BECKER COUNTY
DETROIT LAKES, MINNESOTA
YEAR ENDED DECEMBER 31, 2019

BECKER COUNTY
DETROIT LAKES, MINNESOTA

TABLE OF CONTENTS

YEAR ENDED DECEMBER 31, 2019

BECKER COUNTY
DETROIT LAKES, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019

BECKER COUNTY
DETROIT LAKES, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019

BECKER COUNTY
DETROIT LAKES, MINNESOTA
ORGANIZATION
DECEMBER 31, 2019

Office	Name	Term Expires
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

*2019 Chair
**2019 Vice Chairman

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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, 2019, 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, 2019, including the Sunnyside Care Center, a major enterprise fund, as of September 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter Regarding a Correction of an Error

As described in Note 8. to the financial statements, the County restated beginning balances to correct accounting errors in the previously issued financial statements. Our opinion is not modified with respect to the restatements.

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 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, as 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 changes in assets and liabilities- all agency funds, 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 August 25, 2020, 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

CliftonLarsonAllen LLP

Alexandria, Minnesota
August 25, 2020

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MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

The management of Becker County offers readers of the County's financial statements this narrative overview and analysis of the financial activities of Becker County for the fiscal year ended December 31, 2019. 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 $106,535,681 of which $95,981,316 is net investment in capital assets, $6,249,697 is restricted for specific purposes, and $4,304,668 is unrestricted. The total net position of governmental activities increased by $4,755,956 for the year ended December 31, 2019.

The total net position of business-type activities is $553,409, of which $363,822 is net investment in capital assets, $5,947 is restricted for capital projects, and $183,640 is unrestricted. The total net position of business-type activities increased by $205,366 for the year ended September 30, 2019.

At the close of 2019, the County's governmental funds reported combined ending fund balances of $24,540,881 a decrease of $186,380 from the prior year. Of the total fund balance amount, $1,518,470 is nonspendable, $2,861,801 is legally or contractually restricted, $1,764,914 is formally committed for specific purposes, $11,054,021 is assigned for specific purposes, and $7,331,675 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.

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.

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 37 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 $107,089,090 at the close of 2019. The largest portion of the County's net position (approximately 89.9%) 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 5.8% of the County's net position is restricted, and 4.2% of the County's net position is unrestricted. The unrestricted net position amount of $4,488,308 as of December 31, 2019, may be used to meet the County's ongoing obligations to citizens.

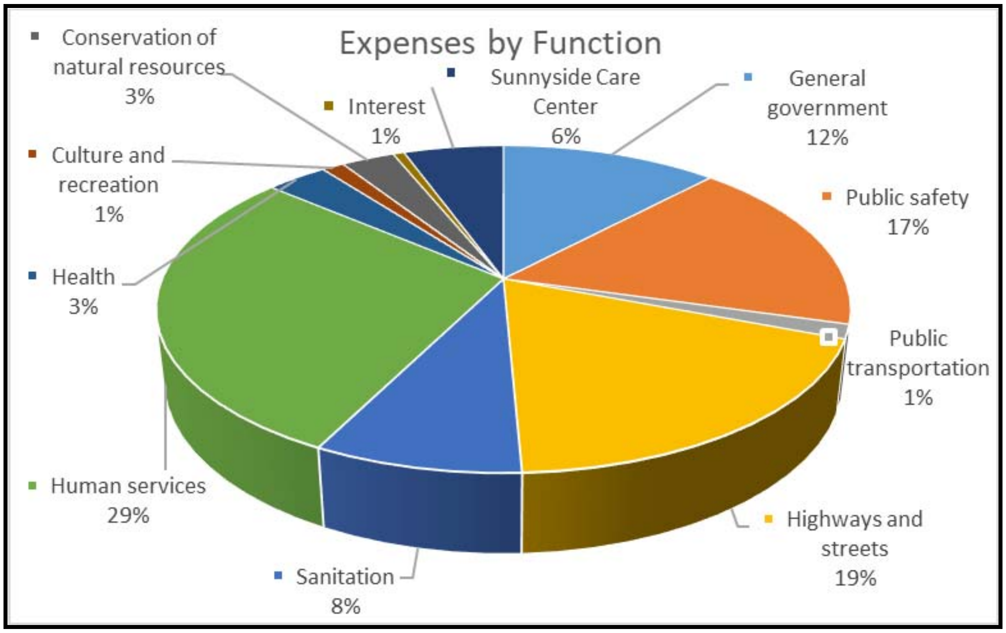
The County's overall financial position increased $4,961,322 from last year. Total assets increased by $3,589,299 from the prior year as a result of various road projects that were added to infrastructure.

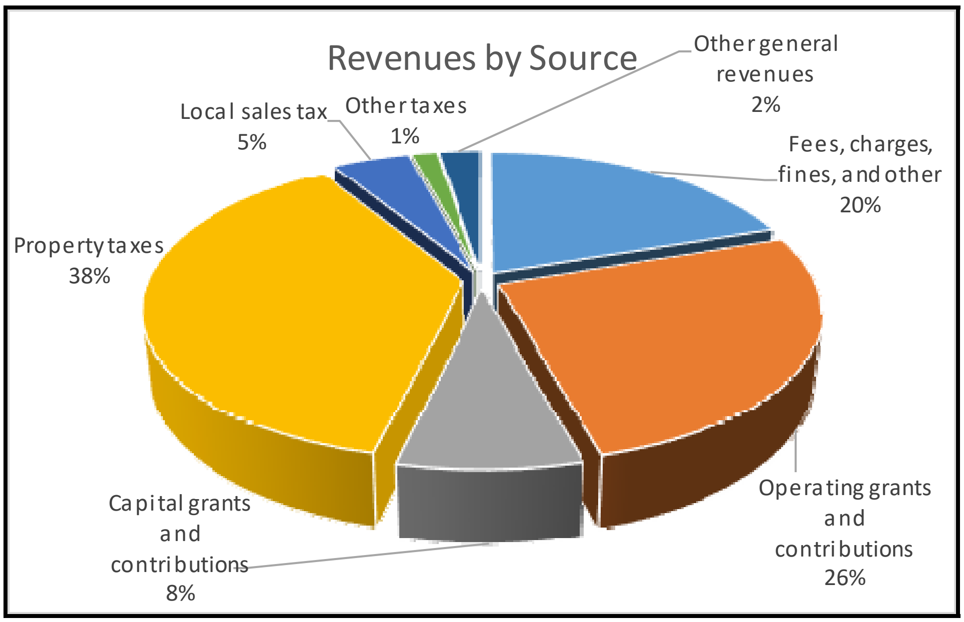
Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 31,652,904	$ 33,213,544	$ 888,226	$ 579,542	$ 32,541,130	$ 33,793,086
Capital assets	108,388,718	103,461,786	1,222,310	1,307,987	109,611,028	104,769,773
Total Assets	140,041,622	136,675,330	2,110,536	1,887,529	142,152,158	138,562,859
Deferred Outflows of Resources	2,971,263	5,322,344	59,659	195,377	3,030,922	5,517,721
Liabilities						
Other liabilities	3,159,358	3,856,466	263,841	256,321	3,423,199	4,112,787
Long-term liabilities outstanding	27,294,629	28,745,956	1,068,939	1,158,161	28,363,568	29,904,117
Total Liabilities	30,453,987	32,602,422	1,332,780	1,414,482	31,786,767	34,016,904
Deferred Inflows of Resources	6,023,217	7,689,518	284,006	320,381	6,307,223	8,009,899
Net Position						
Net investment in capital assets	95,981,316	89,400,593	363,822	399,757	96,345,138	89,800,350
Restricted	6,249,697	6,575,625	5,947	5,818	6,255,644	6,581,443
Unrestricted	4,304,668	5,729,516	183,640	(57,532)	4,488,308	5,671,984
Total Net Position	$ 106,535,681	$ 101,705,734	$ 553,409	$ 348,043	$ 107,089,090	$ 102,053,777

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Fees, charges, fines, and other	$ 8,197,492	$ 9,328,499	$ 3,184,365	$ 3,243,778	$ 11,381,857	$ 12,572,277
Operating grants and contributions	14,864,333	18,760,445	21,399	16,877	14,885,732	18,777,322
Capital grants and contributions	4,496,231	1,517,430	4,040	270	4,500,271	1,517,700
General Revenues:						
Property taxes	21,628,190	20,645,502	-	-	21,628,190	20,645,502
Local sales tax	2,662,237	2,633,565	-	-	2,662,237	2,633,565
Other taxes	493,904	528,070	-	-	493,904	528,070
Grants and contributions, not restricted to specific programs	1,589,337	1,791,570	-	25,642	1,589,337	1,817,212
Other general revenues	1,460,943	761,198	8	6	1,460,951	761,204
Total Revenues	55,392,667	55,966,279	3,209,812	3,286,573	58,602,479	59,252,852
Expenses						
General government	6,518,604	6,298,400	-	-	6,518,604	6,298,400
Public safety	9,371,231	8,241,032	-	-	9,371,231	8,241,032
Public transportation	754,261	807,744	-	-	754,261	807,744
Highways and streets	9,983,641	9,902,975	-	-	9,983,641	9,902,975
Sanitation	4,418,563	4,176,946	-	-	4,418,563	4,176,946
Human services	15,529,163	14,543,984	-	-	15,529,163	14,543,984
Health	1,837,708	1,873,305	-	-	1,837,708	1,873,305
Culture and recreation	667,807	658,368	-	-	667,807	658,368
Conservation of natural resources	1,600,496	1,198,625	-	-	1,600,496	1,198,625
Interest	335,287	353,538	-	-	335,287	353,538
Sunnyside Care Center	-	-	3,004,446	2,968,767	3,004,446	2,968,767
Total Expenses	51,016,761	48,054,917	3,004,446	2,968,767	54,021,207	51,023,684
Increase (decrease) in net position	4,375,906	7,911,362	205,366	317,806	4,581,272	8,229,168
Net Position, January 1	101,705,734	93,794,372	348,043	30,237	102,053,777	93,824,609
Prior Period Adjustment	73,991	-	-	-	73,991	-
Net Position, January 1, As Restated	101,779,725	93,794,372	348,043	30,237	102,127,768	93,824,609
Net Position, December 31	$ 106,155,631	$ 101,705,734	$ 553,409	$ 348,043	$ 106,709,040	$ 102,053,777


Expenses by Function
Conservation of natural resources 3%
Interest 1%
Sunnyside Care Center 6%
General government 12%
Culture and recreation 1%
Public safety 17%
Health 3%
Public transportation 1%
Human services 29%
Highways and streets 19%
Sanitation 8%


Revenues by Source
Other general revenues 2%
Local sales tax 5%
Other taxes 1%
Fees, charges, fines, and other 20%
Property taxes 38%
Capital grants and contributions 8%
Operating grants and contributions 26%

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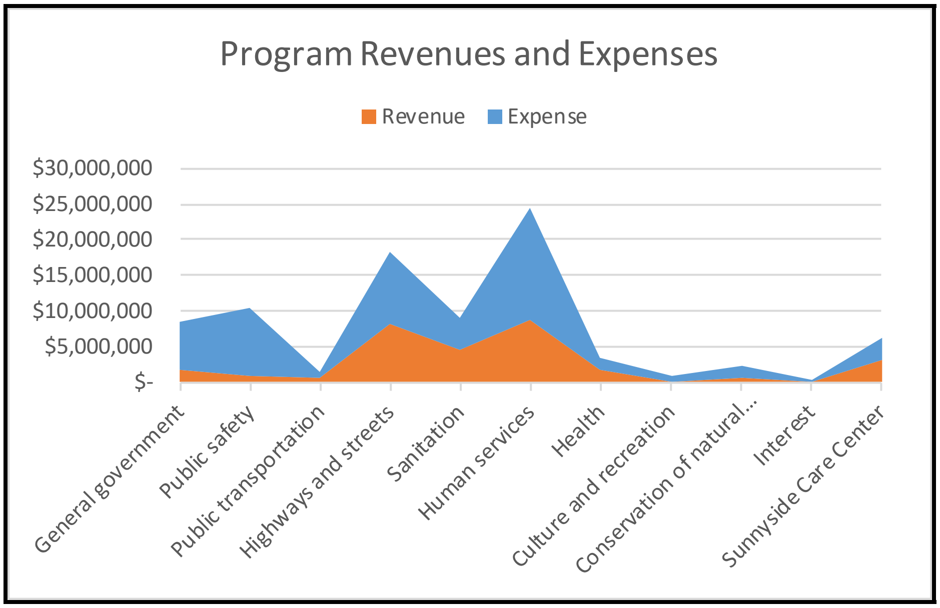
Program Revenues and Expenses
Revenue
Expense
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
General government
Public safety
Public transportation
Highways and streets
Sanitation
Human services
Health
Culture and recreation
Conservation of natural...
Interest
Sunnyside Care Center

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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 2019, the County's governmental funds reported combined ending fund balances of $24,530,881. Of this amount, approximately 6.2% constitutes nonspendable fund balance, 11.7% constitutes legally or contractually restricted fund balance, 7.2% constitutes formally committed fund balance, 45.1% constitutes specifically assigned fund balance, and 29.8% 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 $10,793,358. The General Fund's nonspendable fund balance was $834,488, restricted fund balance was $862,281, committed fund balance was $1,764,914, and unassigned fund balance was $7,331,675. 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 2019. Unassigned fund balance represents 89% of total General Fund expenditures, while total fund balance represents 131.1% of that same amount.

