

*Clay County
Moorhead, MN*



*Annual Financial Report
For Year Ending
December 31, 2023*

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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INTRODUCTORY SECTION

COUNTY AUDITOR

LORI J. JOHNSON

Office Telephone: (218) 299-5006

Fax: (218) 299-5195



Honorable Chairman and Commissioners
Clay County Board of Commissioners
807 North 11th Street
Moorhead, MN 56560

Commissioners,

The Annual Financial Report of Clay County is submitted for the fiscal year ended December 31, 2023. This report was prepared by the County Auditor's Office. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position of the County and results of operation of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

The Annual Financial Report is presented in two sections: Introductory and Financial. The Introductory Section includes this transmittal letter and the County's organizational chart. The Financial Section includes the Management's Discussion and Analysis, the Basic Financial Statements, the Required Supplementary Information, and the Supplementary Information.

This report includes all of the funds and entities, which are considered to be under the direction and control of the County Board. The County provides a full range of services including public safety and law enforcement; courts and probation services; tax assessment and collection; vital statistics and public records; human services; highways, planning, inspection, and environmental health; and recreation and cultural services.

Copies of this report will be sent to elected officials, County management, bond rating agencies, and governmental agencies, which have expressed an interest in Clay County's financial affairs.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented with the basic financial statements, are an integral part of this Annual Financial Report and should be read for a full understanding of the statements and information presented herein.

INDEPENDENT AUDIT

Minnesota State Law requires an audit to be made of the books of accounts, financial records, and transactions of the County by the State Auditor. This requirement has been complied with, and the Auditor's opinion is included in this report.

The State Auditor will issue a management and compliance letter covering the review, made as part of their examination of Clay County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the professional and dedicated services of the entire staff of the Auditor's Office.

Sincerely,



Lori J. Johnson
Clay County Auditor-Treasurer

**CLAY COUNTY
MOORHEAD, MINNESOTA**

ORGANIZATION
December 31, 2023

Office	Name	Term Expires
Elected		
Commissioners		
1st District	Jenna Kahly	January 2025
2nd District	Frank Gross *	January 2025
3rd District	Jenny Mongeau	January 2023
4th District	Kevin Campbell	January 2023
5th District	David Ebinger **	January 2025
Attorney	Brian Melton	January 2023
County Sheriff	Mark Empting	January 2023
Appointed		
Assessor	Jill Murray ****	December 2024
County Administrator	Steven Larson	Indefinite
Highway Engineer	Justin Sorum	May 2027
Auditor-Treasurer	Lori J. Johnson ***	Indefinite
County Recorder	Kimberly Savageau ***	Indefinite

* Chair

** Vice Chair

*** County Recorder and Auditor-Treasurer are appointed positions as of January 2015.

**** Replaced Nancy Gunderson as Assessor as of November 20, 2023.

FINANCIAL SECTION



Independent Auditor's Report

Board of County Commissioners
Clay County
Moorhead, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay 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, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of December 31, 2023, and the respective changes in financial position, and, where applicable, its cash flows thereof 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.D.17 to the financial statements, in 2023, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

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, the Road and Bridge and Social Services Special Revenue Funds; Schedule of Changes in Total OPEB Liability and Related Ratios – Other Post Employment 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 GASB, 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 Clay County's basic financial statements. The combining nonmajor governmental fund financial statements;

budgetary comparison schedules for the County Building Special Revenue Fund, County Projects Debt Service Fund, and Law Enforcement Expansion Debt Service Fund; combining fiduciary fund financial statements; 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, on our consideration of Clay 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 Clay 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 Clay County's internal control over financial reporting and compliance.



Julie Blaha
State Auditor



Chad Struss, CPA
Deputy State Auditor

September 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023
(Unaudited)**

The financial management of Clay County offers readers of Clay County's financial statements this narrative overview and analysis of the financial activities of Clay County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Clay County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2023) by \$180,469,659 (net position). Of this amount, \$25,855,013 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net position is \$138,580,576, of which Clay County has invested \$116,873,309 in net investment in capital assets; \$8,139,525 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net position of \$41,889,083. Net investment in capital assets, represents \$26,793,321 of the total.
- The net cost of Clay County's governmental activities for the year ended December 31, 2023, was \$42,629,495. General property tax revenue and other general revenue sources totaled \$52,213,914.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Clay County's basic financial statements. Clay County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how Clay County'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 in future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Clay County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of Clay County include general government, public safety, highways and streets, human services, health, culture and recreation, conservation of natural resources, and economic development. The business-type activities of Clay County include the Family Service Center, Juvenile Center, Public Health, and Solid Waste Management.

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

Fund Financial Statements

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

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

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

Within the governmental funds, Clay County maintains four fund types: general, special revenue, debt service, and capital projects. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Road and Bridge Special Revenue Fund, Social Services Special Revenue Fund, all of which are considered to be major funds. Data from the other special revenue, debt service and capital project nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Clay County adopts an annual budget for three of its major governmental funds, the County Building nonmajor special revenue fund, County Projects nonmajor debt service fund, and Law Enforcement Expansion nonmajor debt service fund. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements may be found in Exhibits 3 through 6 of this report.

General Fund. The General Fund is used to account for all financial resources not accounted for in another fund.

Special revenue funds. Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Road and Bridge,
- Social Services,
- Opioid Settlement,
- County Building, and
- Gravel Removal Tax Reserve.

Debt service funds. The debt service funds account for the payment of principal, interest, and fiscal charges on long-term debt obligations of Clay County. The debt service funds include:

- Ditch,
- Americana Estates,
- County Projects,
- Courthouse Expansion,
- Joint Highway Facility, and
- Law Enforcement Expansion.

