks and Recreation Special Revenue Fund	333
	Human Services Special Revenue Fund	359
Total due to Environmental Affairs Special Revenue Fund		\$ 1,134
Total Due To/From Other Funds		\$ 120,422

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

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2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Sunnyside Care Center Enterprise Fund	\$ 791,484

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

3. Interfund Transfers

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

Transfer to General Fund from		
Environmental Affairs Fund	\$ 10,211	To transfer levy savings
Human Service Fund	426,141	To transfer levy savings
Public Safety Fund	1,767,947	To transfer levy savings
Interfund transfer totals	\$ 2,204,299	

C. Liabilities

1. Payables

Payables at December 31, 2020, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 858,859	\$ 126,868
Salaries	1,092,815	81,724
Contracts	2,971,206	-
Due to other governments	721,034	-
Compensated absences	-	90,714
Customer deposits	-	12,039
Interest	46,709	2,033
Total Payables	\$ 5,690,623	\$ 313,378

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2. Construction Commitments

The government has active construction projects as of December 31, 2020.

	Remaining Commitment
Governmental Activities	
Various Road Projects	\$ 56,037
Environmental Affairs Paystation	197,906
	\$ 253,943

3. Long-Term Debt

Governmental Activities

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

<u>Type of Indebtedness</u>	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance December 31 2020
General obligation bonds					
2012 Capital Improvement Bonds	2027	\$ 195,000 425,000	2.00% 3.00%	\$ 5,340,000	\$ 2,600,000
2017 Jail Bonds	2037	260,000 620,000	2.00% 3.00%	9,670,000	8,635,000
					\$ 11,235,000

Business-Type Activities

<u>Type of Indebtedness</u>	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance September 30, 2020
2004 G.O. Revenue Note	2022	\$ 7,000 8,000	1.68%	\$ 135,430	\$ 16,000
Notes Payable*	2035	33,859	3.00%	1,102,184	791,484
					\$ 807,484

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

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4. Debt Service Requirements

Debt service requirements at December 31, 2020, for governmental activities and September 30, 2020, for business-type activities were as follows:

Governmental Activities

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 780,000	\$ 291,788
2022	800,000	268,238
2023	825,000	245,816
2024	850,000	224,106
2025	870,000	201,366
2026-2030	3,105,000	717,538
2031-2035	2,785,000	393,375
2036-2037	1,220,000	52,150
Total	<u>\$ 11,235,000</u>	<u>\$ 2,394,377</u>

Business-Type Activities

<u>Year Ending December 31,</u>	<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 52,304	\$ 23,683
2022	53,642	22,210
2023	47,022	20,696
2024	48,443	19,275
2025	49,907	17,811
2026-2030	273,096	65,494
2031-2035	283,070	21,651
Total	<u>\$ 807,484</u>	<u>\$ 190,820</u>

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, for governmental activities and September 30, 2020, for business-type activities was as follows:

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Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 11,995,000	\$ -	\$ 760,000	\$ 11,235,000	\$ 780,000
Compensated absences	<u>2,366,670</u>	<u>1,548,598</u>	<u>1,301,162</u>	<u>2,614,106</u>	<u>1,197,152</u>
Governmental Activities Long-Term Liabilities	<u>\$ 14,361,670</u>	<u>\$ 1,548,598</u>	<u>\$ 2,061,162</u>	<u>\$ 13,849,106</u>	<u>\$ 1,977,152</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation revenue					
Notes	\$ 24,000	\$ -	\$ 8,000	\$ 16,000	\$ 8,000
Note payable*	<u>834,488</u>	<u>-</u>	<u>43,004</u>	<u>791,484</u>	<u>44,304</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 858,488</u>	<u>\$ -</u>	<u>\$ 51,004</u>	<u>\$ 807,484</u>	<u>\$ 52,304</u>

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

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

6. Unearned Revenues/Deferred Inflows of Resources

Deferred inflows of resources - unavailable revenues consist of state and/or federal grants, taxes, special assessments, and state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. The governmental funds reported \$34,000 in unearned revenues at December 31, 2020. Business-type activities reported unearned revenues of \$821 for rent paid in advance. The fiduciary funds reported deferred inflows of resources of \$112,706 for taxes collected as prepayments for taxes levied for the subsequent year.

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Unavailable revenue at December 31, 2020 is summarized below by fund.

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 76,714	\$ 80,000	\$ 36,626	\$ -	\$ 193,340
Public Safety	168,704	-	-	-	168,704
Road and Bridge	61,765	-	4,471,604	-	4,533,369
Human Services	154,880	-	137,686	6,130	298,696
Environmental Affairs	-	41,923	35,997	-	77,920
Nonmajor governmental funds					
Parks and Recreation	1,752	-	21,815	-	23,567
Debt Service	23,932	-	-	-	23,932
Total	\$ 487,747	\$ 121,923	\$ 4,703,728	\$ 6,130	\$ 5,319,528

During the year ended September 30, 2020, the Care Center received approximately \$241,600 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund. The Care Center must comply with the terms and conditions of the funding which include, amongst other things, that the funds will only be used to prevent, prepare for, and respond to Coronavirus Disease (COVID-19) and that the funds shall reimburse the Care Center for health care related expenses or lost revenues that are attributable to COVID-19. A September 30, 2020, approximately \$100,400 of Provider Relief Fund payments are recorded as unearned revenue and included in current liabilities on the statements of net position. These funds will be recognized into revenue as the Care Center continues to incur health care related expenses and lost revenues attributable to COVID-19.

During the year ended September 30, 2020, the Care Center recognized approximately \$141,200 of revenue related to the above funding which is included in noncapital grants and contributions on the statement of revenues, expenses, and changes in net position.

The Care Center has a contract with the Minnesota Department of Health to earn performance incentive Medicaid Assistance payments. Certain performance based criteria needs to be met in order to keep the payments. At September 30, 2020 approximately \$31,900 is reported as unearned revenue and included in current liabilities on the combined balance sheets. These payments will be recognized into revenue as noncapital grants and contributions on the statement of revenues, expenses, and changes in net position as the Care Center meets certain criteria in accordance with the contract.

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4. Pension Plans

A. Defined Benefit Plans

1. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

Local Government Correctional Plan

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

2. Benefits Provided

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

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General Employees Plan Benefits

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

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

Police and Fire Plan Benefits

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

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

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Correctional Plan Benefits

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

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

3. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the County and Care Center were required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2020 were \$1,021,721. The Care Center's contributions for the year ended September 30, 2020 were \$99,972. The County and Care Center's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The County's contributions to the Police and Fire Fund for the year ended December 31, 2020 were \$327,562. The contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in fiscal year 2020. The County's contributions to the Correctional Fund for the year ended December 31, 2020 were \$148,500. The County's contributions were equal to the required contributions as set by state statute.

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4. Pension Costs

General Employees Retirement Plan

At December 31, 2020, the County reported a liability of \$12,368,628 (governmental activities \$11,235,486 and business-type activities \$1,133,142) for its proportionate share of the General Employees Retirement Plan's net pension liability. The County net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2020. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$381,501. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .2063% at the end of the measurement period and .2048% for the beginning of the period.

County's proportionate share of the net pension liability	\$ 2,211,784
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>52,090</u>
Total	<u><u>\$ 2,263,874</u></u>

For the year ended December 31, 2020, the County recognized pension expense of \$476,498 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$33,156 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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At December 31, 2020, the County reported its proportionate share of the General Employees Retirement Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 112,772	\$ 46,796
Changes in actuarial assumptions	-	458,553
Difference between projected and actual investment earnings	213,677	-
Changes in proportion	129,838	366,899
Contributions paid to PERA subsequent to the measurement date	539,294	-
Total	\$ 995,581	\$ 872,248

The \$539,294 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, \$21,938 will be recognized by Sunnyside Care Center as a reduction of the net pension liability in the year ended September 30, 2021 and \$517,356 will be recognized by the County as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (810,373)
2022	(163,467)
2023	259,047
2023	298,832

Public Employees Police and Fire Plan

At December 31, 2020, the County reported a liability of \$2,211,784 for its proportionate share of the Public Employees Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .1678% at the end of the measurement period and .1667% for the beginning of the period.