In 2019, the fund balance amount in the General Fund increased by $1,053,365. The increase is primarily due to better than anticipated return on investments and an increase in fees for services.

The fund balance of the Public Safety Special Revenue Fund decreased $873,602 from the prior year, due primarily to increased payroll costs to operate the new jail facility.

The fund balance of the Road and Bridge Special Revenue Fund decreased $1,200,796, after restatement, in 2019**,** due to work performed on a bridge project for which contributions were received in 2018.

The fund balance of the Human Services Special Revenue Fund increased $747,249 from the prior year, due mainly to an increase in the property tax levy and intergovernmental revenues.

The fund balance of the Environmental Affairs Special Revenue Fund increased $113,427 due to increase in fees for service and transfers from the gravel tax fund.

Proprietary Fund

The Sunnyside Care Center Enterprise Fund's total operating revenues decreased $76,290, or approximately 2.3%. Nursing facility occupancy for fiscal year 2018 was 89.3% compared to 94.6% in fiscal year 2019. Operating expenses increased $37,042, or 1.3%, which primarily resulted from increased expenses in Administrative and Employee Benefits from prior year. This combination of a decrease in operating revenues and an increase in operating expenses resulted in operating revenue of $206,328. When the nonoperating revenues and expenses and capital contributions are added to the analysis, the total change in net position was a positive $205,366.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original budget as approved for 2019.

Actual revenues were more than overall final budgeted revenues by $1,144,887, due to a strong market and interest income higher than expected and a higher amount of intergovernmental income.

Actual expenditures were less than overall final budgeted expenditures by $20,478, as a result of vacancies not being filled immediately upon staff resignations.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2019, and business-type activities, amounted to $109,611,028 (net of accumulated depreciation). The total increase in the County's investment in capital assets for the current fiscal year was approximately 4.6%. This was primarily due to the capitalized infrastructure and completing the jail building project.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	$ 1,715,310	$ 1,715,310	$ 118,625	$ 118,625	$ 1,833,935	$ 1,833,935
Right-of-way	1,171,419	1,056,662	-	-	1,171,419	1,056,662
Construction in progress	393,263	21,549,308	-	-	393,263	21,549,308
Infrastructure	66,427,163	61,466,361	-	-	66,427,163	61,466,361
Buildings and improvements	32,803,018	12,582,291	1,011,601	1,080,329	33,814,619	13,662,620
Land improvements	1,340,091	817,860	33,179	37,480	1,373,270	855,340
Machinery, furniture, and equipment	4,538,454	4,273,994	58,905	71,553	4,597,359	4,345,547
Total Capital Assets	$ 108,388,718	$ 103,461,786	$ 1,222,310	$ 1,307,987	$ 109,611,028	$ 104,769,773

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 $12,853,488, which is backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	$ 11,995,000	$ 12,725,000	$ -	$ -	$ 11,995,000	$ 12,725,000
General obligation revenue notes	-	-	24,000	32,000	24,000	32,000
Advanced from other fund	-	-	834,488	876,230	834,488	876,230
Total Long-Term Debt	$ 11,995,000	$ 12,725,000	$ 858,488	$ 908,230	$ 12,853,488	$ 13,633,230

The County's net decrease in debt of $779,742 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 2019, 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 5.1% as of December 31, 2019. This is higher than the statewide rate of 3.2% and higher than the national average rate of 3.5%.

- Becker County's 2018 population estimation was 34,420, an increase of 1,916 since the 2010 census of 32,504.

- On December 17, 2019, Becker County set its 2020 revenue and expenditure budgets.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1
DECEMBER 31, 2019

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and pooled investments	$ 23,312,909	$ 1,430,347	$ 24,743,256	$ 1,142,303
Restricted cash	-	-	-	899,985
Petty cash and change funds	8,900	-	8,900	-
Taxes receivable				
Current	350,988	-	350,988	5,125
Prior	123,769	-	123,769	-
Special assessments receivable				
Current	30,450	-	30,450	-
Prior	9,753	-	9,753	-
Accounts receivable, net	303,942	249,549	553,491	209,242
Accrued interest receivable	43,282	-	43,282	-
Loans receivable	-	-	-	32,024
Property held for resale	-	-	-	127,537
Internal balances	834,488	(834,488)	-	-
Due from other governments	5,950,441	-	5,950,441	-
Loans receivable - noncurrent	-	-	-	675,827
Inventories	683,982	-	683,982	-
Prepaid items	-	30,364	30,364	32,399
Restricted assets				
Donor restricted assets	-	5,947	5,947	-
Resident trust funds	-	6,507	6,507	-
Capital assets				
Nondepreciable	3,279,992	118,625	3,398,617	357,532
Depreciable - net of accumulated depreciation	105,108,726	1,103,685	106,212,411	2,992,288
Total Assets	**$ 140,041,622**	**$ 2,110,536**	**$ 142,152,158**	**$ 6,474,262**
Deferred Outflows of Resources				
Deferred pension outflows	$ 2,913,429	$ 59,659	$ 2,973,088	**$ -**
Deferred OPEB outflows	57,834	-	57,834	-
Total Deferred Outflows of Resources	**$ 2,971,263**	**$ 59,659**	**$ 3,030,922**	**$ -**

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – EXHIBIT 1 (CONTINUED)
DECEMBER 31, 2019

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Accounts payable	$ 997,526	$ 81,567	$ 1,079,093	$ 5,566
Salaries payable	740,324	94,713	835,037	-
Compensated absences	-	78,968	78,968	-
Contracts payable	412,402	-	412,402	-
Due to other governments	956,847	-	956,847	-
Other liabilities	-	-	-	22,796
Accrued interest payable	52,259	2,086	54,345	-
Unearned revenue	-	-	-	16,637
Security deposits	-	-	-	23,919
Customer deposits	-	6,507	6,507	-
Long-term liabilities				
Due within one year	1,880,308	8,000	1,888,308	-
Due in more than one year	12,481,362	16,000	12,497,362	2,417,300
Other postemployment benefits - current	57,834	-	57,834	-
Other postemployment benefits	721,813	-	721,813	-
Net pension liability	12,153,312	1,044,939	13,198,251	-
Total Liabilities	**$ 30,453,987**	**$ 1,332,780**	**$ 31,786,767**	**$ 2,486,218**
Deferred Inflows of Resources				
Deferred pension inflows	$ 6,004,171	$ 284,006	$ 6,288,177	**$** -
Deferred OPEB inflows	19,046	-	19,046	-
Total Deferred Inflows of Resources	**$ 6,023,217**	**$ 284,006**	**$ 6,307,223**	-
Net Position				
Net Investment in capital assets	$ 95,981,316	$ 363,822	$ 96,345,138	$ 932,520
Restricted for				
General government	862,281	-	862,281	-
Highways and streets	3,417,050	-	3,417,050	-
Capital projects	-	5,947	5,947	-
Conservation of natural resources	1,247,071	-	1,247,071	-
Debt service	723,295	-	723,295	-
Housing	-	-	-	1,634,529
Unrestricted	4,304,668	183,640	4,488,308	1,420,995
Total Net Position	**$ 106,535,681**	**$ 553,409**	**$ 107,089,090**	**$ 3,988,044**

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2
YEAR ENDED DECEMBER 31, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Fees, Charges, Fines, and Other**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities				
General government	$ 6,518,604	$ 1,521,405	$ 308,350	$ -
Public safety	9,371,231	219,863	757,853	-
Public transportation	754,261	75,899	505,053	-
Highways and streets	9,983,641	787,952	3,205,053	4,296,231
Sanitation	4,418,563	4,116,493	164,865	200,000
Human services	15,529,163	817,658	8,000,534	-
Health	1,837,708	372,296	1,357,680	-
Culture and recreation	667,807	5,980	109,879	-
Conservation of natural resources	1,600,496	279,946	455,066	-
Interest	335,287	-	-	-
Total governmental activities	**$ 51,016,761**	**$ 8,197,492**	**$ 14,864,333**	**$ 4,496,231**
Business-type activities				
Sunnyside Care Center	3,004,446	3,184,365	21,399	4,040
Total Primary Government	**$ 54,021,207**	**$ 11,381,857**	**$ 14,885,732**	**$ 4,500,271**
Component unit				
Economic Development Authority	$ 979,388	$ 386,943	$ 399,658	$ 50,333

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

Total general revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Beginning, As Restated

Net position - Ending

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF ACTIVITIES – EXHIBIT 2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Net (Expense) Revenue and Change in Net Position			
Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
$ (4,688,849)	$ -	$ (4,688,849)	
(8,393,515)	-	(8,393,515)	
(173,309)	-	(173,309)	
(1,694,405)	-	(1,694,405)	
62,795	-	62,795	
(6,710,971)	-	(6,710,971)	
(107,732)	-	(107,732)	
(551,948)	-	(551,948)	
(865,484)	-	(865,484)	
(335,287)	-	(335,287)	
$ (23,458,705)	**$ -**	**$ (23,458,705)**	
-	205,358	205,358	
$ (23,458,705)	**$ 205,358**	**$ (23,253,347)**	
			$ (142,454)
$ 21,272,335	$ -	$ 21,272,335	$ 118,291
306,880	-	306,880	-
48,975	-	48,975	-
380,050	-	380,050	-
2,662,237	-	2,662,237	-
1,589,337	-	1,589,337	1,615
493,904	-	493,904	-
768,432	8	768,440	24,617
692,511	-	692,511	10,584
$ 28,214,661	**$ 8**	**$ 28,214,669**	**$ 155,107**
$ 4,755,956	**$ 205,366**	**$ 4,961,322**	**$ 12,653**
101,705,734	**$ 348,043**	**$ 102,053,777**	**$ 3,975,391**
73,991	**-**	**73,991**	**-**
101,779,725	**348,043**	**102,127,768**	**3,975,391**
$ 106,535,681	**$ 553,409**	**$ 107,089,090**	**$ 3,988,044**

See accompanying Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3
DECEMBER 31, 2019