Capital projects funds. The capital projects fund is used to account for financial resources to be used for improvement of capital facilities. The capital project funds include:

- County Improvement,
- DMV Construction,
- Jail/Law Enforcement Construction.

Proprietary funds. Clay County maintains two different types of proprietary funds: enterprise and internal service. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Clay County uses its Family Service Center Enterprise Fund to account for the financing of the Family Service Center, which provides rental space to other departments and agencies. The Juvenile Center Enterprise Fund is used to account for the financial transactions of the fund, which provides housing for juveniles and rental space to departments and agencies. The Public Health Enterprise Fund provides nursing service care to the elderly and other residents of the County, and the Solid Waste Management Enterprise Fund is used to account for providing refuse disposal services to the public. The internal service fund is an accounting device used to accumulate and allocate costs internally among Clay County's various functions. Clay County uses its Internal Service Fund to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis. Each year, a transfer is made based upon the amount reflected in the equipment replacement schedule.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all of Clay County's enterprise funds since they are all considered to be major funds of the County. Conversely, the Internal Service Fund is reported separately on the proprietary fund financial statements.

The basic proprietary fund financial statements may be found in Exhibits 7 through 9 of this report.

Fiduciary funds. Fiduciary funds (custodial funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are not available to support Clay 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 10 and Statement of Changes in Fiduciary Net Position on Exhibit 11.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the exhibits.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents as required supplementary information the budgetary comparison schedules for Clay County's General Fund and major special revenue funds. Required supplementary information is presented immediately following the notes to the financial statements. After that, the combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Clay County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$180,469,659 at the close of the most recent fiscal year, which is an increase of \$17,826,473.

Net investment in capital assets of \$143,666,630 (land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (80 percent). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Clay County's combined net position for the year ended December 31, 2023, was \$180,469,659. Clay County's analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of Clay County's governmental and business-type activities.

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 71,846,122	\$ 69,888,665	\$ 27,533,984	\$ 26,823,468	\$ 99,380,106	\$ 96,712,133
Capital assets	160,969,725	155,715,771	44,865,206	40,118,187	205,834,931	195,833,958
Total Assets	\$ 232,815,847	\$ 225,604,436	\$ 72,399,190	\$ 66,941,655	\$ 305,215,037	\$ 292,546,091
Deferred outflows of resources						
OPEB	\$ 532,312	\$ 241,180	\$ 181,979	\$ 80,717	\$ 714,291	\$ 321,897
Deferred pension outflows	12,230,835	16,569,300	2,694,557	4,223,464	14,925,392	20,792,764
Total Deferred Outflows of Resources	\$ 12,763,147	\$ 16,810,480	\$ 2,876,536	\$ 4,304,181	\$ 15,639,683	\$ 21,114,661
Liabilities						
Long-term liabilities outstanding	\$ 74,010,617	\$ 89,163,861	\$ 26,844,142	\$ 32,927,227	\$ 100,854,759	\$ 122,091,088
Other liabilities	13,458,413	17,467,042	2,766,956	4,172,194	16,225,369	21,639,236
Total Liabilities	\$ 87,469,030	\$ 106,630,903	\$ 29,611,098	\$ 37,099,421	\$ 117,080,128	\$ 143,730,324
Deferred inflows of resources						
OPEB	\$ 264,996	\$ 58,085	\$ 91,274	\$ 19,305	\$ 356,270	\$ 77,390
Prepaid property taxes	20,089	22,428	-	-	20,089	22,428
Deferred lease inflows	5,833,190	6,222,285	168,421	292,264	6,001,611	6,514,549
Deferred pension inflows	13,411,113	485,058	3,515,850	187,817	16,926,963	672,875
Total Deferred Inflows of Resources	\$ 19,529,388	\$ 6,787,856	\$ 3,775,545	\$ 499,386	\$ 23,304,933	\$ 7,287,242
Net Position						
Net investments in capital assets	\$ 116,873,309	\$ 108,482,187	\$ 26,793,321	\$ 13,640,383	\$ 143,666,630	\$ 122,122,570
Restricted	8,139,525	6,945,779	1,589,516	628,257	9,729,041	7,574,036
Unrestricted	13,567,742	13,568,191	12,287,271	19,378,389	25,855,013	32,946,580
Total Net Position, as reported	\$ 138,580,576	\$ 128,996,157	\$ 41,889,083	\$ 33,647,029	\$ 180,469,659	\$ 162,643,186