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

The state of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the County recognized pension expense of \$283,034 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$16,026 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

The state of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$15,102 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

County's proportionate share of the net pension liability	\$ 2,211,784
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>52,090</u>
Total	<u><u>\$ 2,263,874</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA**

At December 31, 2020, the County reported its proportionate share of the Public Employees Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 97,729	\$ 105,036
Changes in actuarial assumptions	741,215	1,379,411
Difference between projected and actual investment earnings	67,182	-
Changes in proportion	101,329	7,379
Contributions paid to PERA subsequent to the measurement date	169,677	-
Total	\$ 1,177,132	\$ 1,491,826

The \$169,677 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (133,003)
2022	(587,591)
2023	124,967
2024	106,555
2024	4,701

Public Employees Correctional Plan

At December 31, 2020, the County reported a liability of \$204,997 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .756% at the end of the measurement period and .727% for the beginning of the period.

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For the year ended December 31, 2020, the County recognized pension expense of (\$370,119) for its proportionate share of the Public Employees Correctional Plan's pension expense.

At December 31, 2020, the County reported its proportionate share of the Public Employees Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,922	\$ 75,438
Changes in actuarial assumptions	-	415,146
Difference between projected and actual investment earnings	39,000	-
Changes in proportion	48,062	1,206
Contributions paid to PERA subsequent to the measurement date	77,816	-
Total	\$ 166,800	\$ 491,790

The \$77,816 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (458,639)
2022	(3,805)
2023	22,657
2023	36,981

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DETROIT LAKES, MINNESOTA**

5. Summary

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

Description	Public Employees Retirement Plan	Public Employees Police and Fire Plan	Public Employees Correctional Plan	Total
Net Pension Liability	\$ 12,368,628	\$ 2,211,784	\$ 204,997	\$ 14,785,409
Deferred Outflows of Resources	995,581	1,177,132	166,800	2,339,513
Related to Pensions				
Deferred inflows of Resources	872,248	1,491,826	491,790	2,855,864
Related to Pensions				
Pension Expense	509,654	299,060	(370,119)	438,595

6. Actuarial Assumptions

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

	General <u>Employees Fund</u>	Police and Fire <u>Fund</u>	Correctional <u>Fund</u>
Inflation	2.25% per year	2.50% per year	2.50% per year
Active member payroll growth	3.00% per year	3.25% per year	3.25% per year
Investment rate of return	7.50%	7.50%	7.50%

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

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- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
Private markets	25	5.90
fixed income	20	.75
International equity	17.5	5.30
Cash equivalents	2	-
Total	100%	

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7. Discount Rate

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

8. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	Proportionate Share of the					
	Public Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
One Percent Decrease	6.50 %	\$ 19,822,621	6.50 %	\$ 4,408,403	6.50 %	\$ 1,274,037
Current	7.50	12,368,628	7.50	2,211,784	7.50	204,997
One Percent Increase	8.50	6,219,683	8.50	394,466	8.50	(650,931)

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

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B. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (0.25%) of the assets in each member's account annually.

Total contributions by dollar amount and percentage of covered payroll made by County during the year ended December 31, 2020 were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 9,523	\$ 9,523
Percentage of covered payroll	5%	5%

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C. Other Postemployment Benefits (OPEB)

Plan Description

Becker County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. As of December 31, 2020, the following employees were covered by the benefit terms:

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

As of December 31, 2020, the County had no inactive plan members entitled to but not yet receiving benefits.

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

The contribution requirements of the plan members and the County are established and may be amended by the Becker County Board of Commissioners. Retirees are required to pay 100 percent of the total premium cost. The County's total OPEB liability was measured as of January 1, 2020 was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

Discount Rate		2.90%
Salary Increase	Service Graded Table	
20-Year Municipal Bond Yield		2.90%
Inflation Rate		2.50%
Medical Trend Rate		6.50% in 2020 grading to 5.00% over 6 years and then 4.00% over the next 48 years
Mortality		RP-2010 tables with MP-2019 Generational Improvement Scale

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

The discount rate used to measure the total OPEB liability was 2.9%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Summary of Changes in the Actuarial Assumptions

The following assumption changes were reflected in the 2020 valuation:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tabs with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.80% to 2.90%.
- The Correctional employee decrements and salary increase rates were changed to be the same as Public Safety instead of General employees.
- These changes increased the liability \$62,858.

Total OPEB Liability

Total OPEB liability, January 1, 2020	\$ 779,647
Service cost	62,650
Interest	30,918
Assumption changes	62,858
Differences between expected and actual experience	(70,652)
Benefit payments	<u>(57,887)</u>
Net change in total OPEB liability	<u>27,887</u>
Total OPEB liability, December 31, 2020	<u><u>\$ 807,534</u></u>

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Discount rate sensitivity

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

	One Percent Decrease 1.90%	Discount Rate 2.90%	One Percent Increase 3.90%
Total OPEB Liability	\$ 861,204	\$ 807,534	\$ 756,781

Healthcare trend rate sensitivity

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

	One Percent Decrease 5.5	Healthcare Cost Trend Rates 6.50%	One Percent Increase 7.50%
Total OPEB Liability	\$ 734,361	\$ 807,534	\$ 892,236

Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the County recognized OPEB expense of \$89,419.

	Deferred Outflows of Resources	Deferred Outflows of Resources
Contributions subsequent to the measurement date	\$ 49,760	\$ -
Changes in actuarial assumptions	55,000	15,871
Liability Gains/(Losses)	-	61,820
Total	\$ 104,760	\$ 77,691

At December 31, 2020, the County reported \$49,760 in deferred outflows of resources resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ending December 31, 2021.

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

<u>Year ending</u>	<u>OPEB Expense</u>
2021	\$ (4,149)
2022	(4,149)
2023	(4,149)
2024	(4,149)
2025	(4,145)
Thereafter	(1,950)

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2020. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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6. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

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

B. Joint Ventures

Prairie Lakes Municipal Solid Waste Authority

The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board was established in 2010, under the authority conferred upon the member parties by Minn. Stat. § 471.59 and chs. 115A and 400, and includes the Counties of Becker, Clay, Otter Tail, Todd, and Wadena. The original Joint Powers Agreement was amended effective October 21, 2014, to include Clay County.

The purpose of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is to jointly exercise powers common to each participating party dealing with the ownership and operation of the Perham Resource Recovery Facility, as well as cooperation with efforts in other solid waste management activities that affect the operations of the Perham Resource Recovery Facility. The Prairie Lakes Municipal Solid Waste Authority Joint Powers Board is composed of one Commissioner each from Becker, Todd, and Wadena Counties and two members from Otter Tail County. Each party may appoint alternate Board members and shall represent one vote on the Board.

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

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Financial information can be obtained from:

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

Partnership4Health Community Health Board

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

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

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

The financial activities of Partnership4Health are accounted for in a custodial fund by Clay County. The individuals who administer the activity of Partnership4Health are considered to be employees of Clay County Public Health. During 2020, Becker County did not contribute to Partnership4Health Community Health Board.

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

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

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The combined area on aging, known as the Land of the Dancing Sky Area on Aging, was established to administer all aspects of the Older Americans Act by providing programs to meet the needs of the elderly in the 21-county area. Each county may be assessed a proportional share of the 25% of the administrative costs incurred in carrying out this agreement. Each county's proportional share of this 25% of the administrative costs will be based upon the number of persons age 60 or older living within that county. In 2019, the County paid \$6,313 to the Northwest Regional Development Commission for Land of the Dancing Sky Area Agency on Aging as its share of the 2020 assessment.