	General	Public Safety	Road and Bridge
Assets			
Cash and pooled investments	$ 9,949,013	$ 2,736,890	$ 971,566
Petty cash and change funds	7,550	200	100
Taxes receivable			
Current	52,946	115,459	47,319
Prior	20,005	43,315	15,392
Special assessments receivable			
Current	-	-	-
Prior	-	-	-
Accounts receivable, net	42,053	775	2,026
Accrued interest receivable	43,282	-	-
Due from other funds	10,441	315	41,023
Due from other governments	216,200	39,735	4,051,504
Inventories	-	-	683,982
Advance to component unit	834,488	-	-
Total Assets	**$ 11,175,978**	**$ 2,936,689**	**$ 5,812,912**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 82,852	$ 58,050	$ 150,092
Salaries payable	148,344	202,277	63,811
Contracts payable	-	-	412,402
Due to other funds	6,014	7,241	91
Due to other governments	43,868	146,162	4,743
Total Liabilities	**$ 281,078**	**$ 413,730**	**$ 631,139**
Deferred Inflows of Resources			
Unavailable revenues	**$ 101,542**	**$ 158,774**	**$ 3,479,761**

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2019

Human Services	Environmental Affairs	Other Governmental Funds	Total Governmental Funds
$ 5,179,519	$ 1,332,587	$ 3,143,334	$ 23,312,909
200	850		8,900
115,610	-	19,654	350,988
39,796	-	5,261	123,769
-	30,450	-	30,450
-	9,753	-	9,753
88,657	116,264	54,167	303,942
-	-	-	43,282
-	784	-	52,563
1,643,002	-	-	5,950,441
-	-	-	683,982
-	-	-	834,488
$ 7,066,784	**$ 1,490,688**	**$ 3,222,416**	**$ 31,705,467**
$ 367,401	$ 333,979	$ 5,152	$ 997,526
287,677	31,468	6,747	740,324
-	-	-	412,402
8,639	4,458	26,120	52,563
174,080	51,148	536,846	956,847
$ 837,797	**$ 421,053**	**$ 574,865**	**$ 3,159,662**
$ 209,729	**$ 40,203**	**$ 24,915**	**$ 4,014,924**

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2019

Liabilities, Deferred Inflows of Resources, and Fund Balances (continued)	**General**	**Public Safety**	**Road and Bridge**
Fund Balances			
Nonspendable			
Inventories	$ -	$ -	$ 683,982
Advances to other funds	834,488	-	-
Restricted			
Debt service	-	-	-
Law library	84,443	-	-
Recorder's technology equipment	510,963	-	-
Enhancements	266,875	-	-
Gravel pit closure	-	-	-
Conservation of natural resources	-	-	-
Committed			
Capital improvements	709,787	-	-
Historical society and museums building project	1,000,000	-	-
Attorney contingencies	55,127	-	-
Assigned			
Environmental affairs	-	-	-
Public safety	-	2,364,185	-
Highways and streets	-	-	1,018,030
Human services	-	-	-
Culture and recreation	-	-	-
Unassigned	7,331,675	-	-
Total Fund Balances	**$ 10,793,358**	**$ 2,364,185**	**$ 1,702,012**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 11,175,978**	**$ 2,936,689**	**$ 5,812,912**

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BALANCE SHEET – GOVERNMENTAL FUNDS – EXHIBIT 3 (CONTINUED)
DECEMBER 31, 2019

Human Services	Environmental Affairs	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ 683,982
-	-	-	834,488
-	-	752,449	752,449
-	-	-	84,443
-	-	-	510,963
-	-	-	266,875
-	-	178,125	178,125
-	-	1,068,946	1,068,946
-	-	-	709,787
-	-	-	1,000,000
-	-	-	55,127
-	1,029,432	-	1,029,432
-	-	-	2,364,185
-	-	-	1,018,030
6,019,258	-	-	6,019,258
-	-	623,116	623,116
-	-	-	7,331,675
$ 6,019,258	**$ 1,029,432**	**$ 2,622,636**	**$ 24,530,881**
$ 7,066,784	**$ 1,490,688**	**$ 3,222,416**	**$ 31,705,467**

See accompanying Notes to Financial Statements.

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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, 2019

Fund balances - total governmental funds (Exhibit 3)		**$ 24,530,881**
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.		108,388,718
Deferred outflows of resources resulting from pension and OPEB obligations are not available resources and, therefore, are not reported in governmental funds.		2,971,263
Other long-term assets are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds.		4,014,924
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	$ (11,995,000)	
Other postemployment benefits	(779,647)	
Accrued interest payable	(52,259)	
Compensated absences	(2,366,670)	
Net pension liability	(12,153,312)	(27,346,888)
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.		(6,023,217)
Net Position of Governmental Activities (Exhibit 1)		**$ 106,535,681**

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS – EXHIBIT 5
YEAR ENDED DECEMBER 31, 2019

	General	Public Safety	Road and Bridge
Revenues			
Taxes	$ 3,436,830	$ 6,965,990	$ 2,956,922
Sales tax	-	-	2,662,237
Special assessments	-	-	-
Licenses and permits	304,838	33,624	14,375
Intergovernmental	3,158,884	632,655	7,623,067
Charges for services	1,219,895	370,750	204,728
Fines and forfeits	70,263	54,071	-
Gifts and contributions	350	15,958	-
Investment earnings	768,432	-	-
Miscellaneous	302,479	489,787	566,148
Total Revenues	**$ 9,261,971**	**$ 8,562,835**	**$ 14,027,477**
Expenditures			
Current			
General government	$ 5,704,495	$ -	$ -
Public Safety	-	8,414,263	-
Public transportation	683,565	-	-
Highways and streets	-	-	14,498,067
Sanitation	-	-	-
Human services	-	-	-
Health	18,176	-	-
Culture and recreation	461,884	-	-
Conservation of natural resources	912,442	-	-
Intergovernmental			
General government	-	-	-
Highways and streets	-	-	730,206
Conservation of natural resources	-	-	-
Capital outlay			
General government	453,044	-	-
Public safety	-	1,022,174	-
Sanitation	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	**$ 8,233,606**	**$ 9,436,437**	**$ 15,228,273**
Excess of Revenues Over (Under) Expenditures	**$ 1,028,365**	**$ (873,602)**	**$ (1,200,796)**
Other Financing Sources (Uses)			
Transfers in	$ 25,000	$ -	$ -
Transfers out	-	-	-
Insurance recoveries	-	-	-
Total Other Financing Sources (Uses)	**$ 25,000**	**$ -**	**$ -**

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, 2019

Human Services	Environmental Affairs	Other Governmental Funds	Total
$ 6,952,204	$ -	$ 1,349,923	$ 21,661,869
-	-	-	2,662,237
-	1,181,963	-	1,181,963
-	2,155	-	354,992
9,322,121	364,865	176,409	21,278,001
972,364	2,676,385	5,980	5,450,102
-	-	-	124,334
27,836	-	-	44,144
-	-	-	768,432
23,975	258,326	621,759	2,262,474
$ 17,298,500	**$ 4,483,694**	**$ 2,154,071**	**$ 55,788,548**
$ -	$ -	$ -	$ 5,704,495
-	-	-	8,414,263
-	-	-	683,565
-	-	-	14,498,067
-	4,412,936	-	4,412,936
14,741,848	-	-	14,741,848
1,809,403	-	-	1,827,579
-	-	193,802	655,686
-	-	403,947	1,316,389
-	-	123,845	123,845
-	-	-	730,206
-	-	132,217	132,217
-	-	-	453,044
-	-	-	1,022,174
-	583,569	-	583,569
-	-	730,000	730,000
-	-	340,613	340,613
$ 16,551,251	**$ 4,996,505**	**$ 1,924,424**	**$ 56,370,496**
$ 747,249	**$ (512,811)**	**$ 229,647**	**$ (581,948)**
$ -	$ 300,000	$ -	$ 325,000
-	(25,000)	(300,000)	(325,000)
-	351,238	-	351,238
$ -	**$ 626,238**	**$ (300,000)**	**$ 351,238**

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, 2019

	General	Public Safety	Road and Bridge
Net Change in Fund Balance	$ 1,053,365	$ (873,602)	$ (1,200,796)
Fund Balance - January 1	9,739,993	3,358,796	2,663,478
Prior Period Adjustment	-	(121,009)	195,000
Fund Balance - January 1, As Restated	9,739,993	3,237,787	2,858,478
Increase (decrease) in inventory	-	-	44,330
Fund Balance - December 31	$ 10,793,358	$ 2,364,185	$ 1,702,012

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, 2019

Human Services	Environmental Affairs	Other Governmental Funds	Total
$ 747,249	$ 113,427	$ (70,353)	$ (230,710)
5,272,009	916,005	2,692,989	24,643,270
-	-	-	73,991
5,272,009	916,005	2,692,989	24,717,261
-	-	-	44,330
$ 6,019,258	$ 1,029,432	$ 2,622,636	$ 24,530,881

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES – EXHIBIT 6
YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds (Exhibit 5)		**$ (230,710)**
Amounts reported for governmental activities in the statement of activities are different because:		
In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in revenue deferred as unavailable.		
Unavailable revenue - December 31	$ 4,014,924	
Unavailable revenue - January 1	(4,821,795)	(806,871)
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	$ 11,124,760	
Net book value of assets disposed	(31,155)	
Current year depreciation	(6,166,673)	4,926,932
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	$ 730,000	730,000
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	$ 5,326	
Change in compensated absences	192,815	
Change in other postemployment benefits	3,108	
Change in net pension liability	575,806	
Change in deferred outflows of resources	(2,351,081)	
Change in deferred inflows of resources	1,666,301	
Change in inventories	44,330	136,605
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 4,755,956**

See accompanying Notes to Financial Statements.

PROPRIETARY FUND

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE CENTER ENTERPRISE FUND – EXHIBIT 7
SEPTEMBER 30, 2019

Assets		
Current assets		
Cash and pooled investments	$	1,430,347
Accounts receivable		249,549
Prepaid items		30,364
Total current assets	$	1,710,260
Restricted assets		
Donor restricted assets	$	5,947
Resident trust funds		6,507
Total restricted assets	$	12,454
Noncurrent assets		
Capital assets		
Nondepreciable	$	118,625
Depreciable - net		1,103,685
Total noncurrent assets	$	1,222,310
Total Assets	$	2,945,024
Deferred outflows of resources		
Deferred pension outflows	$	59,659

See accompanying Notes to Financial Statements.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF NET POSITION – SUNNYSIDE CARE CENTER ENTERPRISE FUND – EXHIBIT 7 (CONTINUED)
SEPTEMBER 30, 2019

Liabilities		
Current liabilities		
Accounts payable	$	81,567
Salaries payable		94,713
Compensated absences payable		78,968
Accrued interest payable		2,086
General obligation revenue notes payable - current		8,000
Total current liabilities	$	265,334
Current liabilities payable from restricted assets		
Resident trust funds payable	$	6,507
Noncurrent liabilities		
Advance from other funds	$	834,488
General obligation revenue notes payable		16,000
Net pension liability		1,044,939
Total noncurrent liabilities	$	1,895,427
Total Liabilities	$	2,167,268
Deferred inflows of resources		
Deferred pension inflows	$	284,006
Net Position		
Net investment in capital assets		363,822
Restricted for capital acquisitions		5,947
Unrestricted		183,640
Total Net Position	$	553,409

See accompanying Notes to Financial Statements.

