

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Year Ended December 31, 2023

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

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Introductory Section

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Organization 2023

Board of Directors	Title
Shawn Larsen ²	Morrison County Sheriff
Troy Heck ¹	Benton County Sheriff
Steve Soyka ³	Stearns County Sheriff
Jeffrey Oxton	St. Cloud Police Chief
Brandon Silgjord	Sartell Police Chief
Joel Brott	Sherburne County Sheriff
Janelle Kendall	Stearns County Attorney
¹ Chair	
² Secretary	
³ Treasurer	

Financial Section



Independent Auditor's Report

Board of Directors
Central Minnesota Violent Offender Task Force
St. Cloud, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the Central Minnesota Violent Offender Task Force, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Task Force's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Central Minnesota Violent Offender Task Force as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Task Force, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Task Force’s internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Task Force’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management’s Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

October 15, 2024

Management's Discussion and Analysis

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Management's Discussion and Analysis December 31, 2023 (Unaudited)

This section of the annual financial report presents our discussion and analysis of the financial performance during the fiscal year that ended December 31, 2023. The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Certain comparative information between the current year, 2023, and the prior year, 2022, is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2023 include the following:

- Government-wide net position decreased by 12.7 percent from the prior year.
- Overall fund level revenues totaled \$423,431 and were \$15,714 less than expenditures.
- The General Fund's fund balance decreased \$10,714 from the prior year.

Overview of the Financial Statements

The financial section of the annual report consists of four parts: the Independent Auditor's Report; required supplementary information, which includes the MD&A (this section); the basic financial statements; and notes to the financial statements. The basic financial statements include the General Fund Balance Sheet and Governmental Activities Statement of Net Position and the General Fund Revenues, Expenditures, and Change in Fund Balance and Governmental Activities Statement of Activities.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 summarizes the major features of the Central Minnesota Violent Offender Task Force's (VOTF) financial statements, including the portion of the VOTF's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and content of each of the statements.

Figure A-1 Major Features of the VOTF's Government-Wide and Fund Financial Statements		
Type of Statements	Government-Wide	Governmental Fund
Scope	Entire government	The activities of the government that are not proprietary or fiduciary
Required financial statements	Statement of net position, statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurement focus	Full accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of outflow/inflow information	All revenues and expenses	Revenues for which cash is received during the year or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-Wide and Fund Financial Statements

The financial statements included in this report combine the governmental fund and government-wide activities into two statements.

The governmental or General Fund activity includes the VOTF's basic services that generally focus on: (1) how cash and other financial assets that can be readily converted to cash flow in and out, and (2) the balances left at year-end available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the VOTF's programs.

The government-wide statements report information about the VOTF as a whole using accounting methods similar to those used by private-sector companies. These statements include all of the assets and liabilities of the VOTF, including long-term activity. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

Financial Analysis of the VOTF as a Whole

Governmental Activities

The VOTF's net position was \$726,571 at December 31, 2023.

Net Position – December 31

	2023		2022	
Assets				
Cash and cash equivalents	\$	628,903	\$	684,810
Cash held from seizures		141,302		158,535
Due from other governments		46,959		87,459
Prepaid items		7,061		3,942
Capital assets		97,803		104,877
Total Assets	\$	922,028	\$	1,039,623
Liabilities				
Current liabilities				
Accounts payable	\$	54,155	\$	49,270
Unearned revenue		141,302		158,535
Total Liabilities	\$	195,457	\$	207,805
Net position				
Investment in capital assets	\$	97,803	\$	104,877
Restricted		628,768		726,941
Total Net Position	\$	726,571	\$	831,818

Change in Net Position – For the Year Ended December 31

	2023		2022	
Revenues				
Intergovernmental	\$	256,323	\$	383,873
Fines and forfeitures		77,953		183,580
Investment income		1,696		1,345
Miscellaneous		-		78
Gain on sale of capital assets		5,000		6,000
Total Revenues	\$	340,972	\$	574,876
Expenses				
Current				
Public safety	\$	446,219	\$	398,194
Change in net position	\$	(105,247)	\$	176,682
Net Position – January 1		831,818		655,136
Net Position – December 31	\$	726,571	\$	831,818

Financial Analysis of the VOTF at the Fund Level

The financial performance of the VOTF as a whole is reflected in its governmental fund as well. The General Fund, which is the only governmental fund of the VOTF, includes the primary operations of the VOTF in providing crime investigation to the citizens of Benton, Morrison, Sherburne, and Stearns Counties. As the VOTF completed the year, the General Fund reported a fund balance of \$628,768.