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

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

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

Complete financial information can be obtained from:

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

West Central Minnesota Drug and Violent Crimes Task Force

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

Control of the Task Force is vested in a Board of Directors. The Board of Directors consists of department heads or a designee from each participating full-time member agency. In the event of dissolution of the Task Force, the equipment will be divided and returned to the appropriate agencies. However, if only one agency terminates its agreement and the unit continues, all equipment will remain with the Task Force. The Task Force is reported as a custodial fund in Douglas County's financial statements. Financing and equipment will be provided by the full-time and associate member agencies. Becker County provided \$1,000 to this organization in 2020.

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Northwest Minnesota Regional Emergency Communication Board

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

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

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

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

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Becker County had no contributions to this entity for 2020.

Complete financial information can be obtained from:

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

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C. Jointly-Governed Organizations

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

Becker County Airport Commission

Becker County and the City of Detroit Lakes created the Becker County Airport Commission. The County and the City each appoint two members to the Commission.

The County and the City alternately appoint the fifth Commission member for a three-year term. The Commission is reported as a special revenue fund in the financial statements of the City of Detroit Lakes. The County appropriated \$45,000 for airport operations and for the construction in 2020.

Lake Agassiz Regional Library

The Lake Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1961, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties. Control of the Library is vested in the Agassiz Regional Library Board, with 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. In 2020, Becker County provided \$391,360 in the form of an appropriation.

Lakeland Mental Health Center

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

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties. Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Becker County paid \$375,786 in 2020 for services purchased through Lakeland Mental Health Center.

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D. Related Organizations

Buffalo-Red River Watershed District

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

Wild Rice Watershed District

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

Pelican River Watershed District

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

Cormorant Lakes Watershed District

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

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E. Restatement for Change in Accounting Principle

During the year ended December 31, 2020, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by moving activity previously reported as agency funds to the Governmental Activities, recording the Social Welfare Private Purpose Trust Fund that was not previously reported and including accruals and ending net position in custodial funds not previously required.

	Social Welfare Private Purpose Trust Fund	Custodial Funds
Net Position, January 1, 2020, as Previously Reported	\$ -	\$ -
Change in Accounting Principle	26,509	1,183,068
Net Position, January 1, 2020, as Restated	\$ 26,509	\$ 1,183,068

F. Regulation

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

G. Subsequent Event

On March 11, 2021, the President of the United State signed an amended version of the COVID Relief Package, the American Rescue Plan, which includes \$65.1 billion in direct, flexible aid for counties in America. The U.S. Department of the Treasure will oversee and administer payments of the State and Local Coronavirus Recovery Funds to state and local governments, for which every county is eligible to receive a direct allocation from the Treasury. Counties will receive funds in two tranches – 50 percent in 2021 and the remaining 50 percent no earlier than 12 months from the first payment. The U.S. Treasury is required to pay the first tranche to counties no later than 60-days after enactment. As of July 26, 2021, Becker County had received \$3,343,132 of the State and Local Coronavirus Recovery Funds.

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7. Becker County Economic Development Authority (EDA)

A. Summary of Significant Accounting Policies

The Becker County Economic Development Authority's (EDA) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2020. In addition to those identified Note 1, the EDA has the following significant policies.

1. Financial Reporting Entity

The EDA was established May 27, 1997, having all of the powers and duties of an economic development authority under Minn. Stat. §§ 469.090 to 469.1081.

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

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

2. Measurement Focus and Basis of Accounting

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

The EDA has no employees; it purchases employee services from Becker County and contracts for services from Midwest Minnesota Community Development Corporation.

3. Assets, Liabilities, and Net Position

A. Property Held for Resale

Real property acquired for subsequent resale for redevelopment purposes and not as an investment program is recorded at the lesser of cost or net realizable value.

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B. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the EDA did not have any capitalized interest.

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

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

B. Detailed Notes on All Funds

1. Assets

A. Deposits and Investments

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

Cash and pooled investments	\$ 1,272,827
Restricted cash	<u>1,066,744</u>
Total Cash and Investments	<u><u>\$ 2,339,571</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the EDA's deposits may not be returned to it. The EDA does not have a deposit policy for custodial credit risk. As of December 31, 2020, the EDA's deposits were not exposed to custodial credit risk.

B. Receivables

No allowance for uncollectable accounts has been made.

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Contract for Deed (Loans Receivable)

The following is a summary of contracts for deed receivable resulting from the sale of Minnesota Urban and Rural Homesteading (MURL) homes to individuals for the year ended December 31, 2020.

Balance - January 1, 2020	\$	707,851
Payments		<u>(84,502)</u>
Balance - December 31, 2020	\$	623,349
Less: current portion		<u>(32,641)</u>
Long-Term Portion	\$	<u><u>590,708</u></u>

<u>Contract for Deed</u>	<u>Date</u>	<u>Interest Rate (%)</u>	<u>Due Date</u>	<u>Monthly Payment</u>	<u>Balance December 31</u>
Federal Home Funds					
MURL #02	October 1, 1999	-	October 1, 2029	\$ 212	\$ 31,369
MURL #03	March 1, 2001	-	March 1, 2021	530	42,254
MURL #10	May 1, 2003	-	May 1, 2018	489	46,841
MURL #06	February 1, 2007	-	February 1, 2032	245	101,413
MURL #08	May 1, 2010	-	May 1, 2016	821	38,784
MURL #15	November 1, 2009	-	November 1, 2029	742	83,754
MURL #11	October 1, 2013	-	October 1, 2034	220	62,103
MURL #07	May 27, 2016	-	July 1, 2021	145	<u>70,941</u>
Total Federal Home Funds					<u>\$ 477,459</u>
State Nonhome Funds					
MURL #16	May 1, 2009	-	May 1, 2039	\$ 835	\$ 25,279
MURL #17	May 1, 2009	-	May 1, 2039	300	<u>120,611</u>
Total State Nonhome Funds					<u>\$ 145,890</u>
Total Contracts for Deed					<u><u>\$ 623,349</u></u>

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C. Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated				
Land	\$ 357,532	\$ 13,465	\$ -	\$ 370,997
Capital assets being depreciated				
Buildings	5,018,725	38,269	-	5,056,994
Equipment	162,988	-	-	162,988
Total capital assets being depreciated	5,181,713	38,269	-	5,219,982
Less: accumulated depreciation for				
Buildings	2,028,112	127,749	-	2,155,861
Equipment	161,313	208	-	161,521
Total accumulated depreciation	2,189,425	127,957	-	2,317,382
Total capital assets depreciated, net	2,992,288	(89,688)	-	2,902,600
Capital Assets, Net	\$ 3,349,820	\$ (76,223)	\$ -	\$ 3,273,597

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

Housing	\$ 127,957
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2. Liabilities and Deferred Inflows of Resources

A. Payables

Payables at December 31, 2020, were as follows:

Accounts	\$ 19,559
Due to other governments	5,013
Other liabilities	18,481
Unearned revenue - prepaid rent	821
Security deposits	22,524
Total Payables	\$ 66,398

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B. Long-Term Debt

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

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

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

The following is a schedule of long-term debt for at December 31, 2020.

<u>Type of Indebtedness</u>	<u>Final Maturity</u>	<u>Installment Amounts</u>	<u>Interest Rates (Percent)</u>	<u>Original Issue Amount</u>	<u>Outstanding Balance December 31 2020</u>
MHFA mortgage loan	N/A	N/A	-	\$ 800,000	\$ 800,000
Greater Minnesota Housing Fund	2037	N/A	-	217,300	217,300
Minnesota Housing Finance	2028	N/A	-	1,400,000	<u>1,400,000</u>
Total Long-Term Debt					<u>\$ 2,417,300</u>

C. Changes in Long-Term Liabilities

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

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

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D. Unearned Revenue

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

C. Summary of Significant Contingencies and Other Items

1. Risk Management

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

2. Contingent Liabilities

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

3. Liens Receivable

Community Development Block Grant programs provided funds for economic development and rehabilitation of residences of qualifying low-income individuals. Provisions of the rehabilitation contracts resulted in loans to the homeowners secured by liens against the property. Those not requiring repayment until the property is sold or the owner dies are not recorded in the financial statements.