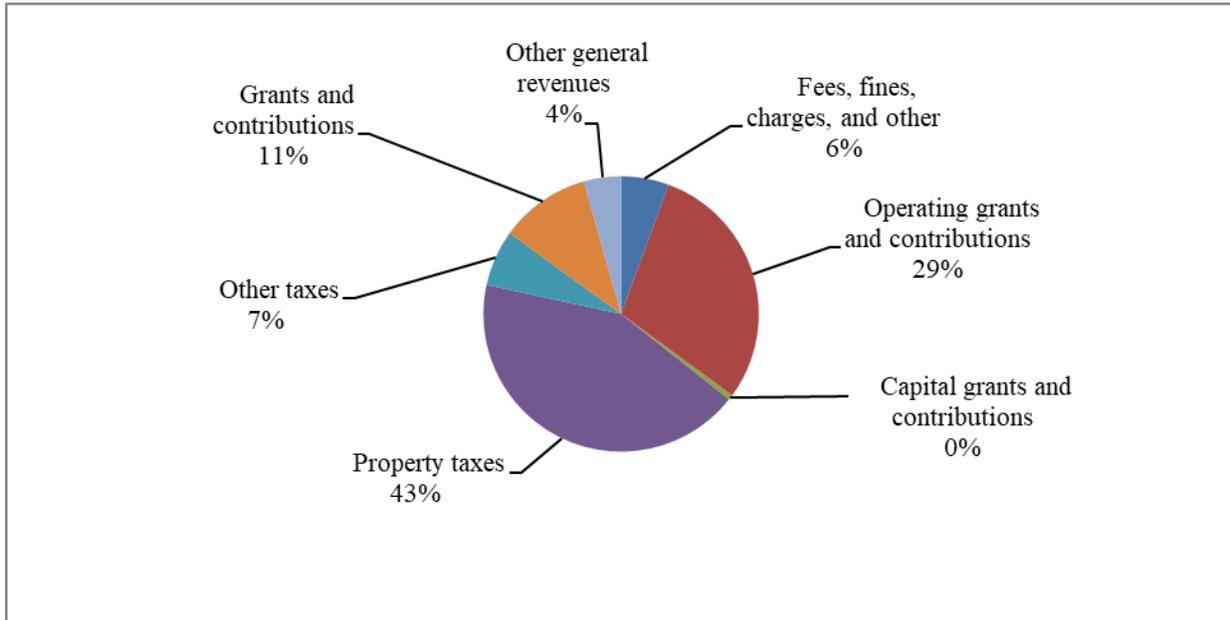
Clay County's total net position for the year ended December 31, 2023, total \$180,469,659. The governmental activities unrestricted net position totaling \$13,567,742 is available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net position totaling \$12,287,271 is available to finance the day-to-day operations of the business-type activities of the County.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 4,867,421	\$ 4,171,534	\$ 16,836,242	\$ 15,801,889	\$ 21,703,663	\$ 19,973,423
Operating grants and contributions	25,562,395	24,795,029	8,983,011	11,401,362	34,545,406	36,196,391
Capital grants and contributions	524,180	4,311,521	332,146	833,708	856,326	5,145,229
General revenues						
Property taxes	37,047,548	34,661,472	-	-	37,047,548	34,661,472
Other taxes	5,730,481	5,617,571	-	-	5,730,481	5,617,571
Grants and contributions	9,231,351	9,366,769	604	29,247	9,231,955	9,396,016
Other general revenues	3,788,302	(2,843,237)	73,967	7,718	3,862,269	(2,835,519)
Total Revenues	\$ 86,751,678	\$ 80,080,659	\$ 26,225,970	\$ 28,073,924	\$ 112,977,648	\$ 108,154,583
Expenses						
Program expenses						
General government	\$ 14,061,713	\$ 14,542,525	\$ -	\$ -	\$ 14,061,713	\$ 14,542,525
Public safety	15,945,855	16,173,464	-	-	15,945,855	16,173,464
Highways and streets	12,845,407	13,490,429	-	-	12,845,407	13,490,429
Human services	27,125,258	27,885,113	-	-	27,125,258	27,885,113
Health	94,746	409,397	-	-	94,746	409,397
Culture and recreation	526,943	514,350	-	-	526,943	514,350
Conservation of natural resources	680,418	634,751	-	-	680,418	634,751
Economic development	676,855	625,185	-	-	676,855	625,185
Interest	1,626,296	1,661,471	-	-	1,626,296	1,661,471
Family service	-	-	1,655,176	1,935,296	1,655,176	1,935,296
Public health	-	-	8,300,523	7,366,700	8,300,523	7,366,700
Solid waste	-	-	3,440,515	3,983,242	3,440,515	3,983,242
Juvenile center	-	-	8,171,470	8,163,384	8,171,470	8,163,384
Total Expenses	\$ 73,583,491	\$ 75,936,685	\$ 21,567,684	\$ 21,448,622	\$ 95,151,175	\$ 97,385,307
Excess (Deficiency) Before Transfers	\$ 13,168,187	\$ 4,143,974	\$ 4,658,286	\$ 6,625,302	\$ 17,826,473	\$ 10,769,276
Transfers	(3,583,768)	(1,365,164)	3,583,768	1,365,164	-	-
Change in Net Position	\$ 9,584,419	\$ 2,778,810	\$ 8,242,054	\$ 7,990,466	\$ 17,826,473	\$ 10,769,276
Net Position – January 1,	128,996,157	126,217,347	33,647,029	25,656,563	162,643,186	151,873,910
Net Position – December 31	\$ 138,580,576	\$ 128,996,157	\$ 41,889,083	\$ 33,647,029	\$ 180,469,659	\$ 162,643,186

Clay County’s total revenues for the year ended December 31, 2023, were \$112,977,648. The total cost of Clay County programs and services for the year ended December 31, 2023, was \$95,151,175. The net position for Clay County’s governmental activities increased by \$9,584,419 and increased by \$8,242,054 for the business-type activities.

Revenues by Source - Governmental Activities



Governmental Activities

Revenues for Clay County’s governmental activities for the year ended December 31, 2023, were \$86,751,678 (Table 2). Clay County’s costs for all governmental activities for the year ended December 31, 2023, were \$73,583,491 (Table 2). As shown in Clay County’s Statement of Activities, the amount that Clay County taxpayers ultimately financed for these governmental activities through local property taxation was \$37,047,548, because \$4,867,421 of the costs were paid by those who directly benefited from the programs, and \$26,086,575 was paid by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 presents the cost of each of Clay County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Clay County’s taxpayers by each of these functions.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Program Expenses				
General government	\$ 14,061,713	\$ 14,542,525	\$ 11,725,673	\$ 12,215,894
Public safety	15,945,855	16,173,464	13,254,437	14,688,756
Highways and streets	12,845,407	13,490,429	1,789,761	(1,685,463)
Human services	27,125,258	27,885,113	12,609,537	14,180,679
Interest and fiscal charges	1,626,296	1,661,471	1,626,296	1,661,471
All others	1,978,962	2,183,683	1,623,791	1,597,264
Total Program Expenses	\$ 73,583,491	\$ 75,936,685	\$ 42,629,495	\$ 42,658,601

Business-Type Activities

Revenues of Clay County's business-type activities (Table 2) for the year ended December 31, 2023, were \$26,225,970. Expenses of Clay County's business-type activities (Table 2) for the year ended December 31, 2023, were \$21,567,684.