The following schedule presents a comparative summary of General Fund revenues:

Function	General Fund Revenues		Increase (Decrease)	Percent Change (%)
	2023	2022		
Intergovernmental	\$ 343,782	\$ 296,414	\$ 47,368	16.0
Fines and forfeitures	77,953	183,580	(105,627)	(57.5)
Investment income	1,696	1,345	351	26.1
Miscellaneous	-	78	(78)	(100.0)
Total General Fund Revenues	<u>\$ 423,431</u>	<u>\$ 481,417</u>	<u>\$ (57,986)</u>	<u>(12.0)</u>

Total General Fund revenues decreased by \$57,986, or 12.0 percent, from the previous year.

The following schedule presents a summary of General Fund expenditures:

	General Fund Expenditures	
	2023	2022
Public Safety	\$ 439,145	\$ 407,102

Total General Fund expenditures increased by \$32,043, or 7.9 percent, from the previous year.

Capital Assets

The VOTF's capital assets for its governmental activities at December 31, 2023, consist of office furniture and equipment totaling \$17,841 and machinery and automotive totaling \$79,962 (both net of accumulated depreciation). The investment in capital assets decreased by \$7,074, or 6.7 percent, from the previous year. Additional information on the VOTF's capital assets can be found in Note 2.

Factors Bearing on the VOTF's Future

The VOTF is dependent on the State of Minnesota for a significant portion of its revenue. Recent experience demonstrates that these funds will remain intact. The growth the VOTF experienced in recent years has made it clear that the state funds cannot sustain the annual VOTF operating budget. Each year the grant application is due, the VOTF intends to request an increase in funds. However, the state has informed applicants that the likelihood of a higher award is small as there are new task forces applying for funding. The VOTF plans to supplement any deficit with funds from previous seizures and restitution.

If, for some reason, the State Legislature decreases revenues, the agencies involved in the operation of this unit would attempt to gain funds either through county budgets or federal and state grants that would aid law enforcement. The unit also gains funds through asset seizures during investigations; these funds would also continue to be used to maintain the VOTF. Even if the state were to withdraw financial support for the operation of this unit, the administration of the member agencies agrees that the unit would have to continue to exist, even if in a reduced version.

Contacting the VOTF's Financial Management

This financial report is designed to provide our citizens, taxpayers, and customers, with a general overview of the VOTF's finances and to demonstrate the VOTF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lt. Lucas Dingmann at 320-251-1200.

Basic Financial Statements

**Central Minnesota Violent Offender Task Force
St. Cloud, Minnesota**

Exhibit 1

**General Fund Balance Sheet and
Governmental Activities Statement of Net Position
December 31, 2023**

	General Fund	Adjustments	Governmental Activities
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 628,903	\$ -	\$ 628,903
Cash held from seizures	141,302	-	141,302
Due from other governments	46,959	-	46,959
Prepaid items	7,061	-	7,061
Noncurrent assets			
Capital assets			
Depreciable – net	-	97,803	97,803
Total Assets	\$ 824,225	\$ 97,803	\$ 922,028
 <u>Liabilities and Fund Balance/Net Position</u>			
Liabilities			
Current liabilities			
Accounts payable	\$ 54,155	\$ -	\$ 54,155
Unearned revenue	141,302	-	141,302
Total Liabilities	\$ 195,457	\$ -	\$ 195,457
Fund Balance			
Nonspendable for prepaid items	\$ 7,061	\$ (7,061)	\$ -
Restricted for public safety	621,707	(621,707)	-
Total Fund Balance	\$ 628,768	\$ (628,768)	\$ -
Net Position			
Investment in capital assets		\$ 97,803	\$ 97,803
Restricted for public safety		628,768	628,768
Total Net Position		\$ 726,571	\$ 726,571
Total Liabilities and Fund Balance/Net Position	\$ 824,225	\$ 97,803	\$ 922,028
Reconciliation of the General Fund Balance to Net Position			
Fund Balance – General Fund			\$ 628,768
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.			97,803
Net Position – Governmental Activities			\$ 726,571

**Central Minnesota Violent Offender Task Force
St. Cloud, Minnesota**

Exhibit 2

**General Fund Statement of Revenues, Expenditures, and Change in
Fund Balance and Governmental Activities Statement of Activities
For the Year Ended December 31, 2023**