4. Minnesota Housing Trust Fund Loans

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

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Loan dated July 1, 1992 with a final maturity of July 1, 2022	\$	1,562
Loan dated December 30, 1994 with a final maturity of December 30, 2024		12,230
Loan dated May 29, 2003 with a final maturity of May 29, 2033		18,846
Total	\$	32,638

5. Minnesota Housing Revolving Fund Programs

The EDA received grants from the Minnesota Housing Finance Agency (MHFA) to be used to construct homes for low-income residents of Becker County. When the houses are sold, the grant amounts become revolving funds to build additional housing. The EDA chose to discontinue these programs, and the revolving funds were returned to the MHFA. The amounts received and balances on hand at December 31, 2020 are as follows:

	Original Grant	Revolving Fund Cash	Contract for Deed Receivable
Federal Home Minnesota Urban and Rural Homestead Loan	\$ 1,810,000	\$ 527,482	\$ 477,459
State Home Minnesota Urban and Rural Homesteading Loan	196,185	74,201	145,890
Total	\$ 2,006,185	\$ 601,683	\$ 623,349

6. Operating Leases

Lakes Homes and Program Development, Inc., entered into a five-year operating lease with the EDA for property the EDA owns (carrying value of \$107,609 and accumulated depreciation of \$53,165) to be used for the operation of Hidden Hills Group Home. According to the lease terms, the EDA began receiving monthly installments of \$500 from January 1, 2020 through January 1, 2022, increasing to \$525 through December 31, 2024. The lease shall be renewed at an agreeable rental rate and agreeable term after December 2024. Either party may give a written notice of termination to the other at least six months prior to the end of the term.

7. Housing Program

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

REQUIRED SUPPLEMENTARY INFORMATION

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,865,322	\$ 3,865,322	\$ 3,636,634	\$ (228,688)
Licenses and permits	285,856	285,856	392,686	106,830
Intergovernmental	2,999,043	2,999,043	5,420,917	2,421,874
Charges for services	1,133,778	1,133,778	1,158,443	24,665
Fines and forfeits	60,000	60,000	53,369	(6,631)
Investment earnings	350,000	350,000	315,053	(34,947)
Miscellaneous	124,960	124,960	183,676	58,716
Total Revenues	\$ 8,818,959	\$ 8,818,959	\$ 11,160,778	\$ 2,341,819
Expenditures				
Current				
General government				
Commissioners	\$ 314,004	\$ 314,004	\$ 321,438	\$ (7,434)
Courts	50,000	50,000	52,714	(2,714)
County administrator	218,736	218,736	202,239	16,497
Auditor-Treasurer	717,119	717,119	672,002	45,117
License bureau	240,385	240,385	235,075	5,310
County assessor	498,398	498,398	578,289	(79,891)
Data processing	753,806	753,806	780,332	(26,526)
Elections	133,236	133,236	207,666	(74,430)
Human resources management	198,419	198,419	167,594	30,825
Attorney	1,038,045	1,038,045	1,045,399	(7,354)
Contracted legal services	77,600	77,600	118,400	(40,800)
Law library	43,870	43,870	20,123	23,747
Recorder	550,301	550,301	418,893	131,408
Surveyor	10,920	10,920	10,920	-
Planning and zoning	455,162	455,162	425,348	29,814
Buildings and plant	643,489	643,489	644,088	(599)
Veterans service officer	221,532	221,532	219,827	1,705
Unallocated	21,697	21,697	531,583	(509,886)
Total general government	\$ 6,186,719	\$ 6,186,719	\$ 6,651,930	\$ (465,211)

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public transportation				
Transit	\$ 578,655	\$ 578,655	\$ 482,117	\$ 96,538
Airport	395,000	395,000	97,976	297,024
Total public transportation	\$ 973,655	\$ 973,655	\$ 580,093	\$ 393,562
Health				
Nursing service	19,110	19,110	18,393	717
Culture and recreation				
Historical society	\$ 78,800	\$ 78,800	\$ 78,800	\$ -
Senior citizens	6,313	6,313	6,313	-
Agassiz Regional Library	391,360	391,360	391,360	-
Total culture and recreation	\$ 476,473	\$ 476,473	\$ 476,473	\$ -
Conservation of natural resources				
County extension	\$ 226,723	\$ 226,723	\$ 212,831	\$ 13,892
Aquatic Invasive Species	343,234	343,234	343,234	-
Soil and water conservation	335,920	335,920	354,831	(18,911)
Agricultural society/county fair	20,000	20,000	20,000	-
Water planning	24,359	24,359	24,359	-
Wetland challenge	24,237	24,237	24,237	-
Other conservation	1,673	1,673	29,036	(27,363)
Total conservation of natural resources	\$ 976,146	\$ 976,146	\$ 1,008,528	\$ (32,382)

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued)				
Economic development				
Small business grants	\$ -	\$ -	\$ 987,171	\$ (987,171)
Capital outlay				
General government	\$ 456,200	\$ 456,200	\$ 520,231	\$ (64,031)
Total Expenditures	\$ 9,088,303	\$ 9,088,303	\$ 10,242,819	\$ (1,154,516)
Excess of Revenues Over (Under)				
Expenditures	\$ (269,344)	\$ (269,344)	\$ 917,959	\$ 1,187,303
Other Financing Sources (Uses)				
Transfers in	243,557	243,557	2,204,299	1,960,742
Sale of capital assets	-	-	1,473	1,473
Total Other Financing Sources (Uses)	\$ 243,557	\$ 243,557	\$ 2,205,772	\$ 1,962,215
Net Change in Fund Balance	\$ (25,787)	\$ (25,787)	\$ 3,123,731	\$ 3,149,518
Fund Balance - January 1	10,793,358	10,793,358	10,793,358	-
Fund Balance - December 31	\$ 10,767,571	\$ 10,767,571	\$ 13,917,089	\$ 3,149,518

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – PUBLIC SAFETY
SPECIAL REVENUE FUND – EXHIBIT A-2
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 7,570,403	\$ 7,570,403	\$ 7,708,237	\$ 137,834
Licenses and permits	46,500	46,500	66,555	20,055
Intergovernmental	565,931	565,931	3,341,502	2,775,571
Charges for services	503,500	503,500	289,376	(214,124)
Fines and forfeits	30,000	30,000	33,082	3,082
Gifts and contributions	-	-	5,051	5,051
Miscellaneous	56,000	56,000	59,784	3,784
Total Revenues	\$ 8,772,334	\$ 8,772,334	\$ 11,503,587	\$ 2,731,253
Expenditures				
Current				
Public safety				
Sheriff	\$ 4,244,046	\$ 4,244,046	\$ 4,812,008	\$ (567,962)
Boat and water safety	49,483	49,483	33,743	15,740
Emergency services	74,236	74,236	73,703	533
Coroner	91,228	91,228	120,494	(29,266)
Jail	3,812,242	3,812,242	3,650,854	161,388
Probation and parole	331,496	331,496	280,115	51,381
Sentence to serve	96,778	96,778	89,391	7,387
Total public safety	\$ 8,699,509	\$ 8,699,509	\$ 9,060,308	\$ (360,799)
Capital Outlay				
Public safety	424,070	424,070	922,007	(497,937)
Total Expenditures	\$ 9,123,579	\$ 9,123,579	\$ 9,982,315	\$ (858,736)
Excess of Revenues Over (Under)				
Expenditures	\$ (351,245)	\$ (351,245)	\$ 1,521,272	\$ 1,872,517
Other Financing Sources (Uses)				
Transfers out	-	-	(1,767,947)	(1,767,947)
Net Change in Fund Balance	\$ (351,245)	\$ (351,245)	\$ (246,675)	\$ 104,570
Fund Balance - January 1	3,358,796	3,358,796	2,364,185	(994,611)
Fund Balance - December 31	\$ 3,007,551	\$ 3,007,551	\$ 2,117,510	\$ (890,041)