Governmental funds. The focus of Clay County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Clay 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 2023, Clay County's governmental funds reported combined ending fund balances of \$41,071,774, which is above last year's total of \$35,339,013. Included in this year's total fund balance is Clay County's General Fund balance of \$14,324,535.

GENERAL FUND BUDGETARY HIGHLIGHTS

In Clay County's General Fund, the actual revenues were more than the expected revenues by \$5,952,493, primarily due to investment earnings. Total actual expenditures in Clay County's General Fund were less than the budgeted expenditures by \$472,986, primarily due to technology services expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Clay County's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounted to \$205,834,931 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, leased equipment, and construction in progress. The total increase in the Clay County investment in capital assets for the current fiscal year was \$10,000,973, or 5 percent (see Table 4).

The major capital asset event during the current fiscal year included the software with the implementation of GASB 96, resulting in an increase in software subscriptions net of amortization of \$2,103,293. The current fiscal year also included completion of road construction projects, resulting in an increase in infrastructure of \$6,820,454.

More detailed information about Clay County's capital assets can be found in Note 3.A. to the Clay County financial statements.

Table 4
Capital Assets at Year-End
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,940,321	\$ 3,940,321	\$ 1,454,643	\$ 1,454,643	\$ 5,394,964	\$ 5,394,964
Construction in progress	1,482,524	1,394,671	6,008,861	21,248,124	7,491,385	22,642,795
Land improvements	1,400,773	1,481,953	306,024	321,510	1,706,797	1,803,463
Buildings	55,365,196	54,974,644	32,559,233	12,495,963	87,924,429	67,470,607
Machinery, furniture, and equipment	6,243,060	6,600,534	1,011,170	877,939	7,254,230	7,478,473
Infrastructure	89,357,598	87,155,129	1,750,059	1,881,971	91,107,657	89,037,100
Leases equipment	1,076,960	168,519	-	-	1,076,960	168,519
Software subscriptions	2,103,293	-	-	-	2,103,293	-
Landfill	-	-	1,775,216	1,838,037	1,775,216	1,838,037
Totals	<u>\$ 160,969,725</u>	<u>\$ 155,715,771</u>	<u>\$ 44,865,206</u>	<u>\$ 40,118,187</u>	<u>\$ 205,834,931</u>	<u>\$ 195,833,958</u>

Long-Term Debt

At the end of 2023, Clay County had total bonded debt outstanding of \$61,550,000. This is a decrease of \$3,620,000 from the start of the year (see Table 5).

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	<u>\$ 45,830,000</u>	<u>\$ 48,785,000</u>	<u>\$ 15,720,000</u>	<u>\$ 16,385,000</u>	<u>\$ 61,550,000</u>	<u>\$ 65,170,000</u>

Clay County's general obligation bonds are rated an A2. These ratings have been assigned by a national rating agency to Clay County's debt. The state limits the amount of debt that the counties can issue to three percent of the market value of all taxable property in Clay County. Clay County's outstanding net debt is significantly below this \$232,816,373 state-imposed limit.

Other obligations include leases, software subscriptions, compensated absences, and landfill closure and postclosure costs. Clay County's notes to the financial statements provide detailed information about the County's long-term liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Clay County's average unemployment rate for 2023 and 2022 is 2.1 percent and 2.2 percent, respectively. The unemployment rate for the first six months of 2024 averaged 2.5 percent. This compares consistent to the state's average unemployment rate for 2023 of 2.8 percent and favorably the national average rate of 3.6 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.

- With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs and services will be extremely important as future budgets are developed and efforts are made to control expenditures.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of future budgets.

All of these factors were considered in preparing Clay County's governmental budget for the 2024 fiscal year.

On December 19, 2023, the Clay County Board of Commissioners approved the 2024 budget. The overall budget decrease was 8.10 percent, for a total budget of \$113,671,318. It also included a 3.61 percent property tax levy increase for a total levy of \$42,489,415.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Clay County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Lori J. Johnson, Clay County Auditor/Treasurer, Clay County Auditor's Office, P. O. Box 280, Moorhead, Minnesota 56561-0280; or contact us at 218-299-5006 or via email at auditor@co.clay.mn.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and pooled investments	\$ 51,457,216	\$ 17,736,513	\$ 69,193,729
Investments	1,022,033	1,435,043	2,457,076
Taxes receivable delinquent	562,176	-	562,176
Special assessments receivable			
Delinquent	168	40,624	40,792
Liens	423,743	-	423,743
Accounts receivable - net	547,729	675,525	1,223,254
Accrued interest receivable	218,577	7,363	225,940
Internal balances	1,298,407	(1,298,407)	-
Due from other governments	9,065,299	3,924,709	12,990,008
Leases receivable	340,464	100,792	441,256
Inventories	834,939	-	834,939
Prepaid items	172,801	26,728	199,529
Restricted assets			
Restricted			
Investments	-	4,780,016	4,780,016
Accrued interest receivable	-	36,677	36,677
Leases receivable	5,677,570	68,401	5,745,971
Long-term receivables	225,000	-	225,000
Capital assets			
Non-depreciable or amortizable	5,422,845	7,463,504	12,886,349
Depreciable and amortizable - net of accumulated depreciation and amortization	155,546,880	37,401,702	192,948,582
Total Assets	\$ 232,815,847	\$ 72,399,190	\$ 305,215,037
<u>Deferred Outflows of Resources</u>			
Deferred other postemployment benefits outflows	\$ 532,312	\$ 181,979	\$ 714,291
Deferred pension outflows	12,230,835	2,694,557	14,925,392
Total Deferred Outflows of Resources	\$ 12,763,147	\$ 2,876,536	\$ 15,639,683

