

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Wilkin County Breckenridge, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2023

Wilkin County Breckenridge, Minnesota

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Introductory Section

Wilkin County Breckenridge, Minnesota

Organization Schedule December 31, 2023

Office	Name	Term Expires
Commissioners		
1st District	Eric Klindt ¹	January 2025
2nd District	Jonathan Green	January 2027
3rd District	Vacant	January 2025
4th District	Rick Busko	January 2027
5th District	Dennis Larson	January 2025
Officials		
Elected		
Attorney	Tegan Peterson	January 2027
Sheriff	Anthony "Tony" Harris	January 2027
Appointed		
Auditor-Treasurer	Vacant	Indefinite
County Administrator	Stephanie Sandbakken	Indefinite
Assessor	Michelle Snobl	December 2024
County Recorder	Bryon Blair	Indefinite
Registrar of Titles	Bryon Blair	Indefinite
Highway Engineer	Brian Noetzelman	December 2024
Medical Examiner	Dr. Kelly Mills, MD	December 2024
Veterans Service Officer	Jared Lamm	September 2027
Health and Family Services Director	Becky Tripp	Indefinite
Emergency Management Officer	Breanna Koval	Indefinite

¹Board Chair

Financial Section

**Independent Auditor's Report**

Board of County Commissioners
Wilkin County
Breckenridge, Minnesota

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wilkin County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wilkin County 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and each major special revenue fund, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilkin County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, combining nonmajor governmental fund financial statements, Budgetary Comparison Schedule – Environmental Special Revenue Fund, combining fiduciary fund financial statements, Schedule of Deposits and Investments, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of

the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above 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 May 1, 2025, on our consideration of Wilkin 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 Wilkin 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 Wilkin County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

May 1, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Wilkin County Breckenridge, Minnesota

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

Wilkin County's Management's Discussion and Analysis (MD&A) provides an overview of County financial activities for the fiscal year ended December 31, 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with Wilkin County's financial statements and the notes to the financial statements. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

The assets and deferred outflows of resources of Wilkin County exceeded its liabilities and deferred inflows of resources by \$89,170,919 at the close of 2023. Of this amount, \$1,286,738 (unrestricted net position) may be used to meet Wilkin County's ongoing obligations to citizens and creditors.

The County's net position decreased by \$1,876,008 for the year ended December 31, 2023.

The net cost of Wilkin County's governmental activities for the year ended December 31, 2023, was (\$12,760,763). The net cost was funded by general revenues of \$10,884,755.

Wilkin County's fund balances of the governmental funds decreased by \$2,970,103 in 2023. This net decrease consisted of a decrease of \$2,460,734 in the General Fund, a decrease of \$505,608 in the Road and Bridge Special Revenue Fund, an increase of \$261,474 in the Human Services Special Revenue Fund, an increase of \$104,048 in the Public Health Nurse Special Revenue Fund, a decrease of \$319,026 in the Debt Service Fund, and a decrease of \$50,257 in nonmajor special revenue funds.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to Wilkin County's basic financial statements. The County's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. The MD&A (this section) is required to accompany the basic financial statements and is included as required supplementary information. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, deferred inflows of resources, deferred outflows of resources, and liabilities of Wilkin County using the full accrual basis of accounting, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial health of the County is improving or deteriorating. It is important to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of County roads and other capital assets, to assess the overall health of the County.

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 result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

The County's government-wide financial statements report functions of the County that are principally supported by taxes and intergovernmental revenues. The governmental activities of Wilkin County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, economic development, and interest. Property taxes and state and federal grants finance most of these activities. Wilkin County has no business-type activities or component units for which the County is legally accountable.

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

Fund Level Statements

Fund financial statements provide detailed information about the significant funds—not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

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, governmental fund financial statements focus on how money flows into and out of these funds and the balances left at the end of the year available for spending. Such information may be useful in evaluating a government's near-term financial 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 near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Wilkin County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Environmental Special Revenue Fund, Public Health Nurse Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are Exhibits 3 through 6 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the County's own programs or activities. 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 a separate Statement of Fiduciary Net Position on Exhibit 7 and a separate Statement of Changes in Fiduciary Net Position on Exhibit 8.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Other information is provided as supplementary information regarding Wilkin County's budgeted funds, deposits and investments, intergovernmental revenues, and federal award programs.

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the County's financial position. Wilkin County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$89,170,919 at the close of 2023. The largest portion of the County's net position (67.16 percent) reflects the County's investment in capital assets (land, buildings, equipment, and infrastructure such as roads and bridges). However, it should be noted that these assets are not for future spending or for liquidating any remaining debt.

Statement of Net Position

	2023	2022
Assets		
Current and other assets	\$ 43,193,794	\$ 46,414,464
Capital assets	59,887,309	56,899,134
Total Assets	<u>\$ 103,081,103</u>	<u>\$ 103,313,598</u>
Deferred Outflows of Resources		
Deferred pension outflows	\$ 2,706,757	\$ 3,660,438
Deferred other postemployment benefits outflows	14,201	10,387
Total Deferred Outflows of Resources	<u>\$ 2,720,958</u>	<u>\$ 3,670,825</u>
Liabilities		
Long-term liabilities	\$ 10,140,700	\$ 12,284,823
Other liabilities	1,622,380	2,232,544
Total Liabilities	<u>\$ 11,763,080</u>	<u>\$ 14,517,367</u>
Deferred Inflows of Resources		
Advance allotments	\$ 521,458	\$ -
Deferred pension inflows	3,134,692	194,622
Deferred other postemployment benefits inflows	89,793	109,466
Prepaid taxes	1,122,119	1,116,041
Total Deferred Inflows of Resources	<u>\$ 4,868,062</u>	<u>\$ 1,420,129</u>
Net Position		
Net investment in capital assets	\$ 59,887,309	\$ 56,899,134
Restricted	27,996,872	31,449,068
Unrestricted	1,286,738	2,698,725
Total Net Position, as reported	<u>\$ 89,170,919</u>	<u>\$ 91,046,927</u>

The unrestricted net position amount of \$1,286,738, 1.44 percent of the net position, as of December 31, 2023, may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.

Governmental Activities

Wilkin County's activities decreased net position during 2023 by 2.06 percent. The net position for 2023 was \$89,170,919, compared to \$91,046,927 in 2022. Key elements in this decrease in net position are as follows:

Changes in Net Position		
	2023	2022
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 1,760,824	\$ 2,062,591
Operating grants and contributions	8,792,902	7,978,942
Capital grants and contributions	1,137,160	1,888,401
General revenues		
Property taxes	8,956,374	8,519,785
Other taxes	10,998	15,885
Grants and contributions not restricted	870,086	913,755
Other general revenues	1,047,297	220,294
Total Revenues	\$ 22,575,641	\$ 21,599,653
Expenses		
Program expenses		
General government	\$ 3,666,736	\$ 3,106,836
Public safety	2,906,870	3,270,957
Highways and streets	6,785,245	6,788,895
Sanitation	427,731	471,906
Human services	3,262,454	3,467,933
Health	1,151,901	1,057,166
Culture and recreation	76,662	74,878
Conservation of natural resources	2,388,118	462,830
Economic development	3,600,941	328,800
Interest	184,991	80,969
Total Expenses	\$ 24,451,649	\$ 19,111,170
Increase (Decrease) in Net Position	\$ (1,876,008)	\$ 2,488,483
Net Position – January 1	91,046,927	88,558,444
Net Position – December 31	\$ 89,170,919	\$ 91,046,927

Financial Analysis of the Government's Funds

As noted earlier, Wilkin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$21,585,177, a decrease of \$2,970,103 in comparison with the prior year. Of the ending fund balance, \$11,169,761 represents unrestricted (committed, assigned, and unassigned) fund balance, which is available for spending at the County's discretion. The remainder of fund balance is nonspendable or restricted to indicate that

it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, or bond covenants, or is nonspendable.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an unrestricted fund balance of \$5,053,138. As a measure of the General Fund’s liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund’s unrestricted fund balance represents 39.32 percent of total General Fund expenditures. In 2023, the ending fund balance in the General Fund decreased by \$2,460,734 due to excess expenditures over revenues.

The Road and Bridge Special Revenue Fund’s unrestricted fund balance of \$4,619,445 at year-end represents 50.64 percent of expenditures. The ending fund balance decreased \$505,608 due to excess expenditures over revenues of \$183,407 and a decrease in inventory of \$322,201.

The Human Services Special Revenue Fund’s unrestricted fund balance of \$659,204 at year-end represents 20.35 percent of the fund’s annual expenditures. The ending fund balance increased \$261,474 during 2023, which was due to excess revenues over expenditures.

The Public Health Nurse Special Revenue Fund’s unrestricted fund balance of \$619,826 at year-end represents 54.86 percent of the fund’s annual expenditures. The ending fund balance increased \$104,048 during 2023 due to excess revenues over expenditures.

The Debt Service Fund has no unrestricted fund balance at year-end. The ending fund balance decreased \$319,026 during 2023 due to debt service payments.

Governmental Activities

The County’s total revenues were \$22,575,641. Table 1 presents the percentage of total County revenues by source for the year ended December 31, 2023.

Table 1
Total County Revenues

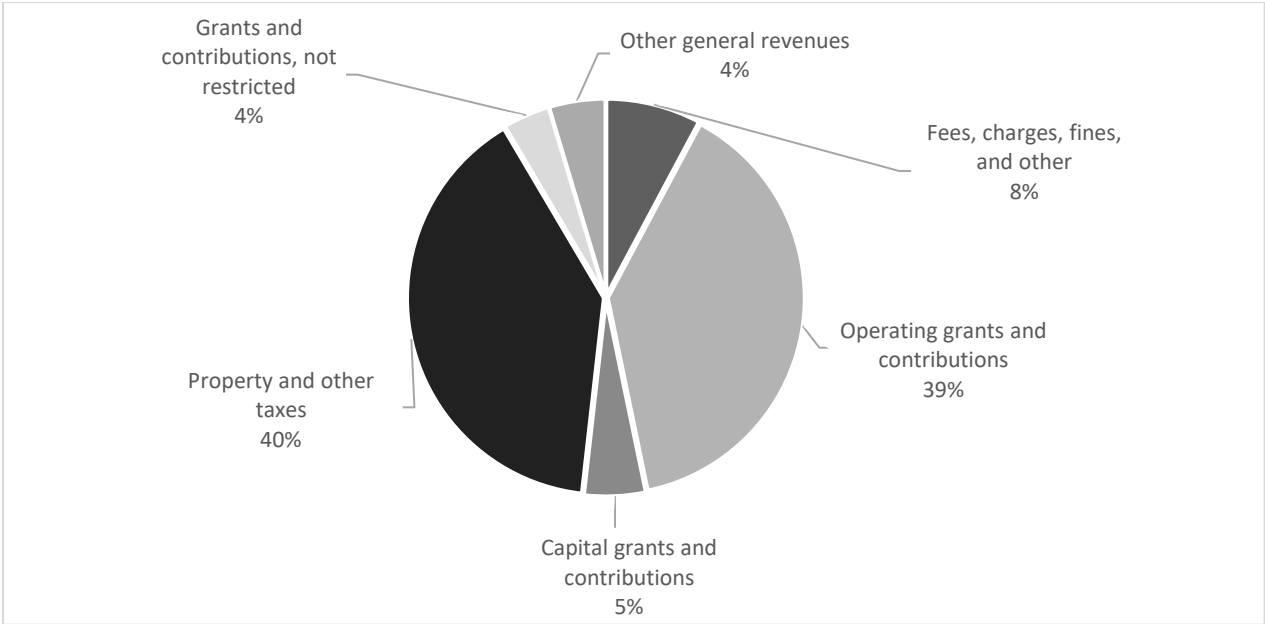
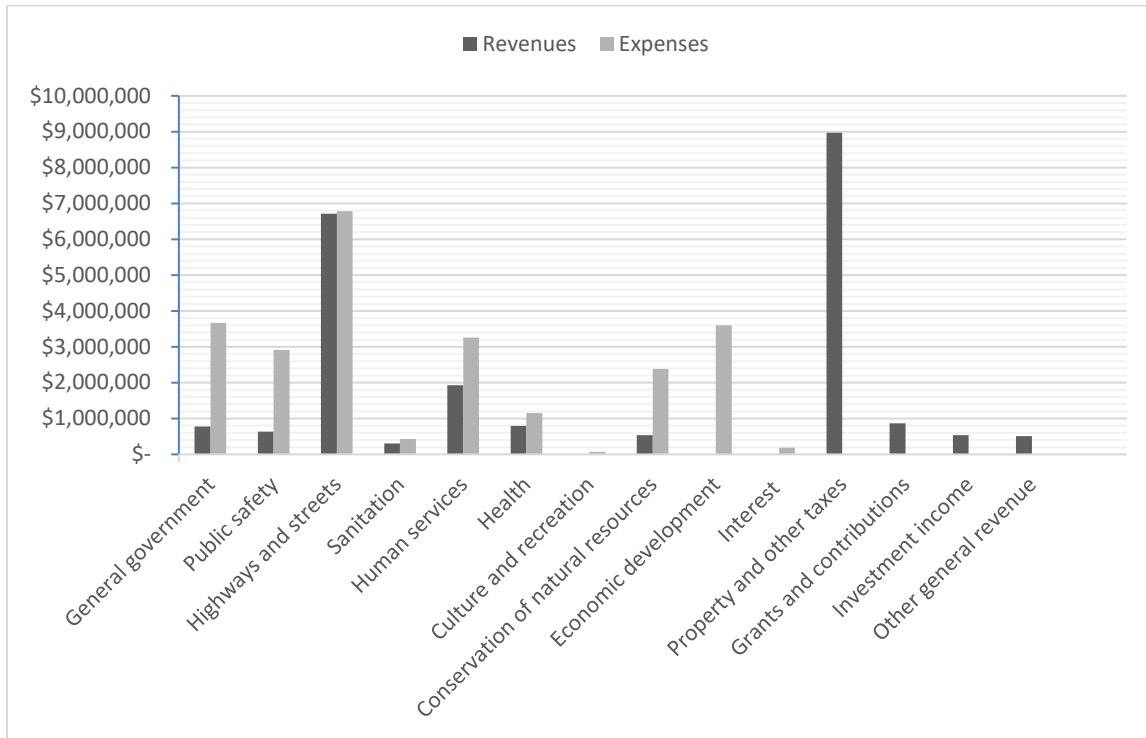