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE
SPECIAL REVENUE FUND – EXHIBIT A-3
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,778,296	\$ 2,778,296	\$ 2,807,208	\$ 28,912
Sales Tax	2,600,000	2,600,000	2,830,080	230,080
Licenses and permits	15,000	15,000	15,025	25
Intergovernmental	9,569,000	9,569,000	8,402,749	(1,166,251)
Charges for services	975,000	975,000	900,033	(74,967)
Miscellaneous	553,000	553,000	590,932	37,932
Total Revenues	<u>\$ 16,490,296</u>	<u>\$ 16,490,296</u>	<u>\$ 15,546,027</u>	<u>\$ (944,269)</u>
Expenditures				
Current				
Highways and streets				
Administration	\$ 431,897	\$ 431,282	\$ 484,357	\$ (53,075)
Maintenance	3,179,896	3,209,188	3,400,438	(191,250)
Construction	11,405,089	11,414,050	10,401,232	1,012,818
Equipment maintenance and shops	1,389,691	1,389,229	1,388,192	1,037
Other highways and streets	238,723	238,723	91,997	146,726
Total highways and streets	<u>\$ 16,645,296</u>	<u>\$ 16,682,472</u>	<u>\$ 15,766,216</u>	<u>\$ 916,256</u>
Intergovernmental				
Highways and streets	-	-	759,846	(759,846)
Total Expenditures	<u>\$ 16,645,296</u>	<u>\$ 16,682,472</u>	<u>\$ 16,526,062</u>	<u>\$ 156,410</u>
Net Change in Fund Balance	<u>\$ (155,000)</u>	<u>\$ (192,176)</u>	<u>\$ (980,035)</u>	<u>\$ (787,859)</u>
Fund Balance - January 1	<u>1,702,012</u>	<u>1,702,012</u>	<u>1,702,012</u>	<u>-</u>
Increase (decrease) in inventory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,004)</u>	<u>\$ (33,004)</u>
Fund Balance - December 31	<u><u>\$ 1,547,012</u></u>	<u><u>\$ 1,509,836</u></u>	<u><u>\$ 688,973</u></u>	<u><u>\$ (820,863)</u></u>

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – HUMAN SERVICES
SPECIAL REVENUE FUND – EXHIBIT A-4
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,865,769	\$ 6,865,769	\$ 6,862,325	\$ (3,444)
Intergovernmental	9,033,907	9,033,907	9,129,603	95,696
Charges for services	1,158,838	1,158,838	1,108,570	(50,268)
Gifts and contributions	20,500	20,500	1,620	(18,880)
Miscellaneous	65,000	65,000	146,282	81,282
Total Revenues	<u>\$ 17,144,014</u>	<u>\$ 17,144,014</u>	<u>\$ 17,248,400</u>	<u>\$ 104,386</u>
Expenditures				
Current				
Human services				
Income maintenance	\$ 3,849,543	\$ 3,849,543	\$ 3,578,249	\$ 271,294
Social services	11,127,888	11,127,888	10,666,245	461,643
Collaborative	200,000	200,000	239,427	(39,427)
Total human services	<u>\$ 15,177,431</u>	<u>\$ 15,177,431</u>	<u>\$ 14,483,921</u>	<u>\$ 693,510</u>
Health				
Nursing service	1,966,583	1,966,583	1,842,415	124,168
Total Expenditures	<u>\$ 17,144,014</u>	<u>\$ 17,144,014</u>	<u>\$ 16,326,336</u>	<u>\$ 817,678</u>
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 922,064	\$ 922,064
Other Financing Sources (Uses)				
Transfers out	-	-	(426,141)	(426,141)
Net Change in Fund Balance	\$ -	\$ -	\$ 495,923	\$ 495,923
Fund Balance - January 1	<u>6,019,258</u>	<u>6,019,258</u>	<u>6,019,258</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 6,019,258</u></u>	<u><u>\$ 6,019,258</u></u>	<u><u>\$ 6,515,181</u></u>	<u><u>\$ 495,923</u></u>

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – BUDGET AND ACTUAL –
ENVIRONMENTAL AFFAIRS SPECIAL REVENUE FUND – EXHIBIT A-5
YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 1,284,000	\$ 1,284,000	\$ 1,287,705	\$ 3,705
Licenses and permits	2,155	2,155	4,201	2,046
Intergovernmental	158,500	158,500	289,513	131,013
Charges for services	2,809,600	2,809,600	2,898,780	89,180
Miscellaneous	382,200	382,200	455,470	73,270
Total Revenues	<u>\$ 4,636,455</u>	<u>\$ 4,636,455</u>	<u>\$ 4,935,669</u>	<u>\$ 299,214</u>
Expenditures				
Current				
Sanitation				
Solid waste	\$ 3,070,811	\$ 3,070,811	\$ 3,631,527	\$ (560,716)
Recycling	905,875	905,875	1,000,142	(94,267)
Hazardous waste	164,855	164,855	198,654	(33,799)
Total Expenditures	<u>\$ 4,141,541</u>	<u>\$ 4,141,541</u>	<u>\$ 4,830,323</u>	<u>\$ (688,782)</u>
Capital outlay				
Sanitation	395,000	395,000	285,253	109,747
Total Expenditures	<u>\$ 4,536,541</u>	<u>\$ 4,536,541</u>	<u>\$ 5,115,576</u>	<u>\$ (579,035)</u>
Excess of Revenues Over (Under) Expenditures	\$ 99,914	\$ 99,914	\$ (179,907)	\$ (279,821)
Other Financing Sources (Uses)				
Transfers out	\$ (25,000)	\$ (25,000)	\$ (10,211)	\$ 14,789
Insurance Recoveries	-	-	511,615	511,615
Total Other Financing Sources (Uses)	\$ (25,000)	\$ (25,000)	\$ 501,404	\$ 526,404
Net Change in Fund Balance	\$ 74,914	\$ 74,914	\$ 321,497	\$ 246,583
Fund Balance - January 1	<u>1,029,432</u>	<u>1,029,432</u>	<u>1,029,432</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 1,104,346</u>	<u>\$ 1,104,346</u>	<u>\$ 1,350,929</u>	<u>\$ 246,583</u>

See accompanying Notes to Required Supplementary Information.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS – EXHIBIT A-6
YEAR ENDED DECEMBER 31, 2020**

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

Note 1: No assets are accumulated in a trust.

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
PERA GENERAL EMPLOYEES RETIREMENT PLAN – EXHIBIT A-7
YEAR ENDED DECEMBER 31, 2020**

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

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

The measurement date for each year is June 30.