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	\$ 874,460	\$ 317,596	\$ 1,192,056
Salaries payable	867,077	279,237	1,146,314
Contracts payable	1,019,471	1,324,905	2,344,376
Due to other governments	2,105,245	355,094	2,460,339
Accrued interest payable	678,744	199,068	877,812
Unearned revenue	7,913,416	291,056	8,204,472
Long-term liabilities			
Due within one year	4,840,113	993,444	5,833,557
Due in more than one year	49,401,129	20,216,215	69,617,344
Other postemployment benefits liability	1,791,158	350,013	2,141,171
Net pension liability	17,978,217	5,284,470	23,262,687
	\$ 87,469,030	\$ 29,611,098	\$ 117,080,128
<u>Deferred Inflows of Resources</u>			
Prepaid property taxes	\$ 20,089	\$ -	\$ 20,089
Deferred other postemployment benefits inflows	264,996	91,274	356,270
Deferred lease inflows	5,833,190	168,421	6,001,611
Deferred pension inflows	13,411,113	3,515,850	16,926,963
	\$ 19,529,388	\$ 3,775,545	\$ 23,304,933
<u>Net Position</u>			
Net investment in capital assets	\$ 116,873,309	\$ 26,793,321	\$ 143,666,630
Restricted for			
General government	656,835	-	656,835
Public safety	1,297,623	-	1,297,623
Highways and streets	4,445,284	-	4,445,284
Closure/postclosure	-	1,218,975	1,218,975
Human Services	259,383	-	259,383
Health	-	6,912	6,912
Conservation of natural resources	849,852	-	849,852
Capital projects	-	1,582,604	1,582,604
Debt service	614,333	-	614,333
Other purposes	16,215	-	16,215
Unrestricted	13,567,742	12,287,271	25,855,013
	\$ 138,580,576	\$ 41,889,083	\$ 180,469,659

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Expenses	Fees, Charges, Fines, and Other
<u>Functions/Programs</u>		
Governmental activities		
General government	\$ 14,061,713	\$ 1,828,805
Public safety	15,945,855	676,595
Highways and streets	12,845,407	898,966
Human services	27,125,258	1,462,921
Health	94,746	-
Culture and recreation	526,943	-
Conservation of natural resources	680,418	134
Economic development	676,855	-
Interest	1,626,296	-
	\$ 73,583,491	\$ 4,867,421
Business-type activities		
Family Service Center	\$ 1,655,176	\$ 1,441,542
Public Health	8,300,523	3,621,320
Solid Waste Management	3,440,515	4,034,197
Juvenile Center	8,171,470	7,739,183
	\$ 21,567,684	\$ 16,836,242
Total	\$ 95,151,175	\$ 21,703,663

General Revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Change in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 499,385	\$ 7,850	\$ (11,725,673)	\$ -	\$ (11,725,673)
2,014,823	-	(13,254,437)	-	(13,254,437)
9,692,221	464,459	(1,789,761)	-	(1,789,761)
13,052,800	-	(12,609,537)	-	(12,609,537)
101,612	-	6,866	-	6,866
-	-	(526,943)	-	(526,943)
201,554	51,871	(426,859)	-	(426,859)
-	-	(676,855)	-	(676,855)
-	-	(1,626,296)	-	(1,626,296)
\$ 25,562,395	\$ 524,180	\$ (42,629,495)	\$ -	\$ (42,629,495)
\$ -	\$ 225,601	\$ -	\$ 11,967	\$ 11,967
8,005,453	101,612	-	3,427,862	3,427,862
510,663	4,933	-	1,109,278	1,109,278
466,895	-	-	34,608	34,608
\$ 8,983,011	\$ 332,146	\$ -	\$ 4,583,715	\$ 4,583,715
\$ 34,545,406	\$ 856,326	\$ (42,629,495)	\$ 4,583,715	\$ (38,045,780)
		\$ 37,047,548	\$ -	\$ 37,047,548
		441,584	-	441,584
		65,186	-	65,186
		4,694,291	-	4,694,291
		529,420	-	529,420
		9,231,351	604	9,231,955
		98,861	-	98,861
		3,462,129	73,967	3,536,096
		222,917	-	222,917
		4,395	-	4,395
		(3,583,768)	3,583,768	-
		\$ 52,213,914	\$ 3,658,339	\$ 55,872,253
		\$ 9,584,419	\$ 8,242,054	\$ 17,826,473
		128,996,157	33,647,029	162,643,186
		\$ 138,580,576	\$ 41,889,083	\$ 180,469,659