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BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – SUNNYSIDE CARE CENTER ENTERPRISE FUND – EXHIBIT 8
YEAR ENDED SEPTEMBER 30, 2019

Operating Revenues		
Charges for services	$	3,146,625
Other operating revenue		37,740
Total Operating Revenues	$	3,184,365
Operating Expenses		
Employee benefits	$	515,694
Ancillary services		119,288
Nursing		1,138,324
Social services and activities		70,647
Plant operations		184,359
Administrative		402,576
Medical care surcharge		84,450
Laundry and linen		43,870
Dietary		269,738
Housekeeping		46,124
Depreciation		102,967
Total Operating Expenses	$	2,978,037
Operating Income (Loss)	$	206,328
Nonoperating Revenues (Expenses)		
Noncapital grants and contributions	$	21,399
Interest income		8
Interest expense		(26,409)
Total Nonoperating Revenues (Expenses)	$	(5,002)
Income (loss) before contributions and transfers	$	201,326
Capital grants and contributions		4,040
Change in Net Position	$	205,366
Net Position - October 1		348,043
Net Position - September 30	$	553,409

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, 2019

Cash Flows from Operating Activities		
Receipts from residents	$	3,142,362
Payments to suppliers		(2,039,927)
Payments to employees		(818,086)
Changes in pension related liabilities		18,121
Net cash provided by (used in) operating activities	$	302,470
Cash Flows from Noncapital Financing Activities		
Noncapital grants and contributions	$	21,399
Cash Flows from Capital and Related Financing Activities		
Capital contributions	$	4,040
Principal paid on long-term debt		(49,742)
Interest paid on long-term debt		(26,513)
Purchases of capital assets		(17,290)
Net cash provided by (used in) capital and related financing activities	$	(89,505)
Cash Flows from Investing Activities		
Interest received	$	8
Net Increase (Decrease) in Cash and Cash Equivalents		234,372
Cash and Cash Equivalents at October 1	$	1,195,975
Cash and Cash Equivalents at September 30	$	1,430,347

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, 2019

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	$	206,328
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	$	102,967
Provision for bad debts		7,751
Effect of changes in assets, deferred inflows, liabilities and deferred outflows:		
Accounts receivable		(41,023)
Deferred outflows of resources		135,718
Prepaid items		2,148
Accounts payable		4,320
Accrued liabilities		10,589
Deferred inflows of resources		(36,375)
Net pension liability		(81,222)
Unearned revenue		(8,731)
Total adjustments	$	96,142
Net Cash Provided by (Used in) Operating Activities	$	302,470

See accompanying Notes to Financial Statements.

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FIDUCIARY FUNDS

BECKER COUNTY
DETROIT LAKES, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS – EXHIBIT 10
DECEMBER 31, 2019

Assets		
Cash and pooled investments	$	1,657,735
Liabilities		
Accounts payable	$	209,717
Due to others		113,238
Due to other governments		1,275,262
Deferred credits		59,518
Total Liabilities	$	1,657,735

See accompanying Notes to Financial Statements.

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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, 2019. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

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

Discretely Presented Component Unit

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

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.

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

2. Fund Financial Statements

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

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

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, 2020, with monthly management fees of $7,100. The Care Center's financial position and operations are presented as of and for the year ended September 30, 2019.

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.

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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.

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, 2019. 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 2019 were $768,432.

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 $8 investment income for the year ended September 30, 2019.

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, 2019 the allowance for doubtful accounts is $842,746.

The Care Center provides an allowance for doubtful accounts which is offset against the gross amount of receivables. The allowance for doubtful accounts is an estimate of collection losses that may be incurred in the collection of all receivables. The allowance is based upon historical experience, coupled with management's review of the current status of the existing receivables. Payment for services is required upon receipt of invoice or claim submitted. Accounts more than 30 days old are considered past due and individually analyzed for collectability. As of 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 2014 through 2019 and noncurrent special assessments payable in 2020 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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 initial useful lives extending beyond five years and a dollar amount for capitalization per asset of $1,000. Capital assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at 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.

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

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.

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 an 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 three 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.

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. 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.

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.

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.

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, 2019:

	Expenditures	Final Budget	Excess
Public Safety	$ 9,436,437	$ 8,100,733	$ 1,335,704
Road and Bridge	15,228,273	12,332,952	2,895,321
Environmental Affairs	4,996,505	4,360,513	635,992
Gravel Tax	123,845	-	123,845
Debt Service	1,070,613	1,067,413	3,200

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

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

Governmental Activities		
Cash and pooled investments	$	23,312,909
Petty cash and change funds		8,900
Business-Type Activities		
Cash and pooled investments		1,430,347
Restricted cash		
Donor-restricted cash		5,947
Resident trust funds		6,507
Fiduciary assets funds		
Cash and pooled investments		1,657,735
Total Cash and Investments	$	26,422,345

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, 2019, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

(1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;

(2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;

(3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;

(4) bankers' acceptances of United States banks;

(5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

(6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

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, 2019, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County policy minimizes concentration of credit risk by diversifying the investment portfolio. The following table represents the County's deposit and investment balances at December 31, 2019, and information relating to potential investment risks:

Investment Type	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Concentration Risk: Over 5 Percent of Portfolio	Interest Rate Risk: Maturity Date	Carrying Fair Value
U.S. government agency securities					
Federal National Mortgage Association	N/R	N/A	<5.0%	4/1/2021	$ 577
Federal Farm Credit Bank	AAA	Moody's	<5.0%	8/19/2022	289,872
Total U.S. government agency securities					$ 290,449
Local securities					
New Orleans LA General Obligation Bonds	A3	Moody's		9/1/2020	$ 654,791
Lake Park Audubon General Obligation Bonds	AA	Moody's		2/1/2026	559,035
Total local securities			7.35%		$ 1,213,826
Negotiable certificates of deposit	N/R			< 1 year	$ 1,679,392
Negotiable certificates of deposit	N/R			1-5 years	3,201,110
Total negotiable certificates of deposit			26.40%		$ 4,880,502
MAGIC Fund	N/R		N/A		$ 10,269,331
Total Investments					$ 16,654,108
Deposits					9,657,443
Change funds					8,900
Restricted cash at Sunnyside Care Center					12,454
Change in Enterprise Fund cash from September 30 to December 31, 2019					89,440
Total Cash and Investments					$ 26,422,345

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

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, 2019, the County had the following recurring fair value measurements.

			Fair Value Measurements Using					
	December 31 2019		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	$	290,449	$	-	$	290,449	$	-
Municipal/Public Bonds		1,213,826		-		1,213,826		-
Negotiable certificates of deposit		4,880,502		-		4,880,502		-
Total Investments included in the Fair value hierarchy	$	6,384,777	$	-	$	6,384,777	$	-
Investments at amortized cost								
MAGIC portfolio external investment pool	$	10,269,331						
Total investments	$	16,654,108						

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.

2. Receivables

Receivables as of December 31, 2019, for the County's governmental activities and as of September 30, 2019, 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	$ 474,757	$ -
Special assessments	40,203	-
Accounts	303,942	-
Interest	43,282	-
Due from other governments	5,950,441	-
Total Governmental Activities	$ 6,812,625	$ -
Business-Type Activities		
Accounts	$ 249,549	$ -

4. Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2019, and for the business-type activities for the year ended September 30, 2019, was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 1,715,310	$ -	$ -	$ 1,715,310
Right-of-way	1,056,662	114,757	-	1,171,419
Construction in progress	21,549,308	646,907	(21,802,952)	393,263
Total capital assets not depreciated	24,321,280	761,664	(21,802,952)	3,279,992
Capital assets depreciated				
Building and improvements	23,821,592	21,177,230	-	44,998,822
Land improvements	1,574,395	625,732	-	2,200,127
Machinery, furniture, and equipment	11,591,738	1,158,135	(121,046)	12,628,827
Infrastructure	123,581,326	9,204,951	-	132,786,277
Total capital assets depreciated	160,569,051	32,166,048	(121,046)	192,614,053
Less: accumulated depreciation for				
Buildings and improvements	11,239,301	956,503	-	12,195,804
Land improvements	756,535	103,501	-	860,036
Machinery, furniture, and equipment	7,317,744	862,520	(89,891)	8,090,373
Infrastructure	62,114,965	4,244,149	-	66,359,114
Total accumulated depreciation	81,428,545	6,166,673	(89,891)	87,505,327
Total capital assets depreciated, net	79,140,506	25,999,375	(31,155)	105,108,726
Governmental Activities Capital Assets, Net	$ 103,461,786	$ 26,761,039	$ (21,834,107)	$ 108,388,718

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	$ -	$ -	$ 205,080
Buildings and improvements	2,740,409	6,850	-	2,747,259
Equipment	673,588	10,440	-	684,028
Vehicles	14,438	-	-	14,438
Total capital assets depreciated	3,633,515	17,290	-	3,650,805
Less: accumulated depreciation for				
Land improvements	167,600	4,301	-	171,901
Buildings and improvements	1,660,080	75,578	-	1,735,658
Equipment	602,035	23,088	-	625,123
Vehicles	14,438	-	-	14,438
Total accumulated depreciation	2,444,153	102,967	-	2,547,120
Total capital assets depreciated, net	1,189,362	(85,677)	-	1,103,685
Business-Type Activities Capital assets, Net	$ 1,307,987	$ (85,677)	$ -	$ 1,222,310

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

Governmental Activities	
General government	$ 560,926
Public safety	587,664
Highways and streets, including depreciation of infrastructure assets	4,563,687
Human services	37,440
Sanitation	317,667
Public transportation	61,119
Culture and recreation	5,715
Conservation of natural resources	32,455
Total Depreciation Expense - Governmental Activities	$ 6,166,673
Business-Type Activities	
Sunnyside Care Center	$ 102,967

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2019, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Human Services Special Revenue Fund	$ 7,733
	Gravel Tax Special Revenue Fund	2,708
Total due to General Fund		$ 10,441
Public Safety Special Revenue Fund	Human Services Special Revenue Fund	$ 315
Road and Bridge Special Revenue Fund	General Fund	$ 5,806
	Public Safety Special Revenue Fund	6,942
	Human Services Special Revenue Fund	405
	Environmental Affairs Special Revenue Fund	4,458
	Resource Development Fund	772
	Natural Resource Management Special Revenue Fund	770
	Gravel Tax Special Revenue Fund	21,870
Total due to Road and Bridge Special Revenue Fund		$ 41,023
Environmental Affairs Special Revenue Fund	General Fund	$ 208
	Public Safety Special Revenue Fund	299
	Road and Bridge Special Revenue Fund	91
	Human Services Special Revenue Fund	186
Total due to Environmental Affairs Special Revenue Fund		$ 784
Total Due To/From Other Funds		$ 52,563

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.

2. Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Sunnyside Care Center Enterprise Fund	$ 834,488

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, 2019, consisted of the following:

Transfer to General Fund from Environmental Affairs Special Revenue Fund	$ 25,000	To meet the short-term and long-term priorities of the Board
Transfer to Environmental Affairs Special Revenue Fund from the Gravel Tax Fund	300,000	To fund the acquisition of recycling equipment installation
Interfund transfer totals	$ 325,000	

C. Liabilities

1. Payables

Payables at December 31, 2019, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	$ 997,526	$ 81,567
Salaries	740,324	94,713
Contracts	412,402	-
Due to other governments	956,847	-
Compensated absences	-	78,968
Customer deposits	-	6,507
Interest	52,259	2,086
Total Payables	$ 3,159,358	$ 263,841

2. Construction Commitments

The government has active construction projects as of December 31, 2019.

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Various Road Projects	$ 7,752,042	$ 555,431

3. Long-Term Debt

Governmental Activities

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

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance December 31 2019
General obligation bonds					
2012 Capital Improvement Bonds	2027	$ 195,000	2.00%	$ 5,340,000	$ 2,965,000
		425,000	3.00%		
2017 Jail Bonds	2037	260,000	2.00%	9,670,000	9,030,000
		620,000	3.00%		
					$ 11,995,000

Business-Type Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance September 30, 2019
2004 G.O. Revenue Note	2022	$ 7,000	1.68%	$ 135,430	$ 24,000
		8,000			
Notes Payable*	2035	33,859	3.00%	1,102,184	834,488
					$ 858,488

*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.