Table 2 presents the cost and revenue of each program, as well as the County's general revenues.

Total program and general revenues for the County were \$22,575,641, while total expenses were \$24,451,649. This reflects a \$1,876,008 decrease in net position for the year ended December 31, 2023.

Table 2
General Revenues, Program Revenues, and Expenses



The table below presents the cost of each of the County's program functions, as well as each function's net cost (total cost, less revenues generated by the activity). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

Governmental Activities

	Total Cost of Services	Net Cost of Services
General government	\$ 3,666,736	\$ 2,891,646
Public safety	2,906,870	2,271,461
Highway and streets	6,785,245	73,279
Human services	3,262,454	1,334,902
Sanitation	427,731	125,606
Health	1,151,901	354,008
Culture and recreation	76,662	76,662
Conservation of natural resources	2,388,118	1,854,152
Economic development	3,600,941	3,594,056
Interest	184,991	184,991
Totals	\$ 24,451,649	\$ 12,760,763

General Fund Budgetary Highlights

The Wilkin County Board of Commissioners, over the course of the year, may amend/revise the County's budget. These budget amendments usually will fall into one of two categories: new information changing original budget estimations and greater than anticipated revenues or costs. During 2023, the County made no budgetary amendments/revisions.

Actual revenues were greater than budgeted revenues by \$1,967,275, primarily due to intergovernmental revenues.

Actual expenditures were greater than budgeted expenditures by \$5,939,476 due to bond proceeds paid to the watershed district and an increase in expenditures related to the flood diversion settlement funds.

Capital Assets and Debt Administration

Capital Assets

Wilkin County's capital assets for its governmental activities at December 31, 2023, totaled \$59,887,309 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure. The investment in capital assets increased \$2,988,175, or 5.25 percent, from the previous year.

Governmental Capital Assets (Net of Depreciation)		
	2023	2022
Land	\$ 1,224,023	\$ 1,224,023
Infrastructure	50,776,973	42,215,374
Buildings	4,720,246	4,945,447
Improvements other than buildings	27,050	33,684
Machinery, furniture, and equipment	2,867,995	2,301,668
Software	141,266	167,863
Construction in progress	129,756	6,011,075
Total	<u>\$ 59,887,309</u>	<u>\$ 56,899,134</u>

Additional information on the County's capital assets can be found in Note 3 – Detailed Notes to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the County had total outstanding debt of \$5,185,000.

Outstanding Debt at Year-End		
	2023	2022
General obligation drainage bonds	<u>\$ 5,185,000</u>	<u>\$ 3,810,000</u>

The County's debt related to general obligation bonds increased by \$1,375,000 during the fiscal year.

Additional information on the County's long-term debt can be found in Note 3 – Detailed Notes to the financial statements.

Economic Factors and Next Year's Budgets

Wilkin County's elected and appointed officials considered many factors when setting the 2023 budget and tax levy. These factors include state-aid levels, increasing input costs, appropriate fund balances, being mindful of the burden on County taxpayers, and a need to provide a certain level of services to Wilkin County residents/taxpayers.

- The unemployment rate for Wilkin County at the end of 2023 was 1.30 percent, which is a decrease of 1.40 percent from the end of 2022.
- The County's expenditures for 2024 are budgeted to increase 5.0 percent (\$994,261) over the 2023 original budget. The 2024 anticipated revenues, other than tax levy and special assessments, are budgeted to increase 1.60 percent (\$172,634) over the 2023 original budget.
- The net tax levy (the amount spread to taxpayers) increased 9.18 percent (\$841,627) from 2023.

Requests for Information

This financial report is designed to provide a general overview of Wilkin County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to: Wilkin County Auditor-Treasurer, Tarah Yaggie, Wilkin County Courthouse, 300 South 5th Street, PO Box 409, Breckenridge, Minnesota 56520.

Basic Financial Statements

Government-Wide Financial Statements

**Wilkin County
Breckenridge, Minnesota**

Exhibit 1

**Statement of Net Position
Governmental Activities
December 31, 2023**

Assets

Cash and pooled investments	\$ 14,021,683
Cash held by others	9,369,793
Taxes receivable – delinquent	66,043
Special assessments receivable	
Noncurrent	144,550
Accounts receivable	288,472
Loans receivable	50,100
Accrued interest receivable	108,189
Due from other governments	18,895,132
Inventories	249,832
Capital assets	
Non-depreciable	1,353,779
Depreciable – net of accumulated depreciation	58,533,530
Total Assets	\$ 103,081,103

Deferred Outflows of Resources

Deferred pension outflows	\$ 2,706,757
Deferred other postemployment benefits outflows	14,201
Total Deferred Outflows of Resources	\$ 2,720,958

Liabilities

Accounts payable	\$ 271,003
Salaries payable	170,025
Contracts payable	4,506
Due to other governments	193,390
Accrued interest payable	65,863
Unearned revenue	917,593
Long-term liabilities	
Due within one year	566,420
Due in more than one year	5,019,210
Other postemployment benefits	199,642
Net pension liability	4,355,428
Total Liabilities	\$ 11,763,080

Deferred Inflows of Resources

Advance allotments	\$ 521,458
Deferred pension inflows	3,134,692
Deferred other postemployment benefits inflows	89,793
Prepaid taxes	1,122,119
Total Deferred Inflows of Resources	\$ 4,868,062

**Wilkin County
Breckenridge, Minnesota**

Exhibit 1
(Continued)

**Statement of Net Position
Governmental Activities
December 31, 2023**

Net Position

Investment in capital assets	\$ 59,887,309
Restricted for	
General government	246,210
Public safety	393,782
Highways and streets	1,565,413
Economic development	18,070
Diversion settlement agreement projects	25,769,793
Held in trust for other purposes	3,604
Unrestricted	<u>1,286,738</u>
Total Net Position	<u>\$ 89,170,919</u>

**Wilkin County
Breckenridge, Minnesota**

Exhibit 2

**Statement of Activities
For the Year Ended December 31, 2023**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<u>Functions/Programs</u>					
Governmental activities					
General government	\$ 3,666,736	\$ 264,664	\$ 510,426	\$ -	\$ (2,891,646)
Public safety	2,906,870	75,052	560,357	-	(2,271,461)
Highways and streets	6,785,245	163,150	5,411,656	1,137,160	(73,279)
Sanitation	427,731	161,138	140,987	-	(125,606)
Human services	3,262,454	322,128	1,605,424	-	(1,334,902)
Health	1,151,901	380,212	417,681	-	(354,008)
Culture and recreation	76,662	-	-	-	(76,662)
Conservation of natural resources	2,388,118	387,595	146,371	-	(1,854,152)
Economic development	3,600,941	6,885	-	-	(3,594,056)
Interest	184,991	-	-	-	(184,991)
Total Governmental Activities	\$ 24,451,649	\$ 1,760,824	\$ 8,792,902	\$ 1,137,160	\$ (12,760,763)
General Revenues					
Property taxes				\$ 8,956,374	
Taxes – other				10,998	
Payments in lieu of tax				61,991	
Grants and contributions not restricted to specific programs				870,086	
Investment income				534,372	
Miscellaneous				450,934	
Total general revenues				\$ 10,884,755	
Change in net position				\$ (1,876,008)	
Net Position – Beginning				91,046,927	
Net Position – Ending				\$ 89,170,919	

Fund Financial Statements

Governmental Funds

**Wilkin County
Breckenridge, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<u>Assets</u>		
Cash and pooled investments	\$ 6,709,625	\$ 4,747,101
Petty cash and change funds	600	-
Cash held by others	9,369,793	-
Taxes receivable – delinquent	37,764	14,765
Special assessments receivable – noncurrent	144,550	-
Accounts receivable	12,874	33,662
Loans receivable	50,100	-
Accrued interest receivable	108,189	-
Due from other funds	4,082	683
Due from other governments	16,475,928	2,024,281
Inventories	-	249,832
Total Assets	\$ 32,913,505	\$ 7,070,324
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 146,013	\$ 34,232
Salaries payable	71,955	34,864
Compensated absences payable	-	3,915
Contracts payable	-	4,506
Due to other funds	2,203	834
Due to other governments	146,633	8,507
Unearned revenue	881,222	-
Total Liabilities	\$ 1,248,026	\$ 86,858
Deferred Inflows of Resources		
Unavailable revenue	\$ 16,580,882	\$ 1,592,731
Advance allotments	-	521,458
Prepaid taxes	-	-
Total Deferred Inflows of Resources	\$ 16,580,882	\$ 2,114,189

Exhibit 3

Human Services	Public Health Nurse	Debt Service	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ 517,813	\$ 559,916	\$ 1,223,510	\$ 258,098	\$ 14,016,063
-	20	-	5,000	5,620
-	-	-	-	9,369,793
9,727	2,969	396	422	66,043
-	-	-	-	144,550
111,613	113,034	-	17,289	288,472
-	-	-	-	50,100
-	-	-	-	108,189
329	2,037	-	-	7,131
215,509	152,306	27,108	-	18,895,132
-	-	-	-	249,832
\$ 854,991	\$ 830,282	\$ 1,251,014	\$ 280,809	\$ 43,200,925
\$ 76,626	\$ 8,742	\$ -	\$ 5,390	\$ 271,003
40,100	19,600	-	3,506	170,025
-	-	-	-	3,915
-	-	-	-	4,506
14,343	478	-	699	18,557
15,532	4,380	-	6,912	181,964
-	-	-	36,371	917,593
\$ 146,601	\$ 33,200	\$ -	\$ 52,878	\$ 1,567,563
\$ 49,186	\$ 177,256	\$ 387	\$ 4,166	\$ 18,404,608
-	-	-	-	521,458
-	-	1,122,119	-	1,122,119
\$ 49,186	\$ 177,256	\$ 1,122,506	\$ 4,166	\$ 20,048,185

**Wilkin County
Breckenridge, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u> (Continued)		
Fund Balances		
Nonspendable		
Inventories	\$ -	\$ 249,832
Missing heirs	3,604	-
Restricted		
Debt service	-	-
Real estate tax shortfall	31,030	-
Law library	42,468	-
Recorder's technology equipment	72,514	-
Enhanced 911	388,782	-
Flood mitigation development	9,369,793	-
Recorder's compliance fund	100,198	-
Economic development	18,070	-
Gravel pit restoration	-	-
Investigating and securing evidence	5,000	-
Committed		
Future aggregate	-	258,130
Assigned		
Highways and streets	-	4,361,315
Human services	-	-
Sanitation	-	-
Public health	50,836	-
Unassigned	5,002,302	-
Total Fund Balances	\$ 15,084,597	\$ 4,869,277
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 32,913,505	\$ 7,070,324