	General Fund	Adjustments	Governmental Activities
Revenues			
Intergovernmental	\$ 343,782	\$ (87,459)	\$ 256,323
Fines and forfeitures	77,953	-	77,953
Investment income	1,696	-	1,696
Gain on sale of capital assets	-	5,000	5,000
	\$ 423,431	\$ (82,459)	\$ 340,972
Expenditures/Expenses			
Current			
Public safety	\$ 392,235	\$ 53,984	\$ 446,219
Capital outlay			
Public safety	46,910	(46,910)	-
	\$ 439,145	\$ 7,074	\$ 446,219
Excess of Revenues Over (Under) Expenditures/Expenses	\$ (15,714)	\$ (89,533)	\$ (105,247)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	5,000	(5,000)	-
	\$ (10,714)	\$ (94,533)	\$ (105,247)
Net Change in Fund Balance/Net Position	\$ (10,714)	\$ (94,533)	\$ (105,247)
Fund Balance/Net Position – January 1	639,482	192,336	831,818
Fund Balance/Net Position – December 31	\$ 628,768	\$ 97,803	\$ 726,571
Reconciliation of the General Fund Statement of Revenues, Expenditures, and Change in Fund Balance to the Governmental Activities Statement of Activities			
Net Change in Fund Balance			\$ (10,714)
In the governmental fund, 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 revenues between the fund statement and the Statement of Activities is the increase or decrease in revenues deferred as unavailable.			(87,459)
Governmental funds report capital outlays 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 capital assets		\$ 46,910	
Current year depreciation		(53,984)	(7,074)
Change in Net Position of Governmental Activities			\$ (105,247)

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

The Central Minnesota Violent Offender Task Force's (VOTF) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2023. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the VOTF are discussed below.

Organization

General

Benton, Morrison, Sherburne, and Stearns Counties and the Cities of Little Falls, Sartell, Sauk Rapids, St. Cloud, St. Joseph, and Waite Park have formed a joint powers investigative unit. This unit, established in 1979 and named the Central Minnesota Major Crime Investigation Unit (MCIU), was formed to assist in major case investigations within the participating counties by drawing upon the resources of the member units of government. The MCIU established a Board of Directors with general supervision over the MCIU's activities. The MCIU added a gang investigation unit to the drug task force during 2006. In 2012, the MCIU merged with the St. Cloud Gang and Drug Unit and is now operating under the name Central Minnesota Violent Offender Task Force.

Board of Directors

The Board consists of seven members, comprising the Sheriff of each member county, the Police Chief of the Cities of Sartell and St. Cloud, and the Stearns County Attorney, or their designees. The Board elects a chair, a secretary, and a treasurer from its members. These officers serve a one-year term and may serve more than one term. The Board has adopted bylaws and operating rules as it has deemed necessary.

Financial Reporting Entity

The VOTF is a separate entity independent of the cities and counties that formed it. In accordance with GAAP, the VOTF's financial statements are not included in any member's financial statements. No single member retains control over the operations or is financially accountable for the VOTF.

Basic Financial Statements

Basic financial statements include information on the VOTF's activities as a whole and information on the individual fund of the VOTF. These separate presentations are reported in different columns on Exhibits 1 and 2. Each exhibit starts with a column of information based on activities of the General Fund and reconciles it to a column that reports the "governmental activities" of the VOTF as a whole.

The governmental activities columns are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The VOTF's net position is reported in

Central Minnesota Violent Offender Task Force

St. Cloud, Minnesota

three parts: investment in capital assets, restricted, and unrestricted net position. The statement of activities demonstrates the degree to which the expenses of the VOTF are offset by revenues.

The balance sheet and statement of revenues, expenditures, and change in fund balance for the General Fund are presented on the modified accrual basis and report current financial resources.

Measurement Focus and Basis of Accounting

The government-wide 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The VOTF considers all revenues as available if collected within 60 days after the end of the current period. Charges for services and interest are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred.

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

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

Capital Assets

Capital assets are recorded in the governmental activities column in the statement of net position. The VOTF defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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.

Capital assets of the VOTF are depreciated using the straight-line method over an estimated five-year useful life.

Deferred Outflows/Inflows of Resources and Unearned Revenue

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until that time. The Task Force has no items that qualify for reporting in this category for the year ended December 31, 2023.

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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until

Central Minnesota Violent Offender Task Force

St. Cloud, Minnesota

that time. The Task Force has no items that qualify for reporting in this category for the year ended December 31, 2023.

The General Fund and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. At year-end, the unearned revenue balance consists of forfeitures not yet settled.

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt, if any, attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount 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 net position – the amount of net position that does not meet the definition of restricted or investment in capital assets.

Classification of Fund Balance

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

Nonspendable – amounts that cannot be spent because they are not in spendable form, or are 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 for which constraints 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 only for the specific purposes imposed by formal action (resolution) of the VOTF’s 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 VOTF intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned – the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications.