4. Debt Service Requirements

Debt service requirements at December 31, 2019, for governmental activities and September 30, 2019, for business-type activities were as follows:

Governmental Activities

	General Obligation Bonds	
Year Ending December 31,	Principal	Interest
2020	$ 760,000	$ 314,737
2021	780,000	291,788
2022	800,000	268,237
2023	825,000	245,816
2024	850,000	224,106
2025-2029	3,455,000	801,741
2030-2034	2,720,000	460,125
2035-2037	1,805,000	102,563
Total	$ 11,995,000	$ 2,709,113

Business-Type Activities

	Notes	
Year Ending December 31,	Principal	Interest
2020	$ 51,004	$ 25,117
2021	52,304	23,683
2022	53,642	22,210
2023	47,022	20,696
2024	48,443	19,275
2025-2029	265,090	76,506
2030-2034	307,641	30,949
2035	33,342	500
Total	$ 858,488	$ 218,936

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, for governmental activities and September 30, 2019, for business-type activities was as follows:

Governmental Activities

		Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
Bonds payable										
General obligation bonds	$	12,725,000	$	-	$	730,000	$	11,995,000	$	760,000
Compensated absences		2,559,485		1,678,884		1,871,699		2,366,670		1,120,308
Governmental Activities Long-Term Liabilities	$	15,284,485	$	1,678,884	$	2,601,699	$	14,361,670	$	1,880,308

Business-Type Activities

		Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
General obligation revenue										
Notes	$	32,000	$	-	$	8,000	$	24,000	$	8,000
Note payable*		876,230		-		41,742		834,488		43,004
Business-Type Activities Long-Term Liabilities	$	908,230	$	-	$	49,742	$	858,488	$	51,004

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 no unearned revenue at December 31, 2019. Business-type activities reported unearned revenues of $16,637 for rent paid in advance. Unavailable revenue at December 31, 2019 is summarized below by fund.

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	$ 72,951	$ -	$ 28,591	$ -	$ 101,542
Public Safety	158,774	-	-	-	158,774
Road and Bridge	62,711	-	3,417,050	-	3,479,761
Human Services	155,406	-	-	54,323	209,729
Environmental Affairs	-	40,203	-	-	40,203
Nonmajor governmental funds					
Parks and Recreation	1,810	-	-	-	1,810
Debt Service	23,105	-	-	-	23,105
Total	$ 474,757	$ 40,203	$ 3,445,641	$ 54,323	$ 4,014,924

5. Pension Plans

A. Defined Benefit Plans

1. Plan Description

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

General Employees Retirement Plan
All full-time and certain part-time employees of the County and Sunnyside Care Center are covered by the Public Employee Retirement Association. 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.

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 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For 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 percent after five years up to 100 percent 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 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. 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. For 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.

Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. 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. For 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 percent of their annual covered salary in fiscal year 2019 and the County and Care Center were required to contribute 7.50 percent for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2019, were $992,338. The Care Center's contributions for the year ended September 30, 2019 were $100,194. 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 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The County's contributions to the Police and Fire Fund for the year ended December 31, 2019, were $311,763. The contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions
Plan members were required to contribute 5.83 percent of their annual covered salary and the County was required to contribute 8.75 percent of pay for plan members in fiscal year 2019. The County's contributions to the Correctional Fund for the year ended December 31, 2019, were $142,638. The County's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Retirement Plan

At December 31, 2019, the County reported a liability of $11,322,934 (governmental activities $10,277,995 and business-type activities $1,044,939) 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 2019. 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 $351,964. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was .2048 percent which was a decrease of .0113 percent from its proportionate share measured as of June 30, 2018.

County's proportionate share of the net pension liability	$	11,322,934
State of Minnesota's proportionate share of the net pension liability associated with the County		351,964
Total	$	11,674,898

For the year ended December 31, 2019, the County recognized pension expense of $1,223,220 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional $25,927 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.

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	$ 313,801	$ -
Changes in actuarial assumptions	-	889,990
Difference between projected and actual investment earnings	-	1,147,712
Changes in proportion	208,122	558,002
Contributions paid to PERA subsequent to the measurement date	522,895	-
Total	$ 1,044,818	$ 2,595,704

The $522,895 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, $25,051 will be recognized by Sunnyside Care Center as a reduction of the net pension liability in the year ended September 30, 2020 and $497,844 will be recognized by the County as a reduction of the net pension liability in the year ended December 31, 2020. 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
2020	$ (645,191)
2021	(1,044,363)
2022	(402,472)
2023	18,245

Public Employees Police and Fire Plan

At December 31, 2019, the County reported a liability of $1,774,690 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, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was .1667 percent which was an increase of .0026 percent from its proportionate share measured as of June 30, 2018. The County recognized pension expense of $272,321 for its proportionate share of the Public Employees Police and Fire Plan's pension expense.

The County also recognized $22,504 for the year ended December 31, 2019, 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. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay $4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay $9 million until full funding is reached or July 1, 2048, whichever is earlier.

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	$ 75,351	$ 270,127
Changes in actuarial assumptions	1,472,711	1,992,432
Difference between projected and actual investment earnings	-	369,626
Changes in proportion	111,615	13,804
Contributions paid to PERA subsequent to the measurement date	170,123	-
Total	$ 1,829,800	$ 2,645,989

The $170,123 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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
2020	$ (101,686)
2021	(231,809)
2022	(683,405)
2023	24,500
2024	6,088

Public Employees Correctional Plan

At December 31, 2019, the County reported a liability of $100,627 for its proportionate share of the Public Employees Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportion was .727 percent which was an increase of .017 percent from is proportionate share measured as of June 30, 2018. County recognized pension expense of $193,036 for its proportionate share of the Public Employees Correctional Plan's pension expense. 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	$ 3,699	$ 16,450
Changes in actuarial assumptions	-	893,381
Difference between projected and actual investment earnings	-	129,482
Changes in proportion	21,619	7,171
Contributions paid to PERA subsequent to the measurement date	73,152	-
Total	$ 98,470	$ 1,046,484

The $73,152 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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
2020	$ (536,124)
2021	(461,809)
2022	(24,206)
2023	973

5. Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2019, was $1,714,504.

6. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables 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 percent per year for the General Employees Plan, 1.0 percent per year for the Police and Fire Plan, and 2.0 percent per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study 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. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

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.

Police and Fire Fund

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.

Correctional Fund

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.

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	5.90
Cash equivalents	2	-

7. <u>Discount Rate</u>

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. 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. <u>Pension Liability Sensitivity</u>

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

	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 %	$ 18,614,293	6.50 %	$ 3,879,142	6.50 %	$ 1,072,459
Current	7.50	11,322,934	7.50	1,774,690	7.50	100,627
One Percent Increase	8.50	5,302,467	8.50	34	8.50	(677,000)

9. <u>Pension Plan Fiduciary Net Position</u>

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

B. Defined Contribution Plan

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

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

Total contributions by dollar amount and percentage of covered payroll made by County during the year ended December 31, 2019, were:

	Employee	Employer
Contribution amount	$ 9,513	$ 9,513
Percentage of covered payroll	5%	5%

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, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	6
Active plan members	250
Total participants	256

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, 2019 was determined by an actuarial valuation dated January 1, 2018 and rolled forward to the measurement date.

Actuarial assumptions

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.30%
Salary Increase	3.00%
20-Year Municipal Bond Yield	3.30%
Inflation Rate	2.50%
Medical Trend Rate	6.25% in 2019 grading to 5.00% over 5 years
Mortality	RP-2014 tables with MP-2017 Generational Improvement Scale

Total OPEB liability, January 1, 2019	$	782,755
Service cost		43,088
Interest		26,428
Assumption changes		(22,221)
Benefit payments		(50,403)
Net change in total OPEB liability		(3,108)
Total OPEB liability, December 31, 2019	$	779,647

Summary of Changes in the Actuarial Assumptions

There have been no changes to plan provisions, assumptions, or methods since the prior report except for the following:

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

Total OPEB Liability

Inactive plan members or beneficiaries currently receiving benefit payments	6
Active plan members	250
Total participants	256

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 2.80%	Discount Rate 3.80%	One Percent Increase 4.80%
Total OPEB Liability	$ 831,976	$ 779,647	$ 730,681

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 5.25%	Healthcare Cost Trend Rates 6.25%	One Percent Increase 7.25%
Total OPEB Liability	$ 708,581	$ 779,647	$ 861,818

Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense of $66,341.

	Outflows of Resources	Outflows of Resources
Contributions subsequent to the measurement date	$ 57,834	$ -
Changes in actuarial assumptions	-	19,046

At December 31, 2019, the County reported $57,834 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, 2020.

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

Year ending	OPEB Expense
2020	$ (3,175)
2021	(3,175)
2022	(3,175)
2023	(3,175)
2024	(3,175)
Thereafter	(3,171)

6. 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 2019 and 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.

7. 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.

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 an agency fund by Clay County. The individuals who administer the activity of Partnership4Health are considered to be employees of Clay County Public Health. During 2019, 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. 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 $6,129 to the Northwest Regional Development Commission for Land of the Dancing Sky Area Agency on Aging as its share of the 2019 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 an agency 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 2019.

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, Mahnomen, 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 2019.

Complete financial information can be obtained from:

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

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 2019.

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 2019, Becker County provided $378,205 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 $377,937 in 2019 for services purchased through Lakeland Mental Health Center.

D. Related Organizations

Buffalo-Red River Watershed District

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

Wild Rice Watershed District

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

Pelican River Watershed District

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

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.

8. 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, 2019. 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.

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	$ 1,142,303
Restricted cash	899,985
Total Cash and Investments	$ 2,042,288

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, 2019, the EDA's deposits were not exposed to custodial credit risk.

B. Receivables

No allowance for uncollectable accounts has been made.

Contract for Deed (Loans Receivable)

The following is a summary of contracts for deed receivable resulting from the sale of Minnesota Urban and Rural Homesteading (MURL) homes to individuals for the year ended December 31, 2019.

Balance - January 1, 2019	$	816,834
Payments		(108,983)
Balance - December 31, 2019	$	707,851
Less: current portion		(32,024)
Long-Term Portion	$	675,827

Contract for Deed	Date	Interest Rate (%)	Due Date	Monthly Payment	Balance December 31
Federal Home Funds					
MURL #02	October 1, 1999	-	October 1, 2029	$ 234	$ 32,478
MURL #03	March 1, 2001	-	March 1, 2021	463	46,715
MURL #10	May 1, 2003	-	May 1, 2018	489	52,192
MURL #14	December 1, 2005	-	December 1, 2035	464	55,842
MURL #06	February 1, 2007	-	February 1, 2032	281	102,611
MURL #08	May 1, 2010	-	May 1, 2016	573	38,806
MURL #15	November 1, 2009	-	November 1, 2029	636	88,697
MURL #11	October 1, 2013	-	October 1, 2034	425	62,398
MURL #07	May 27, 2016	-	July 1, 2021	648	71,177
Total Federal Home Funds					$ 550,916
State Nonhome Funds					
MURL #16	May 1, 2009	-	May 1, 2039	$ 322	$ 34,109
MURL #17	May 1, 2009	-	May 1, 2039	439	122,826
Total State Nonhome Funds					$ 156,935
Total Contracts for Deed					$ 707,851

C. Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated				
Land	$ 357,532	$ -	$ -	$ 357,532
Capital assets being depreciated				
Buildings	5,018,725	-	-	5,018,725
Equipment	162,988	-	-	162,988
			-	
Total capital assets being depreciated	5,181,713	-	-	5,181,713
Less: accumulated depreciation for				
Buildings	1,901,252	126,860	-	2,028,112
Equipment	160,508	805	-	161,313
Total accumulated depreciation	2,061,760	127,665	-	2,189,425
Total capital assets depreciated, net	3,119,953	(127,665)	-	2,992,288
Capital Assets, Net	$ 3,477,485	$ (127,665)	$ -	$ 3,349,820

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

Housing	$ 127,665

3. Liabilities and Deferred Inflows of Resources

A. Payables

Payables at December 31, 2019, were as follows:

Accounts	$ 5,566
Other liabilities	22,796
Unearned revenue - prepaid rent	16,637
Security deposits	23,919
Total Payables	$ 68,918

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, 2019.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (Percent)	Original Issue Amount	Outstanding Balance December 31 2019
MHFA mortgage loan	N/A	N/A	-	$ 800,000	$ 800,000
Greater Minnesota Housing Fund	2037	N/A	-	217,300	217,300
Minnesota Housing Finance	2028	N/A	-	1,400,000	1,400,000
Total Long-Term Debt					$ 2,417,300

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

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

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:

Loan dated July 1, 1992 with a final maturity of July 1, 2022	$	2,342
Loan dated December 30, 1994 with a final maturity of December 30, 2024		15,288
Loan dated May 29, 2003 with a final maturity of May 29, 2033		20,296
Total	$	37,926

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, 2019, are as follows:

	Original Grant	Revolving Fund Cash	Contract for Deed Receivable
Federal Home Minnesota Urban and Rural Homestead Loan	$ 1,810,000	$ 410,446	$ 550,916
State Home Minnesota Urban and Rural Homesteading Loan	196,185	65,049	156,935
Total	$ 2,006,185	$ 475,495	$ 707,851

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 $51,003) to be used for the operation of Hidden Hills Group Home. According to the lease terms, the EDA began receiving monthly installments of $500 beginning January 2015. The lease shall be renewed at an agreeable rental rate and agreeable term after December 2019. Either party may give a written notice of termination to the other at least six months prior to the end of the term.