Exhibit 3*(Continued)*

Human Services	Public Health Nurse	Debt Service	Nonmajor Special Revenue Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 249,832
-	-	-	-	3,604
-	-	128,508	-	128,508
-	-	-	-	31,030
-	-	-	-	42,468
-	-	-	-	72,514
-	-	-	-	388,782
-	-	-	-	9,369,793
-	-	-	-	100,198
-	-	-	-	18,070
-	-	-	5,617	5,617
-	-	-	-	5,000
-	-	-	-	258,130
-	-	-	-	4,361,315
659,204	-	-	-	659,204
-	-	-	218,148	218,148
-	619,826	-	-	670,662
-	-	-	-	5,002,302
\$ 659,204	\$ 619,826	\$ 128,508	\$ 223,765	\$ 21,585,177
\$ 854,991	\$ 830,282	\$ 1,251,014	\$ 280,809	\$ 43,200,925

**Wilkin County
Breckenridge, Minnesota**

Exhibit 4

**Reconciliation of Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position—Governmental Activities
December 31, 2023**

Fund balances – total governmental funds (Exhibit 3)	\$ 21,585,177
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.	59,887,309
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.	2,706,757
Deferred outflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.	14,201
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	18,404,608
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	\$ (5,185,000)
Bond premium	(17,332)
Accrued interest payable	(65,863)
Compensated absences	(379,383)
Other postemployment benefits liability	(199,642)
Net pension liability	<u>(4,355,428)</u>
	(10,202,648)
Deferred inflows resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,134,692)
Deferred inflows resulting from other postemployment obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(89,793)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 89,170,919</u>

**Wilkin County
Breckenridge, Minnesota**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>
Revenues		
Taxes	\$ 5,162,416	\$ 1,952,749
Special assessments	-	-
Licenses and permits	7,827	-
Intergovernmental	1,926,915	6,651,050
Charges for services	292,760	311,881
Fines and forfeits	2,324	-
Gifts and contributions	-	-
Investment earnings	528,121	-
Miscellaneous	449,688	23,337
Total Revenues	\$ 8,370,051	\$ 8,939,017
Expenditures		
Current		
General government	\$ 3,573,895	\$ -
Public safety	3,181,797	-
Highways and streets	-	8,651,735
Sanitation	-	-
Human services	-	-
Health	1,298	-
Culture and recreation	72,568	2,101
Conservation of natural resources	2,387,922	-
Economic development	3,600,941	-
Intergovernmental		
Highways and streets	-	468,588
Debt service		
Principal	-	-
Interest	-	-
Bond issuance costs	31,431	-
Administrative (fiscal) charges	-	-
Total Expenditures	\$ 12,849,852	\$ 9,122,424
Excess of Revenues Over (Under) Expenditures	\$ (4,479,801)	\$ (183,407)
Other Financing Sources (Uses)		
Bonds issued	\$ 2,010,000	\$ -
Premium on bonds issued	9,067	-
Total Other Financing Sources (Uses)	\$ 2,019,067	\$ -
Net Change in Fund Balance	\$ (2,460,734)	\$ (183,407)
Fund Balance – January 1	17,545,331	5,374,885
Increase (decrease) in inventories	-	(322,201)
Fund Balance – December 31	\$ 15,084,597	\$ 4,869,277

Exhibit 5

Human Services	Public Health Nurse	Debt Service	Nonmajor Special Revenue Funds	Total
\$ 1,401,180	\$ 411,465	\$ 2,017	\$ 50,243	\$ 8,980,070
-	-	386,976	-	386,976
-	-	-	950	8,777
1,747,923	480,969	171	145,611	10,952,639
330,028	316,133	-	97,865	1,348,667
-	-	-	-	2,324
-	21,000	-	-	21,000
-	-	-	-	528,121
20,901	4,385	48,250	62,323	608,884
\$ 3,500,032	\$ 1,233,952	\$ 437,414	\$ 356,992	\$ 22,837,458
\$ -	\$ -	\$ -	\$ -	\$ 3,573,895
-	-	-	-	3,181,797
-	-	-	-	8,651,735
-	-	-	329,202	329,202
3,238,558	-	-	-	3,238,558
-	1,129,904	-	-	1,131,202
-	-	-	-	74,669
-	-	-	78,047	2,465,969
-	-	-	-	3,600,941
-	-	-	-	468,588
-	-	635,000	-	635,000
-	-	70,840	-	70,840
-	-	-	-	31,431
-	-	50,600	-	50,600
\$ 3,238,558	\$ 1,129,904	\$ 756,440	\$ 407,249	\$ 27,504,427
\$ 261,474	\$ 104,048	\$ (319,026)	\$ (50,257)	\$ (4,666,969)
\$ -	\$ -	\$ -	\$ -	\$ 2,010,000
-	-	-	-	9,067
\$ -	\$ -	\$ -	\$ -	\$ 2,019,067
\$ 261,474	\$ 104,048	\$ (319,026)	\$ (50,257)	\$ (2,647,902)
397,730	515,778	447,534	274,022	24,555,280
-	-	-	-	(322,201)
\$ 659,204	\$ 619,826	\$ 128,508	\$ 223,765	\$ 21,585,177

**Wilkin County
Breckenridge, Minnesota**

Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the
Government-Wide Statement of Activities—Governmental Activities
For the Year Ended December 31, 2023**

Net change in fund balance – total governmental funds (Exhibit 5) **\$ (2,647,902)**

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 revenues between the fund statements and the statement of activities is the increase or decrease in revenues deferred as unavailable.

Unavailable revenue – December 31	\$ 18,404,608	
Unavailable revenue – January 1	<u>(18,521,102)</u>	(116,494)

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. In the statement of activities, the net book value of assets disposed of is expensed, while not reported in the fund statements.

Expenditures for general capital assets and infrastructure	\$ 6,028,241	
Current year depreciation	<u>(3,040,066)</u>	2,988,175

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.

Proceeds of new debt		
General obligation bonds issued	\$ (2,010,000)	
Premium on bonds issued	<u>(9,067)</u>	(2,019,067)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General obligation bonds		635,000
--------------------------	--	---------

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

990

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 the governmental funds.

Change in accrued interest payable	\$ (33,110)	
Change in compensated absences	(11,676)	
Change in other postemployment benefits liability	(25,473)	
Change in net pension liability	3,546,014	
Change in deferred pension outflows of resources	(953,681)	
Change in deferred pension inflows of resources	(2,940,070)	
Change in deferred other postemployment benefits outflows	3,814	
Change in deferred other postemployment benefits inflows	19,673	
Change in inventories	<u>(322,201)</u>	<u>(716,710)</u>

Change in Net Position of Governmental Activities (Exhibit 2) **\$ (1,876,008)**

Fiduciary Funds

**Wilkin County
Breckenridge, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ 72,143	\$ 257,519
Taxes receivable for other governments	-	126,323
Accounts receivable	-	196
Due from other funds	-	11,426
Total Assets	\$ 72,143	\$ 395,464
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 230,516
Due to others	2,988	337
Total Liabilities	\$ 2,988	\$ 230,853
<u>Net Position</u>		
Restricted for		
Individuals, organizations, other governments	\$ 69,155	\$ 164,611

**Wilkin County
Breckenridge, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions		
Individuals	\$ 608,418	\$ 64,503
Investment earnings		
Interest, dividends, and other	-	1,289
Property tax collections for other governments	-	7,144,996
Contributions from participants	-	46,415
Licenses and fees collected for the state	-	320,833
Miscellaneous	-	25,180
Total Additions	\$ 608,418	\$ 7,603,216
Deductions		
Beneficiary payments to individuals	\$ 615,010	\$ -
Payments of property tax to other governments	-	7,114,307
Payments to the state	-	385,336
Administrative expense	-	1,500
Distribution to participants	-	49,484
Payments to other entities	-	25,101
Total Deductions	\$ 615,010	\$ 7,575,728
Change in net position	\$ (6,592)	\$ 27,488
Net Position – January 1	75,747	137,123
Net Position – December 31	\$ 69,155	\$ 164,611

Wilkin County Breckenridge, Minnesota

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

Note 1 – Summary of Significant Accounting Policies

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

Financial Reporting Entity

Wilkin County was established March 6, 1868, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. 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.

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures and jointly-governed organizations, which are described in Note 5.

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the County. 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.

In the government-wide statement of net position, the governmental activities: (a) are presented on a consolidated basis; and (b) are reported on a full accrual, economic resource basis that 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) 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 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. The County does not allocate indirect expenses to functions within the financial statements.

Wilkin County

Breckenridge, Minnesota

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 and fiduciary—are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 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.

The Human Services Special Revenue Fund is used to account for economic assistance and community social services programs.

The Public Health Nurse Special Revenue Fund is used to account for providing nursing service care to the elderly and other residents of the County. Financing is provided by health care service grants, County contributions, and user service charges.

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of the government.

Additionally, the County reports the following fund types:

The Private-Purpose Trust Fund accounts for funds held in trust that the County acts on behalf of individuals as representative payee.

Custodial funds are custodial in nature. These funds account for activity that the County holds for others in an agent capacity.

Measurement Focus and Basis of Accounting

The government-wide 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. Shared revenues are generally recognized in the period the appropriation goes into effect. 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. Wilkin County considers all revenue as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied, provided they are also

Wilkin County

Breckenridge, Minnesota

available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. 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 long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Proceeds of long-term debt 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.

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2023. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value (NAV) or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

Wilkin County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the NAV per share provided by the pool.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2023 were \$528,121.

Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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."

No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

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 taxes receivable – delinquent.

Special Assessments Receivable

Special assessments receivable consists of a special assessment authorized by the County as a pass-through entity for the St. Paul Port Authority to administer the Property Assessed Clean Energy (PACE) financing program. As part

Wilkin County

Breckenridge, Minnesota

of the agreement, the County levies special assessments on each parcel each year and sends the payment to the St. Paul Port Authority to pay the debt service. No provision has been made for an estimated uncollectible amount.

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories at the government-wide level are recorded as expenses when consumed.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than the capitalization threshold and 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 acquisition value. The County's capitalization threshold for capital assets is as follows:

Capitalization Threshold	
Assets	Capitalization Threshold
Land	\$ 1
Buildings	5,000
Building improvements	5,000
Public domain infrastructure	5,000
Furniture, equipment, and vehicles	5,000

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.

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

Estimated Useful Lives of Capital Assets	
Assets	Years
Buildings	25-40
Improvements other than buildings	20-35
Infrastructure	15-75
Machinery, furniture, and equipment	3-15

Wilkin County

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Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, if material, 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.

In the fund financial statements, governmental funds 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.

Pension Plan

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. 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. Plan investments are reported at fair value. The pension liability is liquidated through the General Fund and other governmental funds that have personal services.

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 County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the County has five types of deferred inflows—unavailable revenue, advance allotments,

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prepaid taxes, deferred pension inflows, and OPEB inflows—that qualify for reporting in this category. The governmental funds report unavailable revenue associated with receivables not collected within the period of availability. 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 and advance allotments amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The advance allotments are also reported as an inflow of resources under the full accrual basis in the statement of net position. Prepaid taxes arise under both the modified accrual and the full accrual basis of accounting and, accordingly, are reported in the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

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

Classification of Net Position

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

Investment in capital assets – represents capital assets, net of accumulated depreciation.

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 net investment in capital assets.

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 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 on which constraints have been placed on the use of resources 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 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 that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents

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the remaining amount 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 and 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.

Minimum Fund Balance

Wilkin County is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Wilkin County has adopted a minimum fund balance policy to address cash flow or working capital needs. The County is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County will maintain an unrestricted fund balance level of no less than five months of operating expenditures.

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, 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.

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following nonmajor individual fund and debt service fund had expenditures in excess of budget for the year ended December 31, 2023:

	Excess of Expenditures Over Budget					
	Expenditures		Budget		Excess	
Environmental Special Revenue Fund	\$	407,249	\$	381,696	\$	25,553
Debt Service Fund		756,440		2,000		754,440

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Note 3 – Detailed Notes

Assets

Deposits and Investments

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

Reconciliation of the County's Total Cash and Investments to the Basic Financial Statements as of December 31, 2023	
Governmental activities	
Cash and pooled investments	\$ 14,021,683
Cash held by others	9,369,793
Fiduciary funds	
Cash and pooled investments	<u>329,662</u>
Total Cash and Investments	<u>\$ 23,721,138</u>

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 not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2023, the County's deposits were not exposed to custodial credit risk.