N/A - Not Applicable

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA GENERAL
EMPLOYEES RETIREMENT FUND – EXHIBIT A-8
YEAR ENDED DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 955,719	\$ 955,719	\$ (20,676)	\$ 13,018,606	7.34%
2016	1,036,762	1,024,025	(12,737)	13,823,489	7.41%
2017	1,038,360	1,038,360	-	13,844,800	7.50%
2018	1,073,228	1,073,228	-	14,309,712	7.50%
2019	1,092,532	1,092,532	-	14,567,093	7.50%
2020	1,121,693	1,121,693	-	14,955,907	7.50%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND – EXHIBIT A-9
YEAR ENDED DECEMBER 31, 2020**

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

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA PUBLIC
EMPLOYEES POLICE AND FIRE FUND – EXHIBIT A-10
YEAR ENDED DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 241,450	\$ 241,450	-	\$ 1,490,433	16.20%
2016	265,680	265,680	-	1,640,001	16.20%
2017	268,296	268,296	-	1,656,151	16.20%
2018	277,503	277,503	-	1,712,983	16.20%
2019	311,763	311,763	-	1,839,310	16.95%
2020	327,562	327,562	-	1,850,633	17.70%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN – EXHIBIT A-11
YEAR ENDED DECEMBER 31, 2020**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.740%	\$ 114,404	\$ 1,337,132	8.56%	96.95%
2016	0.730%	2,666,792	1,380,245	193.21%	58.16%
2017	0.710%	2,023,507	1,428,232	141.68%	67.89%
2018	0.710%	117,800	1,444,846	8.15%	97.64%
2019	0.727%	100,627	1,567,176	6.42%	98.17%
2020	0.756%	204,997	1,643,854	12.47%	96.67%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA PUBLIC
EMPLOYEES CORRECTIONAL PLAN – EXHIBIT A-12
YEAR ENDED DECEMBER 31, 2020**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 117,451	\$ 117,451	\$ -	\$ 1,342,302	8.75%
2016	129,366	129,366	-	1,478,468	8.75%
2017	120,902	120,902	-	1,381,737	8.75%
2018	126,362	126,362	-	1,444,133	8.75%
2019	142,638	142,638	-	1,630,149	8.75%
2020	148,500	148,500	-	1,697,143	8.75%

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

1. Budgetary Information

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

On or before mid-August of each year, all departments and agencies submit requests for appropriations to the County Administrator so that a budget can be prepared. Before September 30, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

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

2. Excess of Expenditures Over Budget

The following major governmental funds had expenditures in excess of budget for the year ended December 31, 2020:

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 10,242,819	\$ 9,088,303	\$ 1,154,516
Public Safety	9,982,315	9,123,579	858,736
Environmental Affairs	5,115,576	4,536,541	579,035

3. Other Postemployment Benefits

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

2020

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tabs with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification.
- The discount rate was changed from 3.80% to 2.90%.
- The Correctional employee decrements and salary increase rates were changed to be the same as Public Safety instead of General employees.
- These changes increased the liability \$62,858.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

2019

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

2018

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

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

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

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

Police and Fire Fund

2020 Changes

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020**

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

Correctional Fund

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2020

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

SPECIAL REVENUE FUNDS

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

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

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

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

Gravel Tax - to account for and report restricted revenues from a 21.5 cents per cubic yard or 15 cents per ton production tax on gravel removed from pits in Becker County under the provisions of Minn. Stat. § 298.75.

DEBT SERVICE FUND

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – EXHIBIT B-1
DECEMBER 31, 2020**

<u>Assets</u>	<u>Special Revenue (Exhibit B-3)</u>	<u>Debt Service</u>	<u>Total (Exhibit 3)</u>
Cash and pooled investments	\$ 2,127,575	\$ 818,585	\$ 2,946,160
Taxes receivable			
Current	1,120	17,047	18,167
Prior	632	6,885	7,517
Accounts receivable, net	97,125	-	97,125
Due from other governments	21,815	-	21,815
Total Assets	<u>\$ 2,248,267</u>	<u>\$ 842,517</u>	<u>\$ 3,090,784</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 4,145	\$ -	\$ 4,145
Salaries payable	9,566	-	9,566
Due to other funds	53,271	-	53,271
Due to other governments	184,834	-	184,834
Total Liabilities	<u>\$ 251,816</u>	<u>\$ -</u>	<u>\$ 251,816</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>\$ 23,567</u>	<u>\$ 23,932</u>	<u>\$ 47,499</u>
Fund Balances			
Restricted			
Debt service	\$ -	\$ 818,585	\$ 818,585
Gravel pit closure	283,041	-	283,041
Conservation of natural resources	1,028,117	-	1,028,117
Assigned			
Culture and recreation	661,726	-	661,726
Total Fund Balances	<u>\$ 1,972,884</u>	<u>\$ 818,585</u>	<u>\$ 2,791,469</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,248,267</u>	<u>\$ 842,517</u>	<u>\$ 3,090,784</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – NONMAJOR GOVERNMENTAL FUNDS – EXHIBIT B-2
YEAR ENDED DECEMBER 31, 2020**

	Special Revenue (Exhibit B-4)	Debt Service	Total (Exhibit 5)
Revenues			
Taxes	\$ 309,349	\$ 1,125,079	\$ 1,434,428
Intergovernmental	212,471	19,545	232,016
Charges for services	7,640	-	7,640
Miscellaneous	396,429	-	396,429
Total Revenues	\$ 925,889	\$ 1,144,624	\$ 2,070,513
Expenditures			
Current			
Culture and recreation	\$ 208,528	\$ -	\$ 208,528
Conservation of natural resources	433,566	-	433,566
Intergovernmental			
General government	130,454	-	130,454
Conservation of natural resources	50,644	-	50,644
Debt service			
Principal	-	760,000	760,000
Interest	-	318,488	318,488
Total Expenditures	\$ 823,192	\$ 1,078,488	\$ 1,901,680
Net Change in Fund Balance	\$ 102,697	\$ 66,136	\$ 168,833
Fund Balance - January 1	1,870,187	752,449	2,622,636
Fund Balance - December 31	\$ 1,972,884	\$ 818,585	\$ 2,791,469

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL
REVENUE FUNDS – EXHIBIT B-3
DECEMBER 31, 2020**

	<u>Parks and Recreation</u>	<u>Resource Development</u>	<u>County Ditch</u>	<u>Natural Resource Management</u>	<u>Gravel Tax</u>	<u>Total</u>
<u>Assets</u>						
Cash and pooled investments	\$ 671,109	\$ 952,366	\$ 1,407	\$ 138,529	\$ 364,164	\$ 2,127,575
Taxes receivable						
Current	1,120	-	-	-	-	1,120
Prior	632	-	-	-	-	632
Accounts receivable	-	-	-	-	97,125	97,125
Due from other governments	21,815	-	-	-	-	21,815
Total Assets	\$ 694,676	\$ 952,366	\$ 1,407	\$ 138,529	\$ 461,289	\$ 2,248,267
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ 3,502	\$ -	\$ -	\$ 643	\$ -	\$ 4,145
Salaries payable	-	-	-	9,566	-	9,566
Due to other funds	5,836	2,484	-	881	44,070	53,271
Due to other governments	45	-	-	50,611	134,178	184,834
Total Liabilities	\$ 9,383	\$ 2,484	\$ -	\$ 61,701	\$ 178,248	\$ 251,816
Deferred Inflows of Resources						
Unavailable revenues	\$ 23,567	\$ -	\$ -	\$ -	\$ -	\$ 23,567
Fund Balances						
Restricted						
Gravel pit closure	\$ -	\$ -	\$ -	\$ -	\$ 283,041	\$ 283,041
Conservation of natural resources	-	949,882	1,407	76,828	-	1,028,117
Assigned						
Culture and recreation	661,726	-	-	-	-	661,726
Total Fund Balances	\$ 661,726	\$ 949,882	\$ 1,407	\$ 76,828	\$ 283,041	\$ 1,972,884
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 694,676	\$ 952,366	\$ 1,407	\$ 138,529	\$ 461,289	\$ 2,248,267

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – NONMAJOR SPECIAL REVENUE FUNDS – EXHIBIT B-4
YEAR ENDED DECEMBER 31, 2020**