Becker County entered into a 36-month operating lease with the EDA for property the EDA owns (carrying value of $254,191 and accumulated depreciation of $82,031) to be used for the Becker County Workshop. According to the lease terms, the EDA began receiving monthly installments of $1,440 beginning January 2016. The lease shall be reviewed annually. Becker County also entered into a five-year operating lease with the EDA for the front 1,050 square feet of the same property to be used for the Becker County Extension. According to the lease terms, the EDA began receiving monthly installments of $310 beginning January 2013. The lease was effective through 2019 and will be reviewed in 2020. Both leases state that, in the event that the cost for utilities increases and the lessor is paying more for utilities than the lease allows for, the lessee agrees to reimburse the lessor the amount needed to make up the difference. Either party may give a written notice of termination to the other at least six months prior to the end of the term.

7. Housing Program

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

8. Prior Period Adjustments

During the current year it was determined that certain tax revenues were not recognized as revenue in the proper period. In accordance with the provisions of GASB Statement No. 33, derived tax revenue should be recognized when both the exchange transactions on which the tax is imposed have occurred and the resources are available.

To correct this error, beginning fund balance of Road and Bridge Fund and beginning net position of governmental activities were restated by $195,000.

In addition, beginning fund balance of the Public Safety Fund and beginning net position of governmental activities were restated by $121,009 to properly account for public safety expenditures/expenses incurred but not accrued as of December 31, 2018.

9. Subsequent Event

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

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REQUIRED SUPPLEMENTARY INFORMATION

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE –
GENERAL FUND – EXHIBIT A-1
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 3,438,984	$ 3,438,984	$ 3,436,830	$ (2,154)
Licenses and permits	296,106	296,106	304,838	8,732
Intergovernmental	2,844,878	2,844,878	3,158,884	314,006
Charges for services	1,042,656	1,042,656	1,219,895	177,239
Fines and forfeits	38,500	38,500	70,263	31,763
Gifts and contributions	-	-	350	350
Investment earnings	300,000	300,000	768,432	468,432
Miscellaneous	155,960	155,960	302,479	146,519
Total Revenues	**$ 8,117,084**	**$ 8,117,084**	**$ 9,261,971**	**$ 1,144,887**
Expenditures				
Current				
General government				
Commissioners	$ 302,613	$ 302,613	$ 330,253	$ (27,640)
Courts	50,000	50,000	43,323	6,677
County administrator	222,093	222,093	226,230	(4,137)
Auditor-Treasurer	709,043	709,043	636,244	72,799
License bureau	229,975	229,975	213,191	16,784
County assessor	488,243	488,243	478,763	9,480
Data processing	777,434	777,434	677,425	100,009
Elections	49,774	49,774	46,258	3,516
Human resources management	192,330	192,330	160,482	31,848
Attorney	1,016,255	1,016,255	1,023,458	(7,203)
Contracted legal services	75,000	75,000	115,800	(40,800)
Law library	35,000	35,000	31,998	3,002
Recorder	493,906	493,906	505,905	(11,999)
Surveyor	10,800	10,800	10,920	(120)
Planning and zoning	393,696	393,696	388,426	5,270
Buildings and plant	575,381	575,381	576,132	(751)
Veterans service officer	215,855	215,855	211,274	4,581
Unallocated	40,000	40,000	28,413	11,587
Total general government	**$ 5,877,398**	**$ 5,877,398**	**$ 5,704,495**	**$ 172,903**

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND – EXHIBIT A-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Public transportation				
Transit	$ 530,000	$ 530,000	$ 500,864	$ 29,136
Airport	125,000	125,000	182,701	(57,701)
Total public transportation	**$ 655,000**	**$ 655,000**	**$ 683,565**	**$ (28,565)**
Health				
Nursing service	18,715	18,715	18,176	539
Culture and recreation				
Historical society	$ 75,300	$ 75,300	$ 77,550	$ (2,250)
Senior citizens	6,129	6,129	6,129	-
Agassiz Regional Library	378,205	378,205	378,205	-
Total culture and recreation	**$ 459,634**	**$ 459,634**	**$ 461,884**	**$ (2,250)**
Conservation of natural resources				
County extension	$ 217,784	$ 217,784	$ 203,892	$ 13,892
Aquatic Invasive Species	344,262	344,262	341,463	2,799
Soil and water conservation	295,920	295,920	295,920	-
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	1,325	1,325	2,571	(1,246)
Total conservation of natural resources	**$ 927,887**	**$ 927,887**	**$ 912,442**	**$ 15,445**

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Capital outlay				
General government	$ 315,450	$ 315,450	$ 453,044	$ (137,594)
Total Expenditures	**$ 8,254,084**	**$ 8,254,084**	**$ 8,233,606**	**$ 20,478**
Excess of Revenues Over (Under) Expenditures	**$ (137,000)**	**$ (137,000)**	**$ 1,028,365**	**$ 1,165,365**
Other Financing Sources (Uses)				
Transfers in	139,000	139,000	25,000	(114,000)
Net Change in Fund Balance	**$ 2,000**	**$ 2,000**	**$ 1,053,365**	**$ 1,051,365**
Fund Balance - January 1	**9,739,993**	**9,739,993**	**9,739,993**	**-**
Fund Balance - December 31	**$ 9,741,993**	**$ 9,741,993**	**$ 10,793,358**	**$ 1,051,365**

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 7,038,887	$ 7,038,887	$ 6,965,990	$ (72,897)
Licenses and permits	46,000	46,000	33,624	(12,376)
Intergovernmental	518,346	518,346	632,655	114,309
Charges for services	463,500	463,500	370,750	(92,750)
Fines and forfeits	17,500	17,500	54,071	36,571
Gifts and contributions	-	-	15,958	15,958
Miscellaneous	16,500	16,500	489,787	473,287
Total Revenues	**$ 8,100,733**	**$ 8,100,733**	**$ 8,562,835**	**$ 462,102**
Expenditures				
Current				
Public safety				
Sheriff	$ 3,923,362	$ 3,923,362	$ 4,085,659	$ (162,297)
Boat and water safety	35,338	35,338	49,903	(14,565)
Emergency services	45,919	45,919	62,940	(17,021)
Coroner	85,419	85,419	94,247	(8,828)
Jail	3,206,109	3,206,109	3,637,083	(430,974)
Probation and parole	327,198	327,198	366,361	(39,163)
Sentence to serve	88,804	88,804	84,523	4,281
Capital outlay - New Jail	-	-	33,547	(33,547)
Total public safety	**$ 7,712,149**	**$ 7,712,149**	**$ 8,414,263**	**$ (702,114)**
Capital Outlay				
Public safety	$ 388,584	$ 388,584	$ 1,022,174	$ (633,590)
Total Capital Outlay	**$ 388,584**	**$ 388,584**	**$ 1,022,174**	**$ (633,590)**
Total Expenditures	**$ 8,100,733**	**$ 8,100,733**	**$ 9,436,437**	**$ (1,335,704)**
Net Change in Fund Balance	**$ -**	**$ -**	**$ (873,602)**	**$ (873,602)**
Fund Balance - January 1	**3,358,796**	**3,358,796**	**3,358,796**	**-**
Prior Period Adjustment	**-**	**-**	**(121,009)**	**(121,009)**
Fund Balance - January 1, As Restated	**3,358,796**	**3,358,796**	**3,237,787**	**(121,009)**
Fund Balance - December 31	**$ 3,358,796**	**$ 3,358,796**	**$ 2,364,185**	**$ (994,611)**

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 2,977,004	$ 2,977,004	$ 2,956,922	$ (20,082)
Sales Tax	2,200,000	2,200,000	2,662,237	462,237
Licenses and permits	15,000	15,000	14,375	(625)
Intergovernmental	6,337,948	6,337,948	7,623,067	1,285,119
Charges for services	250,000	250,000	204,728	(45,272)
Miscellaneous	553,000	553,000	566,148	13,148
Total Revenues	**$ 12,332,952**	**$ 12,332,952**	**$ 14,027,477**	**$ 1,694,525**
Expenditures				
Current				
Highways and streets				
Administration	$ 413,944	$ 413,944	$ 446,255	$ (32,311)
Maintenance	3,117,496	3,117,496	3,441,345	(323,849)
Construction	7,168,982	7,168,982	9,265,954	(2,096,972)
Equipment maintenance and shops	1,390,354	1,390,354	1,261,199	129,155
Other highways and streets	242,176	242,176	83,314	158,862
Total highways and streets	**$ 12,332,952**	**$ 12,332,952**	**$ 14,498,067**	**$ (2,165,115)**
Intergovernmental				
Highways and streets	-	-	730,206	(730,206)
Total Expenditures	**$ 12,332,952**	**$ 12,332,952**	**$ 15,228,273**	**$ (2,895,321)**
Net Change in Fund Balance	**$ -**	**$ -**	**$ (1,200,796)**	**$ (1,200,796)**
Fund Balance - January 1	2,663,478	2,663,478	2,663,478	-
Prior Period Adjustment	-	-	195,000	195,000
Fund Balance - January 1, As Restated	**$ 2,663,478**	**$ 2,663,478**	**$ 2,858,478**	**$ 195,000**
Increase (decrease) in inventory	**$ -**	**$ -**	**$ 44,330**	**$ 44,330**
Fund Balance - December 31	**$ 2,663,478**	**$ 2,663,478**	**$ 1,702,012**	**$ (961,466)**

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**Final Budget**
Revenues				
Taxes	$ 7,044,063	$ 7,044,063	$ 6,952,204	$ (91,859)
Intergovernmental	8,549,281	8,549,281	9,322,121	772,840
Charges for services	1,307,400	1,307,400	972,364	(335,036)
Gifts and contributions	21,500	21,500	27,836	6,336
Miscellaneous	10,000	10,000	23,975	13,975
Total Revenues	**$ 16,932,244**	**$ 16,932,244**	**$ 17,298,500**	**$ 366,256**
Expenditures				
Current				
Human services				
Income maintenance	$ 3,803,494	$ 3,803,494	$ 3,665,012	$ 138,482
Social services	11,237,058	11,237,058	10,890,044	347,014
Collaborative	-	-	186,792	(186,792)
Total human services	**$ 15,040,552**	**$ 15,040,552**	**$ 14,741,848**	**$ 298,704**
Health				
Nursing service	1,891,692	1,891,692	1,809,403	82,289
Total Expenditures	**$ 16,932,244**	**$ 16,932,244**	**$ 16,551,251**	**$ 380,993**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 747,249**	**$ 747,249**
Fund Balance - January 1	**5,272,009**	**5,272,009**	**5,272,009**	**-**
Fund Balance - December 31	**$ 5,272,009**	**$ 5,272,009**	**$ 6,019,258**	**$ 747,249**