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;

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- (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) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or 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 minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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 requirement 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. The County does not have a policy on custodial credit risk. As of December 31, 2023, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit.

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The following table presents the County's cash and investment balances at December 31, 2023, and information relating to potential investment risks:

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2023

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal Home Loan Bank bonds	AA+	S&P		09/30/2026	\$ 185,704
Federal Home Loan Bank bonds	AA+	S&P		11/24/2026	189,386
Total Federal Home Loan Bank bonds			5.98%		<u>\$ 375,090</u>
Negotiable certificates of deposit					
American Express National Bank	N/R	N/A		07/15/2024	\$ 242,393
Bank of China	N/R	N/A		08/29/2024	245,468
Bank of America	N/R	N/A		10/03/2024	245,600
Lendingclub Bank	N/R	N/A		12/30/2024	245,779
JP Morgan	N/R	N/A		12/16/2026	177,662
Total negotiable certificates of deposit			18.44%		<u>\$ 1,156,902</u>
Investment pools/mutual funds					
MAGIC Fund	N/R	N/A	75.59%	N/A	<u>\$ 4,742,871</u>
Total Investments					<u>\$ 6,274,863</u>
Deposits					8,070,862
Cash held by others					9,369,793
Change funds					<u>5,620</u>
Total Cash and Investments					<u>\$ 23,721,138</u>

N/A – Not Applicable

N/R – Not Rated

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.

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At December 31, 2023, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2023

	December 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Federal Home Loan Bank bonds	\$ 375,090	\$ -	\$ 375,090	\$ -
Negotiable certificates of deposit	1,156,902	-	1,156,902	-
Total investments by fair value level	\$ 1,531,992	\$ -	\$ 1,531,992	\$ -
Investments measured at the NAV				
MAGIC Portfolio	4,742,871			
Total Investments	\$ 6,274,863			

All Level 2 debt securities are valued using a market approach based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at NAV. The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each member.

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 its redemption request. The 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 NAV not reasonably practical.

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Receivables

Receivables as of December 31, 2023, for the County's governmental activities are as follows:

Governmental Activities' Receivables as of December 31, 2023

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	\$ 66,043	\$ -
Special assessments – noncurrent	144,550	126,365
Accounts	288,472	-
Loans	50,100	40,663
Interest	108,189	-
Due from other governments	18,895,132	16,000,000
Total	<u>\$ 19,552,486</u>	<u>\$ 16,167,028</u>

During 2020, the Metro Flood Diversion Authority and local governments in the geographic area agreed on the Red River Diversion Plan. Wilkin County's share of the settlement will be \$30,000,000, of which \$14,000,000 was collected in 2021. The remainder of \$16,000,000 will be paid in future years, with regular annual payments to begin in 2027 and go through 2059.

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Capital Assets

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

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,224,023	\$ -	\$ -	\$ 1,224,023
Construction in progress	6,011,075	4,917,172	10,798,491	129,756
Total capital assets not depreciated	\$ 7,235,098	\$ 4,917,172	\$ 10,798,491	\$ 1,353,779
Capital assets depreciated				
Improvements other than buildings	\$ 174,350	\$ -	\$ -	\$ 174,350
Buildings	8,976,900	-	-	8,976,900
Machinery, furniture, and equipment	7,352,392	1,111,069	299,999	8,163,462
Software	333,523	-	-	333,523
Infrastructure	81,997,618	10,798,491	-	92,796,109
Total capital assets depreciated	\$ 98,834,783	\$ 11,909,560	\$ 299,999	\$ 110,444,344
Less: accumulated depreciation for				
Improvements other than buildings	\$ 140,666	\$ 6,634	\$ -	\$ 147,300
Buildings	4,031,453	225,201	-	4,256,654
Machinery, furniture, and equipment	5,050,724	544,742	299,999	5,295,467
Software	165,660	26,597	-	192,257
Infrastructure	39,782,244	2,236,892	-	42,019,136
Total accumulated depreciation	\$ 49,170,747	\$ 3,040,066	\$ 299,999	\$ 51,910,814
Total capital assets depreciated, net	\$ 49,664,036	\$ 8,869,494	\$ -	\$ 58,533,530
Governmental Activities Capital Assets, Net	\$ 56,899,134	\$ 13,786,666	\$ 10,798,491	\$ 59,887,309

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

Depreciation Expense Charged to Functions/Programs

General government	\$ 74,022
Public safety	252,970
Highways and streets, including depreciation of infrastructure assets	2,679,046
Culture and recreation	1,993
Human services	14,066
Health	1,308
Sanitation	16,661
Total Depreciation Expense	<u>\$ 3,040,066</u>

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Interfund Receivables and Payables

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

Due To/From Other Funds

Interfund Balances as of December 31, 2023		
Receivable Fund	Payable Fund	Amount
General Fund	Road and Bridge Special Revenue Fund	\$ 834
	Human Services Special Revenue Fund	2,754
	Public Health Nurse Special Revenue Fund	478
	Environmental Special Revenue Fund	16
Total due to General Fund		\$ 4,082
Road and Bridge Special Revenue Fund	Environmental Special Revenue Fund	\$ 683
Human Services Special Revenue Fund	General Fund	\$ 329
Public Health Nurse Special Revenue Fund	General Fund	\$ 585
	Human Services Special Revenue Fund	1,452
Total due to Public Health Nurse Special Revenue Fund		\$ 2,037
Children's Collaborative Custodial Fund	General Fund	\$ 1,289
	Human Services Special Revenue Fund	10,137
Total due to Children's Collaborative Custodial Fund		\$ 11,426
Total Due To/From Other Funds		\$ 18,557

The outstanding balances between the 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.

Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2023, were as follows:

Governmental Activities' Payables as of December 31, 2023

	Governmental Activities
Accounts	\$ 271,003
Salaries	170,025
Contracts	4,506
Due to other governments	193,390
Accrued interest	65,863
Total Payables	\$ 704,787

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Long-Term Debt

Bond payments are made from the Debt Service Fund. Information on individual bonds payable was as follows:

Governmental Activities' Bonds Payable as of December 31, 2023

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General obligation bonds					
2018 G.O. Drainage Bonds	2034	\$50,000-\$70,000	3.2693	\$ 865,000	\$ 585,000
2019 G.O. Drainage Bonds	2035	\$105,000-\$145,000	2.5020	1,805,000	1,095,000
2021 G.O. Drainage Bonds	2035	\$95,000-\$105,000	1.5516	1,495,000	1,495,000
2023 G.O. Drainage Bonds	2040	\$105,000-\$170,000	3.7714	2,010,000	2,010,000
Total general obligation bonds				<u>\$ 6,175,000</u>	<u>\$ 5,185,000</u>
Add: unamortized premium					17,332
Total General Obligation Bonds, Net					<u>\$ 5,202,332</u>

Debt Service Requirements

Debt service requirements at December 31, 2023, were as follows:

Debt Service Requirements as of December 31, 2023

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2024	\$ 220,000	\$ 144,248
2025	220,000	128,473
2026	335,000	122,742
2027	335,000	115,178
2028	345,000	107,429
2029-2033	1,865,000	404,998
2034-2038	1,530,000	168,154
2039-2040	335,000	13,500
Total	<u>\$ 5,185,000</u>	<u>\$ 1,204,722</u>

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Changes in Long-Term Liabilities

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

Changes in Long-Term Liabilities for the Year Ended December 31, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term liabilities					
Bonds payable					
General obligation bonds	\$ 3,810,000	\$ 2,010,000	\$ 635,000	\$ 5,185,000	\$ 220,000
Add: Unamortized premium	9,255	9,067	990	17,332	-
Total bonds payable	\$ 3,819,255	\$ 2,019,067	\$ 635,990	\$ 5,202,332	\$ 220,000
Compensated absences	389,957	520,071	526,730	383,298	346,420
Total Long-Term Liabilities	\$ 4,209,212	\$ 2,539,138	\$ 1,162,720	\$ 5,585,630	\$ 566,420

Compensated absences are liquidated by the General Fund and other funds that have personal services.

Deferred Inflows of Resources – Governmental Funds

Unavailable revenue consists of taxes, special assessments, state and/or federal grants and highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. Prepaid taxes consist of the County's share of property taxes collected in advance. Deferred inflows of resources at December 31, 2023, are summarized below by fund.

Deferred Inflows of Resources as of December 31, 2023

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 24,288	\$ 144,550	\$ -	\$ 16,412,044	\$ 16,580,882
Road and Bridge Special Revenue	9,602	-	2,081,254	23,333	2,114,189
Human Services Special Revenue	6,057	-	2,582	40,547	49,186
Public Health Nurse Special Revenue	1,885	-	1,247	174,124	177,256
Debt Service	1,122,506	-	-	-	1,122,506
Nonmajor governmental fund					
Environmental Special Revenue	286	3,880	-	-	4,166
Total	\$ 1,164,624	\$ 148,430	\$ 2,085,083	\$ 16,650,048	\$ 20,048,185
Deferred inflows of resources					
Unavailable revenue	\$ 42,505	\$ 148,430	\$ 1,563,625	\$ 16,650,048	\$ 18,404,608
Advance allotments	-	-	521,458	-	521,458
Prepaid taxes	1,122,119	-	-	-	1,122,119
Total	\$ 1,164,624	\$ 148,430	\$ 2,085,083	\$ 16,650,048	\$ 20,048,185

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Other Postemployment Benefits (OPEB)

Plan Description

Wilkin 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.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2022, actuarial valuation, the following employees were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms As of the January 1, 2022, Actuarial Valuation

Inactive employees or beneficiaries currently receiving benefit payments	-
Active plan participants	105
Total	<u>105</u>

Total OPEB Liability

The County's total OPEB liability of \$199,642 was measured as of January 1, 2023, determined by an actuarial valuation as of January 1, 2022.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.0 percent
Salary increases	Service graded table
Health care cost trend	6.25 percent, as of January 1, 2023, grading to 5 percent over 6 years and then to 4 percent over the next 48 years

The current year discount rate is 2.00 percent based on the estimated yield of 20-Year AA-rated municipal bonds.

Mortality rates are based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions are currently based on a combination of historical information, projected future data, and the most recent actuarial experience studies for PERA.

The method to develop starting claims costs, by age adjusting the premium information, was done under the Alternative Measurement Method.

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Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2023

Balance at January 1, 2023	\$ 174,169
Changes for the year	
Service cost	\$ 27,160
Interest	3,970
Benefit payments	(5,657)
Net change	\$ 25,473
Balance at December 31, 2023	\$ 199,642

OPEB liability is liquidated by the General Fund and other funds that have personal services.

OPEB Liability Sensitivity

The following presents the total OPEB liability of the County, calculated using the discount rate previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2023

	Discount Rate	Total OPEB Liability
1% Decrease	1.00%	\$ 213,748
Current	2.00%	199,642
1% Increase	3.00%	186,372

The following presents the total OPEB liability of the County, calculated using the health care cost trend previously disclosed, as well as what the County's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates as of December 31, 2023

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 176,227
Current	6.25% Decreasing to 5.00%	199,642
1% Increase	7.25% Decreasing to 6.00%	228,160

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OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the County recognized OPEB expense of \$12,246. The County reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 87,543
Changes in actuarial assumptions	3,941	2,250
Contributions made subsequent to the measurement date	10,260	-
Total	<u>\$ 14,201</u>	<u>\$ 89,793</u>

The \$10,260 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024.

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

Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB As of December 31, 2023

Year Ended December 31	OPEB Expense Amount
2024	\$ (18,884)
2025	(18,884)
2026	(18,878)
2027	(14,602)
2028	(14,604)

Changes in Actuarial Assumptions

There were no changes in actuarial assumptions for 2023.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Wilkin County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional

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Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service. No Wilkin County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 2.50 percent. If the Correctional 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 2.50 percent to 1.50 percent. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the

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applicable 85 percent or 80 percent funding status, the increase returns to 2.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

For General Employees Plan 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. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2022.

Member and Employer Required Contribution Rates

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80%	17.70%
Correctional Plan	5.83%	8.75%

Employer Contributions for the Year Ended December 31, 2023

General Employees Plan	\$ 368,195
Police and Fire Plan	99,610
Correctional Plan	65,746

The contributions are equal to the statutorily required contributions as set by state statute.