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and pooled investments	\$ 19,307,434	\$ 5,817,814	\$ 11,805,715	\$ 7,951,073	\$ 44,882,036
Petty cash and change funds	9,375	-	1,700	-	11,075
Investments	22,033	1,000,000	-	-	1,022,033
Taxes receivable delinquent	335,709	57,810	160,567	8,090	562,176
Special assessments					
Delinquent	-	-	-	168	168
Liens	-	-	-	423,743	423,743
Accounts receivable net	133,604	100,886	217,664	-	452,154
Accrued interest receivable	213,719	4,858	-	-	218,577
Due from other funds	1,213,537	1,778	230,074	66,238	1,511,627
Due from other governments	265,519	5,667,248	2,164,806	964,926	9,062,499
Leases receivable	6,018,034	-	-	-	6,018,034
Prepaid items	103,814	1,769	9,000	-	114,583
Advance to other funds	1,845,000	-	-	-	1,845,000
Long-term receivables	225,000	-	-	-	225,000
Inventories	-	834,939	-	-	834,939
Total Assets	\$ 29,692,778	\$ 13,487,102	\$ 14,589,526	\$ 9,414,238	\$ 67,183,644
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 268,440	\$ 66,933	\$ 501,728	\$ 16,242	\$ 853,343
Salaries payable	516,848	92,510	257,719	-	867,077
Compensated absences/vacation/ sick payable current	7,063	-	23,031	-	30,094
Contracts payable	-	361,128	-	108,830	469,958
Due to other funds	248,366	66,385	809,065	850,000	1,973,816
Due to other governments	674,435	998,327	336,589	-	2,009,351
Unearned revenue	7,393,139	-	520,277	-	7,913,416
Advance from other funds	-	179,796	-	-	179,796
Total Liabilities	\$ 9,108,291	\$ 1,765,079	\$ 2,448,409	\$ 975,072	\$ 14,296,851
Deferred Inflows of Resources					
Unavailable revenue	\$ 414,758	\$ 4,365,264	\$ 256,847	\$ 924,871	\$ 5,961,740
Prepaid property taxes	12,004	2,055	5,760	270	20,089
Deferred lease inflows	5,833,190	-	-	-	5,833,190
Total Deferred Inflows of Resources	\$ 6,259,952	\$ 4,367,319	\$ 262,607	\$ 925,141	\$ 11,815,019

The notes to the financial statements are an integral part of this statement.

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances					
Nonspendable					
Inventories	\$ -	\$ 834,939	\$ -	\$ -	\$ 834,939
Prepaid items	103,814	1,769	9,000	-	114,583
Long-term receivables	225,000	-	-	-	225,000
Advances to other funds	1,845,000	-	-	-	1,845,000
Restricted for					
Debt service	-	-	-	6,839,158	6,839,158
Law library	59,849	-	-	-	59,849
Capital projects	-	-	-	4,530,827	4,530,827
Local homeless prevention aid	-	-	98,981	-	98,981
Statewide local housing aid	-	-	160,402	-	160,402
Gravel pit restoration	-	-	-	984,549	984,549
County state-aid					
highway system	-	226,181	-	-	226,181
Real estate tax shortfall	22,033	-	-	-	22,033
Administering the carrying					
of weapons	359,432	-	-	-	359,432
Missing heirs	16,215	-	-	-	16,215
K-9	11,962	-	-	-	11,962
Public safety funds	773,790	-	-	-	773,790
DARE Program	43,307	-	-	-	43,307
Posse	7,981	-	-	-	7,981
Veteran's affairs	621	-	-	-	621
Law enforcement	80,636	-	-	-	80,636
Prosecutorial purposes	278,228	-	-	-	278,228
Recorder's technology					
equipment	177,734	-	-	-	177,734
Recorder's enhancements	118,370	-	-	-	118,370
Correctional services	20,515	-	-	-	20,515
Aquatic invasive species	47,359	-	-	-	47,359
Riparian aid	802,493	-	-	-	802,493
Wheelage tax - for highway					
purposes	-	1,433,658	-	-	1,433,658
Assigned for					
Road and bridge	-	4,858,157	-	-	4,858,157
Human services	-	-	11,610,127	-	11,610,127
Health insurance	600,000	-	-	-	600,000
County building projects	-	-	-	84,096	84,096
Unassigned	8,730,196	-	-	(4,924,605)	3,805,591
Total Fund Balances	\$ 14,324,535	\$ 7,354,704	\$ 11,878,510	\$ 7,514,025	\$ 41,071,774
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,692,778	\$ 13,487,102	\$ 14,589,526	\$ 9,414,238	\$ 67,183,644

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023**

Fund balances - total governmental funds (Exhibit 3)		\$ 41,071,774
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		160,969,725
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		12,230,835
Deferred outflows of resources resulting from OPEB obligations are not available resources and, therefore, are not reported in the governmental funds.		532,312
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		5,961,740
Internal service funds are used by management to charge the cost of management of fleet maintenance. The assets and liabilities that are included in governmental activities in the statement of net position are:		
Total internal services net position	\$ 11,071,271	
Long-term liabilities of the Internal Service Fund	1,194,526	
Net position representing capital assets included above	<u>(6,120,127)</u>	6,145,670
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	\$ (47,843,148)	
Leases	(1,106,278)	
Subscriptions based on technology arrangements	(2,079,015)	
Compensated absences	(3,182,707)	
Accrued interest payable	(674,848)	
Other postemployment benefits liability	(1,791,158)	
Net pension liability	<u>(17,978,217)</u>	(74,655,371)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(13,411,113)
Deferred inflows of resources resulting from OPEB obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(264,996)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 138,580,576</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 5