	<u>Parks and Recreation</u>	<u>Resource Development</u>	<u>County Ditch</u>	<u>Natural Resource Management</u>	<u>Gravel Tax</u>	<u>Total</u>
Revenues						
Taxes	\$ 73,979	\$ -	\$ -	\$ -	\$ 235,370	\$ 309,349
Intergovernmental	131,756	79,377	-	1,338	-	212,471
Charges for services	7,640	-	-	-	-	7,640
Miscellaneous	33,763	50,644	-	312,022	-	396,429
Total Revenues	\$ 247,138	\$ 130,021	\$ -	\$ 313,360	\$ 235,370	\$ 925,889
Expenditures						
Current						
Culture and recreation	\$ 208,528	\$ -	\$ -	\$ -	\$ -	\$ 208,528
Conservation of natural resources	-	172,765	-	260,801	-	433,566
Intergovernmental						
General government	-	-	-	-	130,454	130,454
Conservation of natural resources	-	-	-	50,644	-	50,644
Total Expenditures	\$ 208,528	\$ 172,765	\$ -	\$ 311,445	\$ 130,454	\$ 823,192
Net Change in Fund Balance	\$ 38,610	\$ (42,744)	\$ -	\$ 1,915	\$ 104,916	\$ 102,697
Fund Balance - January 1	623,116	992,626	1,407	74,913	178,125	1,870,187
Fund Balance - December 31	\$ 661,726	\$ 949,882	\$ 1,407	\$ 76,828	\$ 283,041	\$ 1,972,884

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – PARKS AND
RECREATION SPECIAL REVENUE FUND – EXHIBIT B-5
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 74,655	\$ 74,655	\$ 73,979	\$ (676)
Intergovernmental	125,625	125,625	131,756	6,131
Charges for services	6,500	6,500	7,640	1,140
Miscellaneous	8,360	8,360	33,763	25,403
Total Revenues	\$ 215,140	\$ 215,140	\$ 247,138	\$ 31,998
Expenditures				
Current				
Culture and recreation				
Recreation	<u>\$ 232,980</u>	<u>\$ 232,980</u>	<u>\$ 208,528</u>	<u>\$ 24,452</u>
Net Change in Fund Balance	\$ (17,840)	\$ (17,840)	\$ 38,610	\$ 56,450
Fund Balance - January 1	<u>623,116</u>	<u>623,116</u>	<u>623,116</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 605,276</u></u>	<u><u>\$ 605,276</u></u>	<u><u>\$ 661,726</u></u>	<u><u>\$ 56,450</u></u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – RESOURCE DEVELOPMENT
SPECIAL REVENUE FUND – EXHIBIT B-6
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 80,218	\$ 80,218	\$ 79,377	\$ (841)
Miscellaneous	12,540	12,540	50,644	38,104
Total Revenues	\$ 92,758	\$ 92,758	\$ 130,021	\$ 37,263
Expenditures				
Current				
Conservation of natural resources				
Resource development	\$ 282,500	\$ 282,500	\$ 172,765	\$ 109,735
Net Change in Fund Balance	\$ (189,742)	\$ (189,742)	\$ (42,744)	\$ 146,998
Fund Balance - January 1	992,626	992,626	992,626	-
Fund Balance - December 31	\$ 802,884	\$ 802,884	\$ 949,882	\$ 146,998

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – NATURAL RESOURCE
MANAGEMENT SPECIAL REVENUE FUND – EXHIBIT B-7
YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,338	\$ 1,338
Miscellaneous	298,250	298,250	312,022	13,772
Total Revenues	\$ 298,250	\$ 298,250	\$ 313,360	\$ 15,110
Expenditures				
Current				
Conservation of natural resources				
Tax forfeited sales	\$ 284,871	\$ 284,871	\$ 260,801	\$ 24,070
Intergovernmental				
Conservation of natural resources	\$ 35,900	\$ 35,900	\$ 50,644	\$ (14,744)
Total Expenditures	\$ 320,771	\$ 320,771	\$ 311,445	\$ 9,326
Net Change in Fund Balance	\$ (22,521)	\$ (22,521)	\$ 1,915	\$ 24,436
Fund Balance - January 1	74,913	74,913	74,913	-
Fund Balance - December 31	\$ 52,392	\$ 52,392	\$ 76,828	\$ 24,436

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GRAVEL TAX
SPECIAL REVENUE FUND – EXHIBIT B-8
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 30,000	\$ 30,000	\$ 235,370	\$ 205,370
Expenditures				
Intergovernmental				
General government	-	-	130,454	(130,454)
Net Change in Fund Balance	\$ 30,000	\$ 30,000	\$ 104,916	\$ 74,916
Fund Balance - January 1	178,125	178,125	178,125	-
Fund Balance - December 31	\$ 208,125	\$ 208,125	\$ 283,041	\$ 74,916

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE
FUND – EXHIBIT B-9
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,132,360	\$ 1,132,360	\$ 1,125,079	\$ (7,281)
Intergovernmental	-	-	19,545	19,545
Total Revenues	\$ 1,132,360	\$ 1,132,360	\$ 1,144,624	\$ 12,264
Expenditures				
Debt service				
Principal	760,000	760,000	760,000	-
Interest	318,438	318,438	318,488	(50)
Total Expenditures	\$ 1,078,438	\$ 1,078,438	\$ 1,078,488	\$ (50)
Net Change in Fund Balance	\$ 53,922	\$ 53,922	\$ 66,136	\$ 12,214
Fund Balance - January 1	752,449	752,449	752,449	-
Fund Balance - December 31	\$ 806,371	\$ 806,371	\$ 818,585	\$ 12,214

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT C-1
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

	<u>Taxes and Penalties</u>	<u>State Revenue</u>	<u>Sheriff Inmate</u>
<u>Assets</u>			
Cash and pooled investments	\$ 1,077,478	\$ 289,655	\$ 27,792
Taxes receivable for other governments	879,995	-	-
Due from other governments	-	-	-
Total Assets	\$ 1,957,473	\$ 289,655	\$ 27,792
<u>Liabilities</u>			
Due to other governments	\$ 964,772	\$ 289,655	\$ -
<u>Deferred Inflows of Resources</u>			
Taxes Levied for Subsequent Period	\$ 112,706	\$ -	\$ -
<u>Net Position</u>			
Restricted for:			
Individuals, Organizations and Other Governments	<u>\$ 879,995</u>	<u>\$ -</u>	<u>\$ 27,792</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION – EXHIBIT C-1 (CONTINUED)
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2020**

Estate Recoveries	Children's Initiative	Custodial Funds
\$ 52,276	\$ 221,049	\$ 1,668,250
-	-	879,995
-	57,109	57,109
\$ 52,276	\$ 278,158	\$ 2,605,354
\$ 52,276	\$ 63,163	\$ 1,369,866
\$ -	\$ -	\$ 112,706
\$ -	\$ 214,995	\$ 1,122,782

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT C-2
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Taxes and Penalties	State Revenue	Sheriff Inmate
Additions			
Contributions:			
Individuals	\$ -	\$ -	\$ 269,326
Taxes for other governments	35,958,842	-	-
Licenses and fees collected for state	-	3,484,427	-
Grants for other entities	-	-	-
Total Additions	<u>35,958,842</u>	<u>3,484,427</u>	<u>269,326</u>
Deductions			
Beneficiary payments	\$ -	\$ -	\$ 263,858
Payments to state	-	3,484,427	-
Payment to the collaborative	-	-	-
Payments to other governments	35,986,295	-	-
Total Deductions	<u>35,986,295</u>	<u>3,484,427</u>	<u>263,858</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ (27,453)	\$ -	\$ 5,468
Fiduciary Net Position - Beginning of Year	-	-	-
Restatement for Change in Accounting Principle	907,448	-	22,324
Fiduciary Net Position - Beginning of Year, As Restated	<u>907,448</u>	<u>-</u>	<u>22,324</u>
Fiduciary Net Position - End of Year	<u>\$ 879,995</u>	<u>\$ -</u>	<u>\$ 27,792</u>

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EXHIBIT C-2
(CONTINUED)
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