The VOTF 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

Central Minnesota Violent Offender Task Force

St. Cloud, Minnesota

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

At December 31, 2023, the General Fund had \$628,768 in restricted fund balance.

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.

Budgetary Information

The VOTF maintains five accounts: the grant account used to account for the VOTF's federal, state, and local grant proceeds; the membership account used to pay the State of Minnesota's portion of forfeitures received by the VOTF; the federal forfeiture account used to account for the federal drug forfeiture monies received by the VOTF; a program income account used to account for forfeitures and restitution monies received by the VOTF; and a seizure holding account used to account for seized funds while the investigation and trial are still in progress.

An annual budget is adopted for the grant account. The VOTF does not adopt budgets for the activity in the membership, federal forfeiture, program income, and seizure holding accounts.

Note 2 – Detailed Notes

Deposits

The VOTF 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 VOTF 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 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 VOTF's deposits may not be returned to it. The VOTF does not have a deposit policy for custodial credit risk. As of December 31, 2023, the bank balance of the VOTF's deposits totaled \$769,716 and was not exposed to custodial credit risk.

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Receivables

The VOTF did not have any receivables scheduled to be collected beyond one year.

Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2023:

Changes in Capital Assets for the Year Ended December 31, 2023

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Office furniture and equipment	\$ 58,207	\$ 5,340	\$ -	\$ 63,547
Machinery and automotive	306,947	41,570	19,200	329,317
Total capital assets depreciated	\$ 365,154	\$ 46,910	\$ 19,200	\$ 392,864
Less: accumulated depreciation for				
Office furniture and equipment	\$ 38,131	\$ 7,575	\$ -	\$ 45,706
Machinery and automotive	222,146	46,409	19,200	249,355
Total accumulated depreciation	\$ 260,277	\$ 53,984	\$ 19,200	\$ 295,061
Total Capital Assets Depreciated, Net	\$ 104,877	\$ (7,074)	\$ -	\$ 97,803

Depreciation expense was charged to public safety expenses in the amount of \$53,984.

Risk Management

The VOTF 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. For all risks, the VOTF relies upon the insurance coverage of the participants in the joint venture. There have been no significant reductions in insurance from the previous year. The amount of settlements did not exceed insurance coverage for each of the past three years.

Contingencies

The expenditures under the state grant are subject to audit by state agencies. To the extent that these agencies may disallow expenditures claimed, a liability to the VOTF could result.

Management and Compliance Section



**Independent Auditor's Report on
Minnesota Legal Compliance**

Board of Directors
Central Minnesota Violent Offender Task Force
St. Cloud, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities and the General Fund of the Central Minnesota Violent Offender Task Force as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Task Force's basic financial statements, and have issued our report thereon dated October 15, 2024.

In connection with our audit, we noted that the Central Minnesota Violent Offender Task Force failed to comply with the provisions of the claims and disbursements section of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Recommendations as item 2023-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that the Central Minnesota Violent Offender Task Force failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Task Force's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The Central Minnesota Violent Offender Task Force's response to the legal compliance finding identified in our audit is described in the Schedule of Findings and Recommendations. The Central Minnesota Violent Offender Task Force's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Board of Directors and management of the Central Minnesota Violent Offender Task Force and the State Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

October 15, 2024

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Central Minnesota Violent Offender Task Force St. Cloud, Minnesota

Schedule of Findings and Recommendations For the Year Ended December 31, 2023

2023-001 **Prompt Payment of Invoices**

Prior Year Finding Number: N/A

Year of Finding Origination: 2023

Type of Finding: Minnesota Legal Compliance

Criteria: As stated in Minn. Stat. § 471.425, subd. 2(b), the Task Force is required to make payment on vendor invoices according to the terms of the contract, or within 45 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later. For bills paid after the time period set by contract or standard payment period, the government entity must calculate and pay interest as required.

Condition: Two of the 18 invoices tested for compliance with this statute were not paid within the required 45 days. Additionally, the Task Force did not calculate or pay interest for these payments.

Context: Payments not made timely could be an indicator of other issues, such as poor procedural controls, poor internal controls, or cash flow problems.

Effect: Noncompliance with Minnesota Statutes.

Cause: A staff leave that occurred during the beginning of the year caused delays in processing invoices timely.

Recommendation: We recommend the Task Force implement procedures to ensure payments are made in accordance with Minn. Stat. § 471.425.

View of Responsible Official: Concur.

Client Response: *The Task Force Accountant will review workpapers, financial statements, and internal controls with Stearns County's Accounting Supervisor. In the future the Task Force will see more stability, consistency, and experience in the Task Force Accountant position, which will lead to increased internal controls, and more accurate financial statements and invoice payments.*