**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>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 22,442,160	\$ 4,694,240	\$ 10,376,348	\$ 5,245,714	\$ 42,758,462
Special assessments	-	-	-	128,679	128,679
Licenses and permits	121,269	122,390	-	-	243,659
Intergovernmental	8,843,221	11,622,786	15,271,386	59,677	35,797,070
Charges for services	1,396,930	684,203	-	-	2,081,133
Fines and forfeits	75,815	-	12,043	-	87,858
Investment earnings	3,364,088	51,093	-	-	3,415,181
Miscellaneous	1,083,205	30,729	1,578,199	101,651	2,793,784
Total Revenues	\$ 37,326,688	\$ 17,205,441	\$ 27,237,976	\$ 5,535,721	\$ 87,305,826
Expenditures					
Current					
General government	\$ 12,838,196	\$ -	\$ -	\$ 24,223	\$ 12,862,419
Public safety	14,541,938	-	-	-	14,541,938
Highways and streets	-	14,574,667	-	-	14,574,667
Human services	-	-	26,468,886	-	26,468,886
Health	-	-	-	101,612	101,612
Culture and recreation	208,677	-	-	-	208,677
Conservation of natural resources	639,686	-	-	-	639,686
Economic development	676,855	-	-	-	676,855
Intergovernmental					
Highways and streets	-	631,852	-	-	631,852
Culture and recreation	318,266	-	-	-	318,266
Capital outlay					
General government	653,939	-	-	1,059,386	1,713,325
Highways and streets	-	-	-	623,881	623,881
Debt service					
Principal	508,307	-	-	2,955,000	3,463,307
Interest	18,325	-	-	1,596,868	1,615,193
Administrative (fiscal charges)	-	-	-	1,900	1,900
Total Expenditures	\$ 30,404,189	\$ 15,206,519	\$ 26,468,886	\$ 6,362,870	\$ 78,442,464
Excess of Revenues Over (Under) Expenditures	\$ 6,922,499	\$ 1,998,922	\$ 769,090	\$ (827,149)	\$ 8,863,362
Other Financing Sources (Uses)					
Transfers in	\$ 120,000	\$ -	\$ -	\$ 474,871	\$ 594,871
Transfers out	(1,825,193)	-	-	(2,376,786)	(4,201,979)
Proceeds from the sale of assets	1,000	3,395	-	-	4,395
Subscriptions issued	282,182	-	-	-	282,182
Total Other Financing Sources (Uses)	\$ (1,422,011)	\$ 3,395	\$ -	\$ (1,901,915)	\$ (3,320,531)
Net Change in Fund Balance	\$ 5,500,488	\$ 2,002,317	\$ 769,090	\$ (2,729,064)	\$ 5,542,831
Fund Balance - January 1	8,824,047	5,162,457	11,109,420	10,243,089	35,339,013
Increase (decrease) in inventories	-	189,930	-	-	189,930
Fund Balance - December 31	\$ 14,324,535	\$ 7,354,704	\$ 11,878,510	\$ 7,514,025	\$ 41,071,774

The notes to the financial statements are an integral part of this statement.

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 5,542,831

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

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

Unavailable revenue - December 31	\$ 5,961,740	
Unavailable revenue - January 1	<u>(7,027,743)</u>	(1,066,003)

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 and amortization expense.

Expenditures for general capital assets and infrastructure	\$ 9,251,304	
Current year depreciation and amortization	<u>(7,207,897)</u>	2,043,407

Capital contributions related to capital assets which are recognized in the governmental activities.		72,208
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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.

Debt issued:		
Subscription based technology arrangements		(282,182)

Principal repayments		
Debt service principal retirement	\$ 2,955,000	
Subscription based technology arrangements	<u>508,307</u>	3,463,307

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 6
(Continued)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

Change in accrued interest payable	\$	13,253	
Amortization of premiums and discounts		186,287	
Change in compensated absences		(126,366)	
Change in other postemployment benefits liability		(117,351)	
Change in deferred other post employment benefits inflows		(206,911)	
Change in inventories		189,930	
Change in net pension liability		15,300,372	
Change in deferred pension outflows		(4,338,465)	
Change in other post employment benefits outflows		291,132	
Change in deferred pension inflows		<u>(12,926,055)</u>	(1,734,174)

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.

Transfer in from proprietary funds	\$	23,340	
Governmental activities share of net income before transfers		<u>1,521,685</u>	<u>1,545,025</u>

Change in Net Position of Governmental Activities (Exhibit 2)		<u><u>\$ 9,584,419</u></u>	
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PROPRIETARY FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Business-Type	
	Family Service Center	Juvenile Center
<u>Assets</u>		
Current assets		
Cash and pooled investments	\$ 1,298,907	\$ 4,467,553
Petty cash and change funds	300	-
Investments	-	155,094
Special assessments		
Delinquent	-	-
Accounts receivable - net	23	11,895
Accrued interest receivable	71	1,074
Leases receivable	100,792	-
Due from other funds	-	415,733
Due from other governments	149	1,483,035
Prepaid items	-	320
Total current assets	\$ 1,400,242	\$ 6,534,704
Restricted assets		
Investments	\$ -	\$ -
Accrued interest receivable	-	-
Total restricted assets	\$ -	\$ -
Noncurrent assets		
Advance to other funds	\$ -	\$ -
Leases receivable	68,401	-
Capital assets		
Nondepreciable or amortizable	240,500	12,621
Depreciable and amortizable - net of accumulated depreciation and amortization	2,370,291	9,595,165
Total noncurrent assets	\$ 2,679,192	\$ 9,607,786
Total Assets	\$ 4,079,434	\$ 16,142,490
Deferred Outflows of Resources		
Deferred pension outflows	\$ 89,959	\$ 1,510,305
Deferred other postemployment benefits outflows	10,352	62,322
Total deferred outflows of resources	\$ 100,311	\$ 1,572,627
Total Assets and Deferred Outflows of Resources	\$ 4,179,745	\$ 17,715,117