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ 1,070,000	$ 1,070,000	$ 1,181,963	$ 111,963
Licenses and permits	-	-	2,155	2,155
Intergovernmental	412,500	412,500	364,865	(47,635)
Charges for services	2,263,000	2,263,000	2,676,385	413,385
Miscellaneous	337,200	337,200	258,326	(78,874)
Total Revenues	**$ 4,082,700**	**$ 4,082,700**	**$ 4,483,694**	**$ 400,994**
Expenditures				
Current				
Sanitation				
Solid waste	$ 3,041,366	$ 3,041,366	$ 3,403,700	$ (362,334)
Recycling	857,603	857,603	846,606	10,997
Hazardous waste	161,544	161,544	162,630	(1,086)
Total Expenditures	**$ 4,060,513**	**$ 4,060,513**	**$ 4,412,936**	**$ (352,423)**
Capital outlay				
Sanitation	300,000	300,000	583,569	(283,569)
Total Expenditures	**$ 4,360,513**	**$ 4,360,513**	**$ 4,996,505**	**$ (635,992)**
Excess of Revenues Over (Under) Expenditures	**$ (277,813)**	**$ (277,813)**	**$ (512,811)**	**$ (234,998)**
Other Financing Sources (Uses)				
Transfers in	$ -	$ -	$ 300,000	$ 300,000
Transfers out	(25,000)	(25,000)	(25,000)	-
Insurance Recoveries	-	-	351,238	351,238
Total Other Financing Sources (Uses)	**$ (25,000)**	**$ (25,000)**	**$ 626,238**	**$ 651,238**
Net Change in Fund Balance	**$ (302,813)**	**$ (302,813)**	**$ 113,427**	**$ 416,240**
Fund Balance - January 1	**916,005**	**916,005**	**916,005**	**-**
Fund Balance - December 31	**$ 613,192**	**$ 613,192**	**$ 1,029,432**	**$ 416,240**

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, 2019

Total OPEB Liability	**2019**	**2018**
Service cost	$ 43,088	$ 45,152
Interest	26,428	26,030
Assumption changes	(22,221)	-
Benefit payments	(50,403)	(63,586)
Net change in total OPEB liability	$ (3,108)	$ 7,596
Total OPEB liability - beginning	782,755	775,159
Total OPEB liability - ending	$ 779,647	$ 782,755
Covered employee payroll	$ 14,732,422	$ 14,352,837
Total OPEB liability as a percentage of payroll	5.3%	5.5%

Note 1: No assets are accumulated in a trust.
This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY – PERA GENERAL EMPLOYEES RETIREMENT PLAN – EXHIBIT A-7
YEAR ENDED DECEMBER 31, 2019

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%	11,322,934	351,964	11,674,898	14,737,657	76.83%	80.23%

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

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA GENERAL EMPLOYEES RETIREMENT FUND – EXHIBIT A-8
YEAR ENDED DECEMBER 31, 2019

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	$ 976,395	$ 955,719	$ (20,676)	$ 13,018,606	7.50%
2016	1,036,762	1,024,025	(12,737)	13,823,489	7.50%
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%

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.

See accompanying Notes to Required Supplementary Information.

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, 2019

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	0.1600%	$ 1,817,974	$ 1,464,703	124.12%	86.61%
2016	0.1590%	6,380,947	1,530,512	416.92%	63.88%
2017	0.1580%	2,133,188	1,619,229	131.74%	85.43%
2018	0.1641%	1,749,137	1,729,030	101.16%	88.84%
2019	0.1667%	1,774,690	1,762,335	100.70%	89.26%

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.

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND – EXHIBIT A-10
YEAR ENDED DECEMBER 31, 2019

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%

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.

See accompanying Notes to Required Supplementary Information.

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, 2019

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%

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.

See accompanying Notes to Required Supplementary Information.

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS – PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN – EXHIBIT A-12
YEAR ENDED DECEMBER 31, 2019

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%

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.

See accompanying Notes to Required Supplementary Information.

1. Budgetary Information

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

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

The Board of County Commissioners adopts an annual budget for the general fund and all major special revenue funds. The expenditure budget is approved at the fund level, the legal level of budgetary control. During the year, the Board made no 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, 2019:

	Expenditures	Final Budget	Excess
Public Safety	$ 9,436,437	$ 8,100,733	$ 1,335,704
Road and Bridge	15,228,273	12,332,952	2,895,321
Environmental Affairs	4,996,505	4,360,513	635,992

3. Other Postemployment Benefits

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

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

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.
- 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.

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.

<u>Police and Fire Fund</u>

2019 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes
Changes in Actuarial Assumptions
- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

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

2017 Changes
Changes in Actuarial Assumptions
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016, and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The combined service annuity (CSA) load was 30.00 percent for vested and nonvested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for nonvested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2016 Changes
Changes in Actuarial Assumptions
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

2015 Changes
Changes in Actuarial Assumptions
- There have been no changes since the prior valuation.

Changes in Plan Provisions
- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

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, 2019

	Special Revenue (Exhibit B-3)	Debt Service	Total (Exhibit 3)
Assets			
Cash and pooled investments	$ 2,388,085	$ 755,249	$ 3,143,334
Taxes receivable			
Current	1,223	18,431	19,654
Prior	587	4,674	5,261
Accounts receivable, net	54,167	-	54,167
Total Assets	**$ 2,444,062**	**$ 778,354**	**$ 3,222,416**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 2,352	$ 2,800	$ 5,152
Salaries payable	6,747	-	6,747
Due to other funds	26,120	-	26,120
Due to other governments	536,846	-	536,846
Total Liabilities	**$ 572,065**	**$ 2,800**	**$ 574,865**
Deferred Inflows of Resources			
Unavailable revenues	**$ 1,810**	**$ 23,105**	**$ 24,915**
Fund Balances			
Restricted			
Debt service	$ -	$ 752,449	$ 752,449
Gravel pit closure	178,125	-	178,125
Conservation of natural resources	1,068,946	-	1,068,946
Assigned			
Culture and recreation	623,116	-	623,116
Total Fund Balances	**$ 1,870,187**	**$ 752,449**	**$ 2,622,636**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 2,444,062**	**$ 778,354**	**$ 3,222,416**

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, 2019

	Special Revenue (Exhibit B-4)	Debt Service	Total (Exhibit 5)
Revenues			
Taxes	$ 241,478	$ 1,108,445	$ 1,349,923
Intergovernmental	158,987	17,422	176,409
Charges for services	5,980	-	5,980
Miscellaneous	621,759	-	621,759
Total Revenues	**$ 1,028,204**	**$ 1,125,867**	**$ 2,154,071**
Expenditures			
Current			
Culture and recreation	$ 193,802	$ -	$ 193,802
Conservation of natural resources	403,947	-	403,947
Intergovernmental			
General government	123,845	-	123,845
Conservation of natural resources	132,217	-	132,217
Debt service			
Principal	-	730,000	730,000
Interest	-	340,613	340,613
Total Expenditures	**$ 853,811**	**$ 1,070,613**	**$ 1,924,424**
Excess of Revenues Over (Under) Expenditures	**$ 174,393**	**$ 55,254**	**$ 229,647**
Other Financing Sources (Uses)			
Transfers out	$ (300,000)	$ -	$ (300,000)
Net Change in Fund Balance	**$ (125,607)**	**$ 55,254**	**$ (70,353)**
Fund Balance - January 1	**1,995,794**	**697,195**	**2,692,989**
Fund Balance - December 31	**$ 1,870,187**	**$ 752,449**	**$ 2,622,636**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS – EXHIBIT B-3
DECEMBER 31, 2019

	Parks and Recreation	Resource Development	County Ditch	Natural Resource Management	Gravel Tax	Total
Assets						
Cash and pooled investments	$ 626,012	$ 992,626	$ 1,407	$ 359,490	$ 408,550	$ 2,388,085
Taxes receivable						
Current	1,223	-	-	-	-	1,223
Prior	587	-	-	-	-	587
Accounts receivable	-	-	-	-	54,167	54,167
Total Assets	**$ 627,822**	**$ 992,626**	**$ 1,407**	**$ 359,490**	**$ 462,717**	**$ 2,444,062**
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	$ 2,090	$ -	$ -	$ 262	$ -	$ 2,352
Salaries payable	-	-	-	6,747	-	6,747
Due to other funds	772	-	-	770	24,578	26,120
Due to other governments	34	-	-	276,798	260,014	536,846
Total Liabilities	**$ 2,896**	**$ -**	**$ -**	**$ 284,577**	**$ 284,592**	**$ 572,065**
Deferred Inflows of Resources						
Unavailable revenues	$ 1,810	$ -	$ -	$ -	$ -	$ 1,810
Fund Balances						
Restricted						
Gravel pit closure	$ -	$ -	$ -	$ -	$ 178,125	$ 178,125
Conservation of natural resources	-	992,626	1,407	74,913	-	1,068,946
Assigned						
Culture and recreation	623,116	-	-	-	-	623,116
Total Fund Balances	**$ 623,116**	**$ 992,626**	**$ 1,407**	**$ 74,913**	**$ 178,125**	**$ 1,870,187**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 627,822**	**$ 992,626**	**$ 1,407**	**$ 359,490**	**$ 462,717**	**$ 2,444,062**

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, 2019

	Parks and Recreation	Resource Development	County Ditch	Natural Resource Management	Gravel Tax	Total
Revenues						
Taxes	$ 73,844	$ -	$ -	$ -	$ 167,634	$ 241,478
Intergovernmental	111,425	47,562	-	-	-	158,987
Charges for services	5,980	-	-	-	-	5,980
Miscellaneous	106,800	164,466	-	350,493	-	621,759
Total Revenues	**$ 298,049**	**$ 212,028**	**$ -**	**$ 350,493**	**$ 167,634**	**$ 1,028,204**
Expenditures						
Current						
Culture and recreation	$ 193,802	$ -	$ -	$ -	$ -	$ 193,802
Conservation of natural resources	-	177,025	-	226,922	-	403,947
Intergovernmental						
General government	-	-	-	-	123,845	123,845
Conservation of natural resources	-	-	-	132,217	-	132,217
Total Expenditures	**$ 193,802**	**$ 177,025**	**$ -**	**$ 359,139**	**$ 123,845**	**$ 853,811**
Net Change in Fund Balance	**$ 104,247**	**$ 35,003**	**$ -**	**$ (8,646)**	**$ 43,789**	**$ 174,393**
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	(300,000)	(300,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	**$ 104,247**	**$ 35,003**	**$ -**	**$ (8,646)**	**$ (256,211)**	**$ (125,607)**
Fund Balance - January 1	**518,869**	**957,623**	**1,407**	**83,559**	**434,336**	**1,995,794**
Fund Balance - December 31	**$ 623,116**	**$ 992,626**	**$ 1,407**	**$ 74,913**	**$ 178,125**	**$ 1,870,187**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – PARKS AND RECREATION SPECIAL REVENUE FUND – EXHIBIT B-5
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 74,430	$ 74,430	$ 73,844	$ (586)
Intergovernmental	120,000	120,000	111,425	(8,575)
Charges for services	6,000	6,000	5,980	(20)
Gifts and contributions	2,000	2,000	-	(2,000)
Miscellaneous	25,000	25,000	106,800	81,800
Total Revenues	**$ 227,430**	**$ 227,430**	**$ 298,049**	**$ 70,619**
Expenditures				
Current				
Culture and recreation				
Recreation	**$ 227,430**	**$ 227,430**	**$ 193,802**	**$ 33,628**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 104,247**	**$ 104,247**
Fund Balance - January 1	**$ 518,869**	**$ 518,869**	**$ 518,869**	**$ -**
Fund Balance - December 31	**$ 518,869**	**$ 518,869**	**$ 623,116**	**$ 104,247**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – RESOURCE DEVELOPMENT
SPECIAL REVENUE FUND – EXHIBIT B-6
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 65,600	$ 65,600	$ 47,562	$ (18,038)
Miscellaneous	22,000	22,000	164,466	142,466
Total Revenues	**$ 87,600**	**$ 87,600**	**$ 212,028**	**$ 124,428**
Expenditures				
Current				
Conservation of natural resources				
Resource development	**$ 327,000**	**$ 327,000**	**$ 177,025**	**$ 149,975**
Net Change in Fund Balance	**$ (239,400)**	**$ (239,400)**	**$ 35,003**	**$ 274,403**
Fund Balance - January 1	**957,623**	**957,623**	**957,623**	**-**
Fund Balance - December 31	**$ 718,223**	**$ 718,223**	**$ 992,626**	**$ 274,403**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – NATURAL RESOURCE MANAGEMENT SPECIAL REVENUE FUND – EXHIBIT B-7
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Miscellaneous	$ 573,364	$ 573,364	$ 350,493	$ (222,871)
Expenditures				
Current				
Conservation of natural resources				
Tax forfeited sales	$ 268,088	$ 268,088	$ 226,922	$ 41,166
Intergovernmental				
Conservation of natural resources	$ 300,412	$ 300,412	$ 132,217	$ 168,195
Total Expenditures	$ 568,500	$ 568,500	$ 359,139	$ 209,361
Net Change in Fund Balance	$ 4,864	$ 4,864	$ (8,646)	$ (13,510)
Fund Balance - January 1	83,559	83,559	83,559	-
Fund Balance - December 31	$ 88,423	$ 88,423	$ 74,913	$ (13,510)