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[Pension Costs](#)

General Employees Plan

At December 31, 2023, the County reported a liability of \$3,500,522 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.0626 percent. It was 0.0598 percent measured as of June 30, 2022. The County recognized pension expense of \$477,143 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$433 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

General Employees Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2023

The County's proportionate share of the net pension liability	\$ 3,500,522
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>96,459</u>
Total	<u><u>\$ 3,596,981</u></u>

The County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

General Employees Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 113,724	\$ 22,843
Changes in actuarial assumptions	536,993	959,463
Difference between projected and actual investment earnings	-	129,130
Changes in proportion	176,997	1,499
Contributions paid to PERA subsequent to the measurement date	<u>183,838</u>	<u>-</u>
Total	<u><u>\$ 1,011,552</u></u>	<u><u>\$ 1,112,935</u></u>

The \$183,838 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ 125,353
2025	(451,751)
2026	117,115
2027	(75,938)

Police and Fire Plan

At December 31, 2023, the County reported a liability of \$720,105 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.0417 percent. It was 0.0475 percent measured as of June 30, 2022. The County recognized pension expense of \$185,950 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional (\$1,748) as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2023

The County's proportionate share of the net pension liability	\$	720,105
State of Minnesota's proportionate share of the net pension liability associated with the County		29,020
Total	\$	<u>749,125</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$3,753 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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The County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 213,075	\$ -
Changes in actuarial assumptions	971,588	1,014,032
Difference between projected and actual investment earnings	-	47,204
Changes in proportion	14,391	259,275
Contributions paid to PERA subsequent to the measurement date	52,782	-
Total	<u>\$ 1,251,836</u>	<u>\$ 1,320,511</u>

The \$52,782 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ 19,183
2025	(25,930)
2026	178,925
2027	(72,906)
2028	(220,729)

Correctional Plan

At December 31, 2023, the County reported a liability of \$134,801 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 0.2982 percent. It was 0.3304 percent measured as of June 30, 2022. The County recognized pension expense of \$106,067 for its proportionate share of the Correctional Plan's pension expense.

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The County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 51,920	\$ 12,736
Changes in actuarial assumptions	342,020	614,981
Difference between projected and actual investment earnings	12,618	-
Changes in proportion	1,330	73,529
Contributions paid to PERA subsequent to the measurement date	35,481	-
Total	<u>\$ 443,369</u>	<u>\$ 701,246</u>

The \$35,481 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Correctional Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2023

Year Ended December 31	Pension Expense Amount
2024	\$ (5,711)
2025	(347,424)
2026	74,003
2027	(14,226)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was \$769,160.

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Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Actuarial Assumptions for the Year Ended June 30, 2023

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	7.00%	7.00%	7.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost-of-living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2023, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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.

Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33.50%	5.10%
International equities	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent, 5.40 percent, and 5.42 percent used in 2022 for the General Employees Plan, the Police and Fire Plan, and the Correctional Plan, respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan, the Police and Fire Plan, and the

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Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2023:

General Employees Plan

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Plan

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

Correctional Plan

- The investment return rate was changed from 6.50 percent to 7.00 percent.

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- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

Pension Liability Sensitivity

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2023

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 6,192,704	6.00%	\$ 1,428,774	6.00%	\$ 710,554
Current	7.00%	3,500,522	7.00%	720,105	7.00%	134,801
1% Increase	8.00%	1,286,099	8.00%	137,484	8.00%	(324,576)

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

Four board members of Wilkin 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 five 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 two percent of employer contributions and 0.25

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percent of the assets in each member account annually.

Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2023

	Employee	Employer
Contribution amount	\$ 4,758	\$ 4,758
Percentage of covered payroll	5.00%	5.00%

Note 4 – 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). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risks, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2023 and 2024. 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.

Note 5 – Summary of Significant Contingencies and Other Items

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 judgements, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

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Joint Ventures

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services 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.

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from the City appointed by its City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

In the event of dissolution of the Central Minnesota Emergency Services 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 or county 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 Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants. During 2023, Wilkin County did not contribute any funds to the Board.

Complete financial information can be obtained from the Central Minnesota Emergency Services Board, City of St. Cloud, Office of the Mayor, City Hall, 1201 7th Street South, St. Cloud, Minnesota 56301.

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc. (CPUI), and to provide for the development, operation, and maintenance of technology applications and systems. CPT is comprised of 31 members, of which 24 are voting members of CPT and seven are non-voting members.

Control is vested in the CPT Board, which consists of one individual appointed by each voting member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by the original members is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Excess funds beyond the initial capital contribution shall be distributed to members as determined by the CPT Board. Full repayment of initial capital contributed by members joining after the original signatories to the initial agreement is not to be required to be completed prior to the CPT Board distributing excess fund balances to other members.

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Financing is primarily from county member contributions. During 2023, Wilkin County did not provide any contributions to CPT.

Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

Lakes to River Drug and Violent Crimes Task Force

The Lakes to River Drug and Violent Crimes Task Force was established in 2016 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Clay and Wilkin Counties and the Cities of Breckenridge and Moorhead. The Task Force's objectives are to investigate and prosecute criminal activity, including narcotics trafficking related to violent crimes and gang activity.

Control of the Task Force is vested in a Board of Directors. The Board consists of the chief law enforcement officer from each participating agency, or their designee. Any participating agency may withdraw from the Task Force by written notification to the Executive Director. In the event of dissolution, after all financial obligations are met, any remaining funds will be equally distributed to the participating agencies based upon their level of participation.

Fiscal agent responsibilities for the Task Force are with the City of Moorhead Police Department. During 2023, Wilkin County did not contribute any funds to the Task Force.

Separate financial information can be obtained from the Moorhead Law Enforcement Center, 911 – 11th Street North, Moorhead, Minnesota 56560.

Northwest Regional Development Commission

The Northwest Regional Development Commission provides services to Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau Counties in Northwest and West Central Minnesota. Through the Dancing Sky Area Agency on Aging program, the Northwest Regional Development Commission serves 21 counties in Regions I, II, and IV. This combined 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.

Control is vested in the Northwest Regional Development Commission Board. The Board consists of one Commissioner from each of the seven counties. Each member of the Board is appointed by the County Commissioners of the county he or she represents. The Northwest Regional Development Commission 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.

Financing is provided by appropriations from member parties and by state and federal grants. During 2023, Wilkin County provided \$1,298 to this organization.

Complete financial information can be obtained from the Northwest Regional Development Commission, 109 South Minnesota Street, Warren, Minnesota 56762.

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Wilkin County Children's Collaborative

The Wilkin County Children's Collaborative was established in 1997, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23 (now 142D.15). The Collaborative includes Wilkin County; Wilkin County Family Service Agency; Wilkin County Public Health Nursing Service; Wilkin County Court Services; Independent School District Nos. 846, 850, and 852; St. Mary School; St. Francis Medical Center/Hope Unit; and Clay-Wilkin Opportunity Council/Head Start. The purpose of the Collaborative is to provide coordinated family services and to commit resources to an integrated fund.

Control of the Wilkin County Children's Collaborative is vested in a Board of Directors, which is composed of one member appointed by each member party.

In the event of a withdrawal from the Wilkin County Children's Collaborative, the withdrawing party shall give a 90-day notice. The withdrawing party shall not be entitled to a refund of monies contributed to the Collaborative prior to the effective date of withdrawal. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Collaborative's debts and liabilities, settling its affairs, and disposing of its remaining property.

Financing is provided by state grants and appropriations and contributions from its member parties. Wilkin County, in an agent capacity, reports the cash transactions of the Wilkin County Children's Collaborative as a custodial fund on its financial statements. During 2023, Wilkin County did not contribute to the Collaborative.

Rural Minnesota Concentrated Employment Program, Inc. (WIOA – Rural Minnesota Workforce Service Area 2)

The Rural Minnesota Concentrated Employment Program, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in North Central and West Central Minnesota. The agency was incorporated in 1968 to operate employment and training programs, which include Workforce Innovation Act services. The RMCEP was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

The RMCEP is governed by a Board of Directors, which is comprised of representatives from a wide variety of industry sectors, education, and human services. During 2023, Wilkin County did not contribute any funds to this organization.

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, as well as the Cities of Breckenridge, Crookston, Detroit Lakes, Mahnomen, and Moorhead. Control of the Library is vested in the Agassiz Regional Library Board of Trustees, with 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof.

In 2023, Wilkin County provided \$58,390 in the form of an appropriation.

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Financial information can be obtained from the Lake Agassiz Regional Library Regional Office, 118 – 5th Street South, Moorhead, Minnesota 56560.

Court Services – Big Stone, Grant, Stevens, Traverse, and Wilkin Counties

Big Stone, Grant, Stevens, Traverse, and Wilkin Counties participate in a joint venture to provide corrections services to the five-county area. The joint powers agreement was effective June 1, 1962.

Court services are headquartered in Wheaton, Minnesota, with office locations at the county seats of the member counties.

The two probation officers for the five-county area are appointed by three area judges, who also set the probation officer salaries. The Minnesota Department of Corrections reimburses Traverse County for a portion of the probation officer salaries. The remaining expenses are allocated to each participating county based on population. During 2023, Wilkin County contributed \$68,549 to the entity.

Traverse County acts as fiscal agent. Traverse County reports the probation activity in a separate department within the General Fund.

Financial information can be obtained from the Traverse County Auditor/Treasurer, PO Box 428, Wheaton, Minnesota 56296.

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

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

The financial activities of Partnership4Health are accounted for in a custodial fund by Clay County. The individuals who administer the activities of Partnership4Health are considered to be employees of Clay County Public Health and Otter Tail County Public Health.

During 2023, Wilkin County did not contribute to Partnership4Health Community Health Board.

Separate financial information can be obtained from Partnership4Health Community Health Board, 715 – 11th Street North, Moorhead, Minnesota 56560.

Wilkin County

Breckenridge, Minnesota

Southern Valley Economic Development Authority

Wilkin County participates in the Southern Valley Economic Development Authority (SVEDA) under the authority granted in Minn. Stat. § 471.59. The SVEDA includes Richland County Jobs Development Authority (North Dakota); Wilkin County; and the Cities of Wahpeton, North Dakota, and Breckenridge, Minnesota. The purpose of the Economic Development Authority is to aid, assist, and promote economic development, new wealth creation, and job growth within the Economic Development Authority's geographic area. Each entity is responsible for its proportionate share of the annual budget. Control is vested in a Joint Powers Board consisting of eight members, with two members appointed by each member agency.

In the event of termination of the agreement, the Economic Development Authority may sell and liquidate any and all non-monetary assets prior to distribution that are not otherwise owned by a member. Upon dissolution, the entities will have 120 days to agree upon a division of the assets among themselves, otherwise the proceeds will be distributed in proportion to the members' respective contributions. Any remaining funds and assets shall be divided and distributed to the members in proportion to the percentage of annual contribution. During 2023, Wilkin County contributed \$25,200 to the Southern Valley Economic Development Authority.

Jointly-Governed Organizations

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

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, Otter Tail 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 seven members having staggered terms of three years each, with one appointed by the Becker County Board, three appointed by the Clay County Board, one appointed by the Otter Tail County Board, and two appointed by the Wilkin County Board.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Wilkin County made no payments to the joint powers.

District IV Transportation Planning

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

Wilkin County Breckenridge, Minnesota

Minnesota Red River Basin of the North Joint Powers Board

The Minnesota Red River Basin of the North Joint Powers Board was established November 29, 1999, by an agreement between Wilkin County and 17 other counties.

The agreement was made to serve as a focal point for land and water concerns for those counties surrounding the Minnesota Red River Basin. Each county is responsible for its proportionate share of the administrative budget.

Control is vested in a Joint Powers Board comprised of one Commissioner from each member county. Each member of the Board is appointed by the County Commissioners of the county he or she represents.

In the event of termination of the agreement, any unexpended funds and surplus property shall be disposed of equally among the member counties. During 2023, Wilkin County contributed \$178 to the Joint Powers Board.

Complete financial statements can be obtained from The International Coalition for Land – Water, Stewardship in the Red River Basin, 119 – 5th Street South, Moorhead, Minnesota 56560.

Southwest Minnesota Immunization Information Connection

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Wilkin County did not contribute to the SW-MIIC during 2023.