Estate Recoveries	Children's Initiative	Total Custodial Funds
\$ -	\$ -	\$ 269,326
-	-	35,958,842
453,454	-	3,937,881
-	182,998	182,998
<u>453,454</u>	<u>182,998</u>	<u>40,349,047</u>
\$ -	\$ -	\$ 263,858
453,454	-	3,937,881
-	221,299	221,299
-	-	35,986,295
<u>453,454</u>	<u>221,299</u>	<u>40,409,333</u>
\$ -	\$ (38,301)	\$ (60,286)
-	-	-
-	253,296	1,183,068
<u>-</u>	<u>253,296</u>	<u>1,183,068</u>
<u>\$ -</u>	<u>\$ 214,995</u>	<u>\$ 1,122,782</u>

OTHER SCHEDULES

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1
YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Funds</u>	<u>Discretely Presented Component Unit</u>	<u>All Funds</u>
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 8,345,090	\$ -	\$ 8,345,090
County program aid	1,288,826	-	1,288,826
PERA indirect aid	45,086	-	45,086
Police aid	204,685	-	204,685
Aquatic invasive species	343,234	-	343,234
Riparian buffer aid	107,160	-	107,160
E-911	101,006	-	101,006
Market value credit	280,023	1,578	281,601
Family preservation aid	57,942	-	57,942
Disparity reduction aid	1,221	-	1,221
Total shared revenue	\$ 10,774,273	\$ 1,578	\$ 10,775,851
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 2,366,299	\$ -	\$ 2,366,299
Payments			
Local			
Payments in lieu of taxes	\$ 493,927	\$ -	\$ 493,927
Grants			
State			
Minnesota Department/Board of			
Corrections	\$ 82,819	\$ -	\$ 82,819
Public Safety	22,705	-	22,705
Transportation	325,802	-	325,802
Health	340,999	-	340,999
Peace Officer Board	35,062	-	35,062
Veterans Affairs	7,843	-	7,843
Natural Resources	167,028	-	167,028
Human Services	1,874,714	-	1,874,714
Water and Soil Resources	66,647	-	66,647
Secretary of State	40,361	-	40,361
Finance	681,764	-	681,764
Minnesota Pollution Control Agency	247,607	-	247,607
Total state	\$ 3,893,351	\$ -	\$ 3,893,351

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Funds</u>	<u>Discretely Presented Component Unit</u>	<u>All Funds</u>
Grants (Continued)			
Federal			
Department of			
Agriculture	\$ 500,955	\$ -	\$ 500,955
Housing and Urban Development	-	352,926	352,926
Justice	64,561	-	64,561
Election	37,314	-	37,314
Treasury	4,564,069	-	4,564,069
Transportation	403,453	-	403,453
Education	4,194	-	4,194
Health and Human Services	3,653,520	-	3,653,520
Homeland Security	60,384	-	60,384
Total federal	\$ 9,288,450	\$ 352,926	\$ 9,641,376
Total state and federal grants	\$ 13,181,801	\$ 352,926	\$ 13,534,727
Total Intergovernmental Revenue	\$ 26,816,300	\$ 354,504	\$ 27,170,804

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Partnership4Health Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	32573	\$ 206,523	\$ -
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2514	<u>294,432</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>\$ 500,955</u>	<u>\$ -</u>
U.S. Department of Housing and Urban Development				
Direct Public and Indian Housing	14.850	n/a - Direct	\$ 74,776	\$ -
Housing Voucher Cluster Section 8 Housing Choice Vouchers	14.871	n/a - Direct	<u>278,150</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 352,926</u>	<u>\$ -</u>
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Public Safety Partnership and Community Policing Grants	16.710	Not Provided	\$ 1,189	\$ -
Passed Through Minnesota Department of Trial Courts Crime Victim Assistant Grant	16.575	F-CVSP-2020 -BCOA-6268	<u>63,372</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 64,561</u>	<u>-</u>
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Formula Grants for Rural Areas	20.509	1035578	\$ 23,324	\$ -
COVID-19 Formula Grants for Rural Areas (Total Formula Grants for Rural Areas 20.509 \$366,243)	20.509	1035578	342,919	-
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRFC20-2020 -BECKERSO-4419	2,569	-
Highway Safety Cluster National Highway Traffic Safety Administration State and Community Highway Safety	20.600	F-ENFRFC20-2020 -BECKERSO-4187	5,408	-
National Priority Safety Programs	20.616	F-ENFRFC20-2020 -BECKERSO-4419	<u>642</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 374,862</u>	<u>\$ -</u>
U.S. Department of Treasury				
Passed Through Minnesota Department of Management and Budget COVID-19 Coronavirus Relief Fund	21.019	STL0016	<u>\$ 4,565,169</u>	<u>\$ -</u>
U.S. Department of Education				
Passed Through Partnership4Health Community Health Board Special Education Grant for Infants and Families	84.181	87630	<u>\$ 4,194</u>	<u>\$ -</u>

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Federal Election Assistance Commission				
Passed Through Minnesota Department of Management and Budget COVID-19 2018 HAVA Election Security Grants	90.404	EAC201908MN COVID	\$ 37,314	\$ -
U.S. Department of Health and Human Services				
Passed Through Partnership4Health Community Health Board Public Health Emergency Preparedness	93.069	90858	\$ 12,714	\$ -
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not Provided	880	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$305,135)	93.558	95995	36,449	-
Medicaid Cluster Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,397,540)	93.778	2005MN5ADM	69,975	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	87929	124,691	-
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	47,787	-
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	G-2001MNFPS	141,417	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$305,135)	93.558	2001MNTANF	268,686	-
Child Support Enforcement (Total Child Support Enforcement \$848,994)	93.563	2001MNCSES	170,189	-
Child Support Enforcement (Total Child Support Enforcement \$848,994)	93.563	2001MNCES	678,805	-
CCDF Cluster Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	2001MNCDF	8,690	-
Community-Based Child Abuse Prevention Grants	93.590	G-1901MNBCAP	17,838	-
Foster Care Title IV-E	93.658	2001MNFOS	527,165	-
Social Services Block Grant	93.667	G-2001MNSOSR	290,502	-
Chafee Foster Care Independence Program	93.674	G-2001MNCILP	4,000	-
Medicaid Cluster Medical Assistance Program (Total Medical Assistance Program 93.778 \$1,397,540)	93.778 93.778	2005MN5ADM 2005MN5MAP	1,308,190 19,375	- -
Total U.S. Department of Health and Human Services			\$ 3,727,353	\$ -

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	BECKER FBG- 111518	\$ 33,545	\$ -
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	F-EMPG-2017- BECKERCO-2535	26,839	-
Total U.S. Department of Homeland Security			\$ 60,384	\$ -
Total Federal Awards			\$ 9,687,718	\$ -

Becker County did not pass any federal awards through to subrecipients in 2020.

Totals by Cluster

Total Expenditures for SNAP Cluster	\$ 294,432
Total Expenditures for Housing Voucher Cluster	278,150
Total Expenditures for Highway Safety Cluster	6,050
Total Expenditures for CCDF Cluster	8,690
Total Expenditures for Medicaid Cluster	1,397,540

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

**BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards and the EDA's presents the activities of federal award programs expended by Becker County and the Becker County Economic Development Authority (EDA), a component unit of the County. For the year ended December 31, 2020, the level of federal funding for the Becker County EDA did not require a separate single audit to be performed for the component unit. The schedule does not include the federal expenditures of the Sunnyside Side Care Center enterprise fund which issues a stand-alone financial statement. The County's reporting entity is defined in Notes 1 and 6 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Becker County under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Becker County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Becker County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowable costs. Under the Uniform Guidance, certain types of expenditures are not allowable or are limited as to reimbursement. Becker County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

Becker County did not pass federal funds to subrecipients.

5. Reconciliation to the Schedule of Intergovernmental Revenue:

Federal Grant Revenue per Schedule of Intergovernmental Revenue:	\$ 9,641,376
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues	74,933
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	(28,591)
	(28,591)
Expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,687,718