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GRAVEL TAX
SPECIAL REVENUE FUND – EXHIBIT B-8
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	**$ 30,000**	**$ 30,000**	**$ 167,634**	**$ 137,634**
Expenditures				
Intergovernmental				
General government	-	-	123,845	(123,845)
Excess of Revenues Over (Under) Expenditures	**$ 30,000**	**$ 30,000**	**$ 43,789**	**$ 13,789**
Other Financing Sources (Uses)				
Transfers out	-	-	(300,000)	(300,000)
Net Change in Fund Balance	**$ 30,000**	**$ 30,000**	**$ (256,211)**	**$ (286,211)**
Fund Balance - January 1	**434,336**	**434,336**	**434,336**	**-**
Fund Balance - December 31	**$ 464,336**	**$ 464,336**	**$ 178,125**	**$ (286,211)**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND – EXHIBIT B-9
YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,120,784	$ 1,120,784	$ 1,108,445	$ (12,339)
Intergovernmental	-	-	17,422	17,422
Total Revenues	**$ 1,120,784**	**$ 1,120,784**	**$ 1,125,867**	**$ 5,083**
Expenditures				
Debt service				
Principal	730,000	730,000	730,000	-
Interest	337,413	337,413	340,613	(3,200)
Total Expenditures	**$ 1,067,413**	**$ 1,067,413**	**$ 1,070,613**	**$ (3,200)**
Net Change in Fund Balance	**$ 53,371**	**$ 53,371**	**$ 55,254**	**$ 1,883**
Fund Balance - January 1	**697,195**	**697,195**	**697,195**	**-**
Fund Balance - December 31	**$ 750,566**	**$ 750,566**	**$ 752,449**	**$ 1,883**

AGENCY FUNDS

The Clearing and Other Agency Fund is used to account for the payroll deductions and the distributions of revenues that were collected on behalf of other taxing districts, or individuals.

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

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

BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS – EXHIBIT C-1
YEAR ENDED DECEMBER 31, 2019

	Balance January 1	Additions	Deductions	Balance December 31
CLEARING FUND AND OTHERS				
Assets				
Cash and pooled investments	**$ 404,413**	**$ 7,175,229**	**$ 7,093,377**	**$ 486,265**
Liabilities				
Accounts payable	$ 293,912	$ 6,898,681	$ 6,982,876	$ 209,717
Due to others	-	113,238	-	113,238
Due to other governments	110,501	163,310	110,501	163,310
Total Liabilities	**$ 404,413**	**$ 7,175,229**	**$ 7,093,377**	**$ 486,265**
TAXES AND PENALTIES FUND				
Assets				
Cash and pooled investments	**$ 646,224**	**$ 57,967,474**	**$ 57,654,591**	**$ 959,107**
Liabilities				
Due to other governments	$ 526,832	$ 57,793,396	$ 57,420,639	$ 899,589
Deferred credits	119,392	174,078	233,952	59,518
Total Liabilities	**$ 646,224**	**$ 57,967,474**	**$ 57,654,591**	**$ 959,107**
CHILDREN'S INITIATIVE FUND				
Assets				
Cash and pooled investments	**$ 202,656**	**$ 259,606**	**$ 249,899**	**$ 212,363**
Liabilities				
Due to other governments	**$ 202,656**	**$ 259,606**	**$ 249,899**	**$ 212,363**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – ALL AGENCY FUNDS – EXHIBIT C-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

TOTAL ALL AGENCY FUNDS	Balance January 1	Additions	Deductions	Balance December 31
Assets				
Cash and pooled investments	**$ 1,253,293**	**$ 65,402,309**	**$ 64,997,867**	**$ 1,657,735**
Liabilities				
Accounts payable	$ 293,912	$ 6,898,681	$ 6,982,876	$ 209,717
Due to others	-	113,238	-	113,238
Due to other governments	839,989	58,216,312	57,781,039	1,275,262
Deferred credits	119,392	174,078	233,952	59,518
Total Liabilities	**$ 1,253,293**	**$ 65,402,309**	**$ 64,997,867**	**$ 1,657,735**

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OTHER SCHEDULES

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1
YEAR ENDED DECEMBER 31, 2019

	Governmental Funds	Discretely Presented Component Unit	All Funds
Appropriations and Shared Revenue			
State			
Highway users tax	$ 7,572,037	$ -	$ 7,572,037
County program aid	1,238,529	-	1,238,529
PERA rate reimbursement	67,925	-	67,925
Police aid	191,587	-	191,587
Aquatic Invasive Species	344,262	-	344,262
Riparian	88,223	-	88,223
E-911	110,188	-	110,188
Market value credit	288,700	1,615	290,315
Family Preservation aid	105,887	-	105,887
Disparity reduction aid	1,219	-	1,219
Total shared revenue	**$ 10,008,557**	**$ 1,615**	**$ 10,010,172**
Reimbursement for Services			
State			
Minnesota Department of Human Services	**$ 2,381,848**	**$ -**	**$ 2,381,848**
Payments			
Local			
Payments in lieu of taxes	**$ 493,904**	**$ -**	**$ 493,904**
Grants			
State			
Minnesota Department/Board of			
Corrections	$ 93,130	$ -	$ 93,130
Public Safety	111,508	-	111,508
Transportation	393,495	-	393,495
Health	255,879	-	255,879
Peace Officer Board	31,814	-	31,814
Veterans Affairs	10,000	-	10,000
Natural Resources	110,878	-	110,878
Human Services	2,141,130	-	2,141,130
Water and Soil Resources	106,647	-	106,647
Minnesota Pollution Control Agency	364,865	-	364,865
Total state	**$ 3,619,346**	**$ -**	**$ 3,619,346**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE – EXHIBIT D-1 (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

	Governmental Funds	Discretely Presented Component Unit	All Funds
Grants (Continued)			
Federal			
Department of			
Agriculture	$ 450,477	$ -	$ 450,477
Housing and Urban Development		449,991	449,991
Justice	73,254	-	73,254
Transportation	118,253	-	118,253
Education	975	-	975
Health and Human Services	4,101,075	-	4,101,075
Homeland Security	30,312	-	30,312
Total federal	**$ 4,774,346**	**$ 449,991**	**$ 5,224,337**
Total state and federal grants	**$ 8,393,692**	**$ 449,991**	**$ 8,843,683**
Total Intergovernmental Revenue	**$ 21,278,001**	**$ 451,606**	**$ 21,729,607**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2
YEAR ENDED DECEMBER 31, 2019

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	$ 154,303	$ -
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172MN101S2514	296,174	-
Total U.S. Department of Agriculture			**$ 450,477**	**$ -**
U.S. Department of Housing and Urban Development				
Direct				
Public and Indian Housing	14.850	n/a - Direct	$ 90,983	$ -
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	n/a - Direct	308,675	-
Public Housing Capital Fund	14.872	n/a - Direct	50,333	-
Total U.S. Department of Housing and Urban Development			**$ 449,991**	**$ -**
U.S. Department of Justice				
Passed Through Minnesota Department of Trial Courts				
Crime Victim Assistant Grant	16.575	F-CVSP-2018-BCOA-3922	**$ 73,254**	**$ -**
U.S. Department of Transportation				
Passed Through Minnesota Department of Natural Resources				
Recreational Trails Program	20.219	69-8083-0-7-401 0003-18-1A	$ 14,250	$ -
National Highway Traffic Safety Administration State and Community Highway Safety	20.600	A-ENFRC19-2019 -BECKERSO-068	5,902	-
Formula Grants for Rural Areas	20.509	07174	77,880	-
Passed Through Minnesota Department of Public Safety				
Highway Safety Cluster				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019 -BECKERSO-68	10,937	-
National Priority Safety Programs	20.616	A-ENFRC19-2019 -BECKERSO-068	9,284	-
Total U.S. Department of Transportation			**$ 118,253**	**$ -**
U.S. Department of Education				
Passed Through Partnership4Health Community Health Board				
Special Education Grant for Infants and Families	84.181	87630	**$ 975**	**$ -**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Partnership4Health Community Health Board				
Public Health Emergency Preparedness	93.069	90858	$ 7,064	$ -
Universal Newborn Hearing Screening	93.251	Not Provided	691	-
Early Hearing Detection and Intervention Information Surveillance Program	93.314	Not Provided	1,275	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program Cluster	93.505	87929	255,017	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	95995	38,236	-
(Total Temporary Assistance for Needy Families 93.558 $373,815)				
Medicaid Cluster				
Medical Assistance Program	93.778	05-1705MN5ADM	79,005	-
(Total Medical Assistance Program 93.778 $1,605,712)				
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	27,856	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	G-1801MNFPSS	118,697	-
TANF Cluster				
Temporary Assistance for Needy Families	93.558	1901MNTANF	335,579	-
(Total Temporary Assistance for Needy Families 93.558 $373,815)				
Child Support Enforcement	93.563	1901MNCSES	112,569	-
Child Support Enforcement	93.563	1901MNCEST	734,036	-
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Community-Based Child Abuse Prevention Grants	93.590	G-1801MNBCAP	6,407	-
Child Care Minnesota Family Investment Program Administration	93.596	G1901MNCCDF	9,624	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	9,836	-
Foster Care Title IV-E	93.658	1901MNFOST	522,425	-
Social Services Block Grant	93.667	G-1901MNSOSR	301,324	-
Chafee Foster Care Independence Program	93.674	G-1901MNCILP	14,727	-
Medicaid Cluster				
Medical Assistance Program	93.778	1905MN5ADM	1,512,125	-
(Total Medical Assistance Program 93.778 $1,605,712)	93.778	1905MN5MAP	14,582	-
Total U.S. Department of Health and Human Services			**$ 4,101,075**	**$ -**

BECKER COUNTY
DETROIT LAKES, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – EXHIBIT D-2 (CONTINUED)
YEAR ENDED DECEMBER 31, 2019

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	**$ 30,312**	**$ -**
Total Federal Awards			**$ 5,224,337**	**$ -**

Becker County did not pass any federal awards through to subrecipients in 2019.

Totals by Cluster

Total Expenditures for SNAP Cluster	$ 296,174
Total Expenditures for Housing Voucher Cluster	308,675
Total Expenditures for Highway Safety Cluster	10,937
Total Expenditures for TANF Cluster	373,815
Total Expenditures for CCDF Cluster	6,407
Total Expenditures for Medicaid Cluster	1,605,712

BECKER COUNTY
DETROIT LAKES, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2019

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, 2019, 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 County's reporting entity is defined in Notes 1 and 7 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, 2019. 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Becker County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

   Becker County did not pass federal funds to subrecipients.