Richland-Wilkin Joint Powers Authority

Wilkin County, Minnesota, and Richland County, North Dakota, entered into a joint powers agreement for the purpose of protecting the citizens and properties of these two counties and to oppose the planned construction of dams on the Wild Rice and Red Rivers as currently proposed in the Fargo Metropolitan Area Flood and Risk Management Project. Wilkin County participates in this agreement pursuant to the authority granted in Minn. Stat. § 471.59. Control is vested in a Board, which is composed of two members appointed by the Wilkin County Board and two members appointed by the Richland County Board. Wilkin County did not contribute to the Richland-Wilkin Joint Powers Authority during 2023.

Minnesota Rural Counties

The Minnesota Rural Counties (formerly Minnesota Rural Counties Caucus) was established in 1997 and includes Aitkin, Becker, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Mower, Murray, Norman, Pennington, Pine, Pipestone, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin, and Wright Counties. Control is vested in the Minnesota Rural Counties Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each county also appoints a delegate and alternate to the Board of Directors. Wilkin County's responsibility does not extend beyond making these appointments.

Wilkin County Breckenridge, Minnesota

Bois de Sioux Watershed District

Effective November 19, 1991, and authorized under Minn. Stat. § 103D.335, subds. 2 and 21, Wilkin County and the Bois de Sioux Watershed District entered into a joint powers agreement for the purpose of providing for the repair and maintenance of Wilkin County Ditch No. 8. Ditch No. 8 lies outside the present boundaries of the Bois de Sioux Watershed District. The Board is composed of nine members, one member of which is appointed by Wilkin County.

Required Supplementary Information

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,620,566	\$ 5,620,566	\$ 5,162,416	\$ (458,150)
Licenses and permits	6,100	6,100	7,827	1,727
Intergovernmental	491,260	491,260	1,926,915	1,435,655
Charges for services	231,520	231,520	292,760	61,240
Fines and forfeits	-	-	2,324	2,324
Investment earnings	50,020	50,020	528,121	478,101
Miscellaneous	3,310	3,310	449,688	446,378
Total Revenues	\$ 6,402,776	\$ 6,402,776	\$ 8,370,051	\$ 1,967,275
Expenditures				
Current				
General government				
Commissioners	\$ 196,094	\$ 196,094	\$ 323,339	\$ (127,245)
Courts	126,447	126,447	173,729	(47,282)
County auditor-treasurer	510,324	510,324	517,885	(7,561)
County assessor	307,710	307,710	310,118	(2,408)
Health	-	-	259,748	(259,748)
Human resources	157,295	157,295	185,755	(28,460)
Elections	28,975	28,975	22,740	6,235
Data processing	426,497	426,497	407,453	19,044
Attorney	387,555	387,555	368,682	18,873
Law library	-	-	4,815	(4,815)
Recorder	305,452	305,452	256,825	48,627
Planning and zoning	3,650	3,650	1,895	1,755
Buildings and plant	286,982	286,982	248,051	38,931
Veterans service officer	77,318	77,318	94,937	(17,619)
Geographic information systems	25,710	25,710	26,276	(566)
Unallocated	248,250	248,250	371,647	(123,397)
Total general government	\$ 3,088,259	\$ 3,088,259	\$ 3,573,895	\$ (485,636)
Public safety				
Sheriff	\$ 1,455,324	\$ 1,455,324	\$ 1,276,336	\$ 178,988
K-9 unit	7,600	7,600	7,801	(201)
Communications	581,965	581,965	550,502	31,463
Coroner	30,000	30,000	21,457	8,543
E-911 system	152,238	152,238	494,384	(342,146)
County jail	980,866	980,866	779,131	201,735
Emergency management	49,526	49,526	52,186	(2,660)
Total public safety	\$ 3,257,519	\$ 3,257,519	\$ 3,181,797	\$ 75,722
Health				
Land of the Dancing Sky	\$ 1,298	\$ 1,298	\$ 1,298	\$ -
Rothsay Partners	1,000	1,000	-	1,000
Total health	\$ 2,298	\$ 2,298	\$ 1,298	\$ 1,000

**Wilkin County
Breckenridge, Minnesota**

**Exhibit A-1
(Continued)**

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Culture and recreation				
Historical society	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Regional library	58,390	58,390	58,390	-
Memorial celebrations	200	200	100	100
Red River Valley Emerging Leaders	900	900	900	-
Red River Basin Commission	178	178	178	-
Senior citizens	3,000	3,000	3,000	-
Total culture and recreation	\$ 72,668	\$ 72,668	\$ 72,568	\$ 100
Conservation of natural resources				
County extension	\$ 157,477	\$ 157,477	\$ 139,312	\$ 18,165
Soil and water conservation	112,750	112,750	112,750	-
Aquatic invasive species	3,606	3,606	3,606	-
Riparian protection	146,371	146,371	117,388	28,983
Agricultural society/County fair	15,000	15,000	15,000	-
Weed control	12,528	12,528	12,230	298
Watershed contribution	-	-	1,987,636	(1,987,636)
Total conservation of natural resources	\$ 447,732	\$ 447,732	\$ 2,387,922	\$ (1,940,190)
Economic development				
Economic development	\$ 39,300	\$ 39,300	\$ 3,598,341	\$ (3,559,041)
Community development	2,600	2,600	2,600	-
Total economic development	\$ 41,900	\$ 41,900	\$ 3,600,941	\$ (3,559,041)
Debt service				
Bond issuance costs	\$ -	\$ -	\$ 31,431	\$ (31,431)
Total Expenditures	\$ 6,910,376	\$ 6,910,376	\$ 12,849,852	\$ (5,939,476)
Excess of Revenues Over (Under) Expenditures	\$ (507,600)	\$ (507,600)	\$ (4,479,801)	\$ (3,972,201)
Other Financing Sources (Uses)				
Bonds issued	\$ -	\$ -	\$ 2,010,000	\$ 2,010,000
Premium on bonds issued	-	-	9,067	9,067
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 2,019,067	\$ 2,019,067
Net Change in Fund Balance	\$ (507,600)	\$ (507,600)	\$ (2,460,734)	\$ (1,953,134)
Fund Balance – January 1	17,545,331	17,545,331	17,545,331	-
Fund Balance – December 31	\$ 17,037,731	\$ 17,037,731	\$ 15,084,597	\$ (1,953,134)

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,128,987	\$ 2,128,987	\$ 1,952,749	\$ (176,238)
Intergovernmental	5,498,981	5,498,981	6,651,050	1,152,069
Charges for services	156,500	156,500	311,881	155,381
Miscellaneous	40,500	40,500	23,337	(17,163)
Total Revenues	\$ 7,824,968	\$ 7,824,968	\$ 8,939,017	\$ 1,114,049
Expenditures				
Current				
Highways and streets				
Administration	\$ 391,302	\$ 391,302	\$ 391,949	\$ (647)
Maintenance	2,502,042	2,502,042	2,078,536	423,506
Construction	3,347,550	3,347,550	5,128,442	(1,780,892)
Equipment maintenance and shop	887,883	887,883	949,229	(61,346)
Unallocated – highways and streets	105,300	105,300	103,579	1,721
Total highways and streets	\$ 7,234,077	\$ 7,234,077	\$ 8,651,735	\$ (1,417,658)
Culture and recreation				
Parks	1,650	1,650	2,101	(451)
Intergovernmental				
Highways and streets	649,241	649,241	468,588	180,653
Total Expenditures	\$ 7,884,968	\$ 7,884,968	\$ 9,122,424	\$ (1,237,456)
Net Change in Fund Balance	\$ (60,000)	\$ (60,000)	\$ (183,407)	\$ (123,407)
Fund Balance – January 1	5,374,885	5,374,885	5,374,885	-
Increase (decrease) in inventories	-	-	(322,201)	(322,201)
Fund Balance – December 31	\$ 5,314,885	\$ 5,314,885	\$ 4,869,277	\$ (445,608)

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-3

**Budgetary Comparison Schedule
Human Services Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,525,992	\$ 1,525,992	\$ 1,401,180	\$ (124,812)
Intergovernmental	1,492,405	1,492,405	1,747,923	255,518
Charges for services	363,502	363,502	330,028	(33,474)
Investment earnings	15	15	-	(15)
Miscellaneous	26,094	26,094	20,901	(5,193)
Total Revenues	\$ 3,408,008	\$ 3,408,008	\$ 3,500,032	\$ 92,024
Expenditures				
Current				
Human services				
Income maintenance	\$ 1,153,122	\$ 1,153,122	\$ 1,111,254	\$ 41,868
Social services	2,272,886	2,272,886	2,127,304	145,582
Total Expenditures	\$ 3,426,008	\$ 3,426,008	\$ 3,238,558	\$ 187,450
Net Change in Fund Balance	\$ (18,000)	\$ (18,000)	\$ 261,474	\$ 279,474
Fund Balance – January 1	397,730	397,730	397,730	-
Fund Balance – December 31	\$ 379,730	\$ 379,730	\$ 659,204	\$ 279,474

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-4

**Budgetary Comparison Schedule
Public Health Nurse Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 447,968	\$ 447,968	\$ 411,465	\$ (36,503)
Intergovernmental	246,348	246,348	480,969	234,621
Charges for services	227,706	227,706	316,133	88,427
Gifts and contributions	2,500	2,500	21,000	18,500
Miscellaneous	-	-	4,385	4,385
Total Revenues	\$ 924,522	\$ 924,522	\$ 1,233,952	\$ 309,430
Expenditures				
Current				
Health				
Nursing service	924,522	924,522	1,129,904	(205,382)
Net Change in Fund Balance	\$ -	\$ -	\$ 104,048	\$ 104,048
Fund Balance – January 1	515,778	515,778	515,778	-
Fund Balance – December 31	\$ 515,778	\$ 515,778	\$ 619,826	\$ 104,048

**Wilkin County
Breckenridge, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2023**

	<u>2023</u>	<u>2022</u>
Total OPEB Liability		
Service cost	\$ 27,160	\$ 26,369
Interest	3,970	7,990
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(107,735)
Changes of assumption or other inputs	-	5,519
Benefit payments	<u>(5,657)</u>	<u>(14,159)</u>
Net change in total OPEB liability	\$ 25,473	\$ (82,016)
Total OPEB Liability – Beginning	<u>174,169</u>	<u>256,185</u>
Total OPEB Liability – Ending	<u>\$ 199,642</u>	<u>\$ 174,169</u>
 Covered-employee payroll	 \$ 5,841,404	 \$ 5,671,266
Total OPEB liability (asset) as a percentage of covered-employee payroll	3.42%	3.07%

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

Exhibit A-5

2021	2020	2019	2018
\$ 24,609	\$ 23,834	\$ 17,597	\$ 17,084
7,342	8,676	8,108	8,092
-	(5,258)	-	-
-	(24,710)	-	-
-	-	-	-
(8,602)	(17,418)	(12,066)	(38,171)
\$ 23,349	\$ (14,876)	\$ 13,639	\$ (12,995)
232,836	247,712	234,073	247,068
\$ 256,185	\$ 232,836	\$ 247,712	\$ 234,073
\$ 5,362,588	\$ 5,193,790	\$ 5,205,424	\$ 5,053,810
4.78%	4.48%	4.76%	4.63%

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-6

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2023**

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 Wilkin County (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
2023	0.0626 %	\$ 3,500,522	\$ 96,459	\$ 3,596,981	\$ 4,976,384	70.34 %	83.10 %
2022	0.0598	4,736,180	138,731	4,874,911	4,475,911	105.81	76.67
2021	0.0593	2,532,376	77,320	2,609,696	4,271,044	59.29	87.00
2020	0.0594	3,561,301	109,940	3,671,241	4,237,794	84.04	79.06
2019	0.0581	3,212,219	99,829	3,312,048	4,149,937	77.40	80.23
2018	0.0576	3,195,412	104,834	3,300,246	3,831,770	83.39	79.53
2017	0.0600	3,830,360	48,194	3,878,554	3,770,074	101.60	75.90
2016	0.0599	4,863,583	63,539	4,927,122	3,717,541	130.83	68.91
2015	0.0620	3,213,162	N/A	3,213,162	3,647,074	88.10	78.19

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

The measurement date for each year is June 30.

N/A – Not Applicable

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-7

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2023**

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)
2023	\$ 368,195	\$ 368,195	\$ -	\$ 4,909,273	7.50 %
2022	348,284	348,284	-	4,643,781	7.50
2021	323,928	323,928	-	4,319,038	7.50
2020	331,442	331,442	-	4,419,220	7.50
2019	316,370	316,370	-	4,218,269	7.50
2018	293,995	293,995	-	3,919,930	7.50
2017	291,553	291,553	-	3,887,374	7.50
2016	286,140	286,140	-	3,815,203	7.50
2015	273,724	273,724	-	3,649,653	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.

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-8

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2023**

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 Wilkin County (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
2023	0.0417 %	\$ 720,105	\$ 29,020	\$ 749,125	\$ 548,204	131.36 %	86.47 %
2022	0.0475	2,067,012	90,344	2,157,356	577,380	358.00	93.66
2021	0.0500	389,035	17,501	406,536	595,641	65.31	93.66
2020	0.0550	721,005	16,989	737,994	617,445	116.77	87.19
2019	0.0560	599,370	N/A	599,370	594,204	100.87	89.26
2018	0.0480	513,762	N/A	513,762	508,013	101.13	88.84
2017	0.0500	675,060	N/A	675,060	463,127	145.76	85.43
2016	0.0440	1,765,797	N/A	1,765,797	427,232	413.31	63.88
2015	0.0410	465,856	N/A	465,856	374,631	124.35	86.61

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

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-9

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2023**

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)
2023	\$ 99,610	\$ 99,610	\$ -	\$ 562,769	17.70 %
2022	99,917	99,917	-	564,500	17.70
2021	96,174	96,174	-	543,359	17.70
2020	115,626	115,626	-	653,257	17.70
2019	103,366	103,366	-	609,828	16.95
2018	87,497	87,497	-	540,105	16.20
2017	84,851	84,851	-	523,770	16.20
2016	77,330	77,330	-	477,342	16.20
2015	62,192	62,192	-	383,901	16.20

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.

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-10

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2023**

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
2023	0.2982 %	\$ 134,801	\$ 699,313	19.28 %	95.94 %
2022	0.3304	1,098,250	725,864	151.30	74.58
2021	0.2900	(47,756)	642,753	(7.43)	101.61
2020	0.2700	73,560	589,986	12.47	96.67
2019	0.2600	35,665	549,477	6.49	98.17
2018	0.2500	41,397	514,087	8.05	97.64
2017	0.2600	741,003	497,051	149.08	67.89
2016	0.2600	949,816	486,463	195.25	58.16
2015	0.2500	38,650	374,631	10.32	96.95

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.

**Wilkin County
Breckenridge, Minnesota**

Exhibit A-11

**Schedule of Contributions
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2023**

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)
2023	\$ 65,746	\$ 65,746	\$ -	\$ 751,386	8.75 %
2022	60,940	60,940	-	696,460	8.75
2021	60,716	60,716	-	693,893	8.75
2020	54,283	54,283	-	620,379	8.75
2019	51,040	51,040	-	583,309	8.75
2018	44,365	44,365	-	507,034	8.75
2017	46,555	46,555	-	532,058	8.75
2016	43,867	43,867	-	501,334	8.75
2015	40,214	40,214	-	459,589	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.

Wilkin County Breckenridge, Minnesota

Notes to the Required Supplementary Information For the Year Ended December 31, 2023

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Tax Reserve Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the Wilkin County Auditor so that a budget can be prepared. Before October 31, 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 appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board did not make any budgetary amendments.

Note 2 – Excess of Expenditures Over Budget

The General Fund and the following major special revenue funds had expenditures in excess of final budget for the year ended December 31, 2023:

Excess of Expenditures Over Budget for the Year Ended December 31, 2023

	Expenditures	Budget	Excess
General Fund	\$ 12,849,852	\$ 6,910,376	\$ 5,939,476
Road and Bridge Special Revenue Fund	9,122,424	7,884,968	1,237,456
Public Health Nurse Special Revenue Fund	1,129,904	924,522	205,382

Note 3 – Other Postemployment Benefits Funding Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits. See Note 3 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

Note 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

2023

None.

Wilkin County Breckenridge, Minnesota

2022

- The health care trend rates, mortality tables, salary increase rates, retirement rates, and withdrawal rates were updated.
- The inflation rate was changed from 2.50 percent to 2.00 percent.
- The discount rate was changed from 2.90 percent to 2.00 percent.

2021

None.

2020

- The health care trend rates, mortality tables, and salary increase rates were updated.
- The discount rate was changed from 3.30 percent to 2.90 percent.

2019

None.

Note 5 – 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 (PERA) for the fiscal year June 30:

General Employees Retirement Plan

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Wilkin County Breckenridge, Minnesota

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Wilkin County Breckenridge, Minnesota

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- 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.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 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 the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

Wilkin County Breckenridge, Minnesota

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

Wilkin County Breckenridge, Minnesota

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases 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. Additionally, 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 effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. 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.

Wilkin County Breckenridge, Minnesota

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The 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.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested 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 table assumed for healthy retirees.
- The 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.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The 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 post-retirement 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.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Wilkin County Breckenridge, Minnesota

Public Employees Local Government Correctional Service Retirement Plan

2023

- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

2022

- The single discount rate changed from 6.50 percent to 5.42 percent.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054, and 1.50 percent per annum thereafter.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new

Wilkin County Breckenridge, Minnesota

rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).

- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- 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.
- Post-retirement 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 percent for two consecutive years, or 80 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

- 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

Wilkin County Breckenridge, Minnesota

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 Scale MP-2016).

- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Supplementary Information

**Wilkin County
Breckenridge, Minnesota**

Exhibit B-1

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Taxes	\$ 2,000	\$ 2,000	\$ 2,017	\$ 17
Special assessments	-	-	386,976	386,976
Intergovernmental	-	-	171	171
Miscellaneous	-	-	48,250	48,250
Total Revenues	\$ 2,000	\$ 2,000	\$ 437,414	\$ 435,414
Expenditures				
Debt service				
Principal	\$ -	\$ -	\$ 635,000	\$ (635,000)
Interest	-	-	70,840	(70,840)
Administrative (fiscal) fees	2,000	2,000	50,600	(48,600)
Total Expenditures	\$ 2,000	\$ 2,000	\$ 756,440	\$ (754,440)
Net Change in Fund Balance	\$ -	\$ -	\$ (319,026)	\$ (319,026)
Fund Balance – January 1	447,534	447,534	447,534	-
Fund Balance – December 31	\$ 447,534	\$ 447,534	\$ 128,508	\$ (319,026)

**Wilkin County
Breckenridge, Minnesota**

Nonmajor Governmental Funds

Special Revenue Funds

Environmental Fund – to account for the financial transactions of providing environmental services. Financing is provided by special assessments, charges for services, and intergovernmental revenues designated for environmental purposes.

Gravel Tax Reserve Fund – to account for the proceeds of a special gravel removal or occupation tax restricted to expenditures for the restoration of abandoned gravel pits.

**Wilkin County
Breckenridge, Minnesota**

Exhibit C-1

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2023**

	<u>Environmental</u>	<u>Gravel Tax Reserve</u>	<u>Total (Exhibit 3)</u>
<u>Assets</u>			
Cash and pooled investments	\$ 252,642	\$ 5,456	\$ 258,098
Petty cash and change funds	5,000	-	5,000
Taxes receivable – delinquent	422	-	422
Accounts receivable	16,686	603	17,289
Total Assets	\$ 274,750	\$ 6,059	\$ 280,809
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 5,390	\$ -	\$ 5,390
Salaries payable	3,506	-	3,506
Due to other funds	699	-	699
Due to other governments	6,470	442	6,912
Unearned revenue	36,371	-	36,371
Total Liabilities	\$ 52,436	\$ 442	\$ 52,878
Deferred Inflows of Resources			
Unavailable revenue	\$ 4,166	\$ -	\$ 4,166
Fund Balances			
Restricted			
Gravel pit restoration	\$ -	\$ 5,617	\$ 5,617
Assigned			
Sanitation	218,148	-	218,148
Total Fund Balances	\$ 218,148	\$ 5,617	\$ 223,765
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 274,750	\$ 6,059	\$ 280,809

**Wilkin County
Breckenridge, Minnesota**

Exhibit C-2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023**

	<u>Environmental</u>	<u>Gravel Tax Reserve</u>	<u>Total (Exhibit 3)</u>
Revenues			
Taxes	\$ 49,813	\$ 430	\$ 50,243
Licenses and permits	950	-	950
Intergovernmental	145,611	-	145,611
Charges for services	97,865	-	97,865
Miscellaneous	62,323	-	62,323
Total Revenues	\$ 356,562	\$ 430	\$ 356,992
Expenditures			
Current			
Sanitation	\$ 329,202	\$ -	\$ 329,202
Conservation of natural resources	78,047	-	78,047
Total Expenditures	\$ 407,249	\$ -	\$ 407,249
Net Change in Fund Balance	\$ (50,687)	\$ 430	\$ (50,257)
Fund Balance – January 1	268,835	5,187	274,022
Fund Balance – December 31	\$ 218,148	\$ 5,617	\$ 223,765

**Wilkin County
Breckenridge, Minnesota**

Exhibit C-3

**Budgetary Comparison Schedule
Environmental Special Revenue Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 53,704	\$ 53,704	\$ 49,813	\$ (3,891)
Licenses and permits	750	750	950	200
Intergovernmental	113,242	113,242	145,611	32,369
Charges for services	94,000	94,000	97,865	3,865
Miscellaneous	70,000	70,000	62,323	(7,677)
Total Revenues	\$ 331,696	\$ 331,696	\$ 356,562	\$ 24,866
Expenditures				
Current				
Sanitation				
Solid waste	\$ 202,366	\$ 202,366	\$ 204,585	\$ (2,219)
Recycling	127,220	127,220	123,917	3,303
Education	-	-	700	(700)
Total sanitation	\$ 329,586	\$ 329,586	\$ 329,202	\$ 384
Conservation of natural resources				
Water planning	\$ 24,732	\$ 24,732	\$ 30,294	\$ (5,562)
Shoreland	-	-	3,593	(3,593)
Wetland conservation	8,778	8,778	11,984	(3,206)
Subsurface sewage treatment	18,600	18,600	32,176	(13,576)
Total conservation of natural resources	\$ 52,110	\$ 52,110	\$ 78,047	\$ (25,937)
Total Expenditures	\$ 381,696	\$ 381,696	\$ 407,249	\$ (25,553)
Net Change in Fund Balance	\$ (50,000)	\$ (50,000)	\$ (50,687)	\$ (687)
Fund Balance – January 1	268,835	268,835	268,835	-
Fund Balance – December 31	\$ 218,835	\$ 218,835	\$ 218,148	\$ (687)

Wilkin County Breckenridge, Minnesota

Fiduciary Funds – Custodial Funds

Children’s Collaborative – to account for the collection and disbursement of funds for the local Collaborative.

Jail Inmate – to account for any funds collected from the jail inmates at the time of booking or other monies brought in for their personal use, and the disbursement of these funds for commissary purchases, bonds, booking fees, and other similar fees.

Recoveries – to account for the State of Minnesota’s share of estate recoveries associated with the Medical Assistance Program, and MAXIS recoveries associated with Minnesota Family Investment Program, Temporary Assistance to Needy Families, Aid to Families with Dependent Children, General Assistance, General Assistance Medical Care, and Group Residential Housing programs.

State Revenue – to account for the collection and payment of amounts due to the state.

Taxes and Penalties – to account for the collection of taxes and penalties and their payment to the various taxing districts.

**Wilkin County
Breckenridge, Minnesota**

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2023**

	<u>Children's Collaborative</u>	<u>Jail Inmate</u>
<u>Assets</u>		
Cash and pooled investments	\$ 26,386	\$ 2,785
Taxes receivable for other governments	-	-
Accounts receivable	186	-
Due from other funds	11,426	-
Total Assets	\$ 37,998	\$ 2,785
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 2,158
Due to others	-	337
Total Liabilities	\$ -	\$ 2,495
<u>Net Position</u>		
Restricted for Individuals, organizations, other governments	\$ 37,998	\$ 290

Exhibit D-1

<u>Recoveries</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ 11,349	\$ 25,232	\$ 191,767	\$ 257,519
-	4,342	121,981	126,323
-	10	-	196
-	-	-	11,426
<u>\$ 11,349</u>	<u>\$ 29,584</u>	<u>\$ 313,748</u>	<u>\$ 395,464</u>
\$ 11,349	\$ 25,242	\$ 191,767	\$ 230,516
-	-	-	337
<u>\$ 11,349</u>	<u>\$ 25,242</u>	<u>\$ 191,767</u>	<u>\$ 230,853</u>
<u>\$ -</u>	<u>\$ 4,342</u>	<u>\$ 121,981</u>	<u>\$ 164,611</u>

**Wilkin County
Breckenridge, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2023**

	<u>Children's Collaborative</u>	<u>Jail Inmate</u>
Additions		
Contributions		
Individuals	\$ -	\$ -
Investment earnings		
Interest, dividends, and other	1,289	-
Property tax collections for other governments	-	-
Contributions from participants	46,415	-
Licenses and fees collected for the state	-	-
Miscellaneous	-	25,180
Total Additions	\$ 47,704	\$ 25,180
Deductions		
Payments of property tax to other governments	\$ -	\$ -
Payments to the state	-	-
Administrative expense	1,500	-
Distributions to participants	49,484	-
Payments to other entities	-	25,101
Total Deductions	\$ 50,984	\$ 25,101
Change in net position	\$ (3,280)	\$ 79
Net Position – January 1	41,278	211
Net Position – December 31	\$ 37,998	\$ 290

Exhibit D-2

<u>Recoveries</u>	<u>State Revenue</u>	<u>Taxes and Penalties</u>	<u>Total Custodial Funds</u>
\$ 64,503	\$ -	\$ -	\$ 64,503
-	-	-	1,289
-	491,382	6,653,614	7,144,996
-	-	-	46,415
-	320,833	-	320,833
-	-	-	25,180
<u>\$ 64,503</u>	<u>\$ 812,215</u>	<u>\$ 6,653,614</u>	<u>\$ 7,603,216</u>
\$ -	\$ 489,992	\$ 6,624,315	\$ 7,114,307
64,503	320,833	-	385,336
-	-	-	1,500
-	-	-	49,484
-	-	-	25,101
<u>\$ 64,503</u>	<u>\$ 810,825</u>	<u>\$ 6,624,315</u>	<u>\$ 7,575,728</u>
\$ -	\$ 1,390	\$ 29,299	\$ 27,488
-	2,952	92,682	137,123
<u>\$ -</u>	<u>\$ 4,342</u>	<u>\$ 121,981</u>	<u>\$ 164,611</u>

Schedules

**Wilkin County
Breckenridge, Minnesota**

Exhibit E-1

**Schedule of Deposits and Investments
For the Year Ended December 31, 2023**

	Number	Interest Rate (%)	Maturity Dates	Fair Value
Cash and Pooled Investments				
Cash on hand	N/A	N/A	N/A	\$ 5,620
Cash held by others	N/A	N/A	N/A	9,369,793
Noninterest-bearing checking	Three	N/A	Continuous	112,223
Interest-bearing checking	One	Various	Continuous	279,300
Certificates of deposit	Three	0.65 to 2.50	December 31, 2024 to July 10, 2025	468,721
Money market savings	Four	Variable	Continuous	5,985,603
Bank deposit program	One	Various	Continuous	1,225,015
Brokerage certificates of deposit	Five	0.50 to 5.50	July 15, 2024 to December 16, 2026	1,156,902
Government bonds	Two	0.90 to 1.25	September 30, 2026 to November 24, 2026	375,090
Minnesota Association of Governments Investing for Counties Fund	N/A	Variable	Continuous	4,742,871
Total Cash and Pooled Investments				\$ 23,721,138

**Wilkin County
Breckenridge, Minnesota**

Exhibit E-2

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023**

	Governmental Funds
Appropriations and Shared Revenue	
State	
Highway users tax	\$ 5,262,320
County program aid	543,990
Disparity reduction credit	87,858
Pension contribution	147,761
Police aid	79,856
Market value credit	139,620
Disparity reduction aid	10,351
Border cities reimbursement	3,029
Aquatic invasive species aid	3,606
Riparian protection aid	146,371
Statewide local housing aid	84,894
Public safety aid	127,674
Local homeless prevention aid	10,892
Total appropriations and shared revenue	\$ 6,648,222
Reimbursement for Services	
State	
Human services	\$ 408,644
Payments	
Payments in lieu of taxes	\$ 51,099
Grants	
State	
Minnesota Department/Board of	
Corrections	\$ 97,967
Public Safety	418,655
Health	112,017
Human Services	429,815
Veterans Affairs	6,986
Transportation	79,482
Water and Soil Resources	68,547
Pollution Control Agency	72,440
Peace Officer Standards and Training Board	8,082
Secretary of State	3,927
Total state	\$ 1,297,918
Federal	
Department of	
Agriculture	\$ 180,426
Education	2,100
Election Assistance Commission	706
Health and Human Services	914,117
Homeland Security	12,557
Transportation	1,119,874
Treasury	316,976
Total federal	\$ 2,546,756
Total state and federal grants	\$ 3,844,674
Total Intergovernmental Revenue	\$ 10,952,639

**Wilkin County
Breckenridge, Minnesota**

Exhibit E-3

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Agriculture			
Passed Through Partnership4Health Community Health Board WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Not Provided	\$ 32,922
Passed Through Minnesota Department of Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	111,879
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN127Q7503	32,670
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2520	2,955
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$147,504)			<u>114,824</u>
Total U.S. Department of Agriculture			\$ 180,426
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	1052053	\$ 1,113,928
Passed Through the City of Breckenridge, Minnesota Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC23-2023-GRANTSD-027	5,946
Total U.S. Department of Transportation			\$ 1,119,874
U.S. Department of the Treasury			
Direct			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 266,976
COVID-19 – Local Assistance and Tribal Consistency Fund	21.032		50,000
Total U.S. Department of the Treasury			\$ 316,976
U.S. Department of Education			
Passed Through Partnership4Health Community Health Board Special Education – Grants for Infants and Families	84.181	Not Provided	\$ 2,100
U.S. Department of Election Assistance Commission			
Passed Through Office of the Minnesota Secretary of State HAVA Election Security Grants	90.404	197347	\$ 706

**Wilkin County
Breckenridge, Minnesota**

Exhibit E-3
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Health and Human Services			
Passed Through Northwest Regional Development Commission			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	Not Provided	\$ 11,564
Aging Cluster			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Not Provided	20,889
Passed Through Partnership4Health Community Health Board			
Public Health Emergency Preparedness	93.069	Not Provided	8,859
COVID-19 – Immunization Cooperative Agreements	93.268	Not Provided	546
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	36,403
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	2,636
Temporary Assistance for Needy Families	93.558	Not Provided	6,689
(Total Temporary Assistance for Needy Families 93.558 \$87,542)			
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	7,063
Passed Through Children's Dental Services			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	Not Provided	32,986
Passed Through Minnesota Department of Human Services			
Marylee Allen Promoting Safe and Stable Families Program	93.556	2201MNFPS	919
Temporary Assistance for Needy Families	93.558	2301MNTANF	80,853
(Total Temporary Assistance for Needy Families 93.558 \$87,542)			
Child Support Enforcement	93.563	2301MNCSES	226,280
Child Support Enforcement	93.563	2301MNCES	19,646
(Total Child Support Enforcement 93.563 \$245,926)			
Refugee and Entrant Assistance – State/Replacement Designee Administered Programs	93.566	2301MNRMA	426
CCDF Cluster			
Child Care and Development Block Grant	93.575	2301MNCDF	2,678
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	2,075
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	1,458
Foster Care Title IV-E	93.658	2301MNFOS	36,408
Social Services Block Grant	93.667	2301MNSOSR	53,382
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	829
COVID-19 – Elder Abuse Prevention Interventions Program	93.747	Not Provided	500
Children's Health Insurance Program	93.767	2305MN5021	457
Medicaid Cluster			
Medical Assistance Program	93.778	2305MN5ADM	352,010
Medical Assistance Program	93.778	2305MN5MAP	3,684
(Total Medical Assistance Program 93.778 \$355,694)			
Total U.S. Department of Health and Human Services			\$ 909,240

**Wilkin County
Breckenridge, Minnesota**

Exhibit E-3
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Number	Expenditures
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-20231227-6547	\$ 12,557
Total Federal Awards			\$ 2,541,879

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2023.

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 147,504
Total expenditures for Highway Safety Cluster	5,946
Total expenditures for Aging Cluster	20,889
Total expenditures for CCDF Cluster	2,678
Total expenditures for Medicaid Cluster	355,694

Wilkin County Breckenridge, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2023

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Wilkin County. The County's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Wilkin County under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Wilkin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Wilkin County.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2 – De Minimis Cost Rate

Wilkin County has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 2,546,756
Grants received more than 60 days after year-end, deferred in 2023	
COVID-19 – Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (AL No. 93.354)	1,247
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	230
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	229
Grants deferred in 2022, recognized as revenue in 2023	
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (AL No. 93.323)	(3,442)
Marylee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	(272)
Temporary Assistance for Needy Families (AL No. 93.558)	(1,996)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	(485)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)	(388)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 2,541,879</u>

Management and Compliance Section



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of County Commissioners
Wilkin County
Breckenridge, Minnesota

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wilkin County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 1, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Wilkin County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, 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 County's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Wilkin County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Wilkin County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County'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.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

May 1, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**Independent Auditor's Report

Board of County Commissioners
Wilkin County
Breckenridge, Minnesota

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Wilkin County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Wilkin County's major federal programs for the year ended December 31, 2023. Wilkin County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Wilkin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Wilkin County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Wilkin County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Wilkin County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Wilkin County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Wilkin County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, 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 Wilkin County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and
- obtain an understanding of Wilkin County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Wilkin County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Wilkin County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. Wilkin County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Wilkin County's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Wilkin County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

May 1, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Wilkin County Breckenridge, Minnesota

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Wilkin County qualified as a low-risk auditee? **Yes**

Section II – Financial Statement Findings

2023-001 Segregation of Duties

Prior Year Finding Number: N/A

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect the County assets, proper segregation of the recordkeeping, custody, and authorization functions should be in place. Where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Wilkin County

Breckenridge, Minnesota

Condition: Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

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

Effect: Inadequate segregation of duties could adversely affect the ability of the County employees, in the normal course of performing their assigned functions, to detect misstatements in a timely period.

Cause: The County informed us it is more efficient to collect fees for services in each department and periodically remit those fees to the Auditor-Treasurer's Office. The staffing available in several of these smaller offices limits the potential for complete segregation of duties.

Recommendation: We recommend the County Board of Commissioners and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are implemented to the extent possible.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

2023-002 Suspension and Debarment

Prior Year Finding Number: N/A

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Award Number and Year: SLFRP2411; 2021

Pass-Through Agency: N/A – Direct

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction.

Wilkin County Breckenridge, Minnesota

Condition: For both covered transactions tested, the County did not maintain documentation of verification that the vendors were not suspended or debarred prior to entering into the covered transactions.

Questioned Costs: None.

Context: Covered transactions are transactions involving federal awards that exceed \$25,000. During the year, two County purchases using Coronavirus State and Local Fiscal Recovery Funds exceeded this threshold.

Effect: Failure to verify vendors are not suspended, debarred, or otherwise excluded prior to entering into a covered transaction may result in the County entering into a transaction with a vendor that is not authorized to provide goods and services under the grant.

Cause: The County had significant staff turnover in key positions. The previous staff were not available to locate the documentation.

Recommendation: We recommend the County maintain documentation to demonstrate that vendors were not debarred, suspended, or otherwise excluded from conducting business with the County; the County should complete this documentation prior to entering into a covered transaction.

View of Responsible Official: Concur



Tarah Yaggie, County Auditor-Treasurer
Tulsa-Leigh Kugler, Deputy Auditor-Treasurer
Brandi Romereim, Deputy Auditor-Treasurer
Sue Solberg, Deputy Auditor-Treasurer
Matt Walberg, Deputy Auditor-Treasurer

AUDITOR PHONE 218-643-7165
TREASURER PHONE 218-643-7112
FAX 218-643-7169
AUDITOR P.O. BOX 409
TREASURER P.O. BOX 368
BRECKENRIDGE, MN 56520

**Representation of Wilkin County
Breckenridge, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2023

Finding Number: 2023-001

Finding Title: Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Tarah Yaggie and Brandi Romereim

Corrective Action Planned:

We will complete quarterly receipts records for the sheriffs and highway department.

Anticipated Completion Date:

1/1/2026

Finding Number: 2023-002

Finding Title: Suspension and Debarment

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Name of Contact Person Responsible for Corrective Action:

Matthew Walberg and Tarah Yaggie

Corrective Action Planned: We now have access to sam.gov and we will access the website and search for the vendor to ensure that they are not listed on the suspension list. We will then store the printout in the F-DRIVE and will also keep a paper copy.

Anticipated Completion Date:

1/1/2026