EXHIBIT 7

Activities - Enterprise Funds			Governmental
Public Health	Solid Waste Management	Totals	Activities Internal Service Fund
\$ 5,861,557	\$ 6,107,326	\$ 17,735,343	\$ 6,564,105
170	700	1,170	-
-	1,279,949	1,435,043	-
-	40,624	40,624	-
592,586	71,021	675,525	95,575
-	6,218	7,363	-
-	-	100,792	-
665,206	-	1,080,939	2,965
1,891,074	69,328	3,443,586	-
26,163	245	26,728	58,218
\$ 9,036,756	\$ 7,575,411	\$ 24,547,113	\$ 6,720,863
\$ -	\$ 4,780,016	\$ 4,780,016	\$ -
-	36,677	36,677	-
\$ -	\$ 4,816,693	\$ 4,816,693	\$ -
\$ -	\$ 179,796	\$ 179,796	\$ -
-	-	68,401	-
5,996,240	1,214,143	7,463,504	40,646
12,458	25,423,788	37,401,702	6,079,481
\$ 6,008,698	\$ 26,817,727	\$ 45,113,403	\$ 6,120,127
\$ 15,045,454	\$ 39,209,831	\$ 74,477,209	\$ 12,840,990
\$ 959,921	\$ 134,372	\$ 2,694,557	\$ -
96,162	13,143	181,979	-
\$ 1,056,083	\$ 147,515	\$ 2,876,536	\$ -
\$ 16,101,537	\$ 39,357,346	\$ 77,353,745	\$ 12,840,990

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Business-Type	
	Family Service Center	Juvenile Center
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 51,912	\$ 71,819
Salaries payable	9,756	136,088
Contracts payable	-	-
Due to other funds	208	2,955
Due to other governments	3	7,911
Accrued interest payable	-	89,339
Unearned revenue	17,198	-
General obligation bonds payable - current	-	305,000
Leases payable - current	-	-
Subscriptions technology agreements payable-current	-	-
Compensated absences payable - current	19,341	107,883
Total current liabilities	\$ 98,418	\$ 720,995
Noncurrent liabilities		
Customer deposits	-	-
Advance from other funds	\$ 1,495,000	\$ 350,000
Subscriptions technology agreements payable-noncurrent	-	-
General obligation bonds payable - long-term	-	6,055,000
Unamortized premiums on G.O. bonds	-	156,986
Leases payable - long-term	-	-
Estimated liability for landfill closure/postclosure	-	-
Net pension liability	298,666	1,285,972
Other postemployment benefits liability	16,340	127,942
Compensated absences payable - long-term	40,570	120,470
Total noncurrent liabilities	\$ 1,850,576	\$ 8,096,370
Total Liabilities	\$ 1,948,994	\$ 8,817,365
Deferred Inflows of Resources		
Deferred pension inflows	\$ 96,540	\$ 2,228,710
Deferred other postemployment benefits inflows	4,394	30,931
Deferred lease inflows	168,421	-
Total deferred inflows of resources	\$ 269,355	\$ 2,259,641

EXHIBIT 7
(Continued)

Activities - Enterprise Funds			Governmental
Public Health	Solid Waste Management	Totals	Activities Internal Service Fund
\$ 143,560	\$ 50,305	\$ 317,596	\$ 21,117
111,533	21,860	279,237	-
1,324,905	-	1,324,905	549,513
305,077	1,883	310,123	-
15,491	254,585	277,990	667
-	109,729	199,068	3,896
273,858	-	291,056	-
-	385,000	690,000	-
-	-	-	228,728
-	-	-	26,987
149,997	26,223	303,444	-
\$ 2,324,421	\$ 849,585	\$ 3,993,419	\$ 830,908
-	-	-	-
\$ -	\$ -	\$ 1,845,000	\$ -
-	-	-	61,261
-	8,975,000	15,030,000	-
-	793,299	950,285	-
-	-	-	877,550
-	3,646,876	3,646,876	-
3,252,739	447,093	5,284,470	-
180,780	24,951	350,013	-
365,836	62,178	589,054	-
\$ 3,799,355	\$ 13,949,397	\$ 27,695,698	\$ 938,811
\$ 6,123,776	\$ 14,798,982	\$ 31,689,117	\$ 1,769,719
\$ 1,042,746	\$ 147,854	\$ 3,515,850	\$ -
49,107	6,842	91,274	-
-	-	168,421	-
\$ 1,091,853	\$ 154,696	\$ 3,775,545	\$ -

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023**

	Family Service Center	Business-Type Juvenile Center
<u>Net Position</u>		
Net Position		
Net investment in capital assets	\$ 2,610,791	\$ 3,090,800
Restricted for		
Closure/postclosure	-	-
Capital projects	-	728,229
Health	-	-
Unrestricted	(649,395)	2,819,082
Total Net Position	\$ 1,961,396	\$ 6,638,111

EXHIBIT 7
(Continued)

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 4,609,565	\$ 16,482,165	\$ 26,793,321	\$ 4,373,339
-	1,218,975	1,218,975	-
854,375	-	1,582,604	-
6,912	-	6,912	-
<u>3,415,056</u>	<u>6,702,528</u>	<u>12,287,271</u>	<u>6,697,932</u>
<u>\$ 8,885,908</u>	<u>\$ 24,403,668</u>	<u>\$ 41,889,083</u>	<u>\$ 11,071,271</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Family Service Center	Business-Type Juvenile Center
Operating Revenues		
Charges for services	\$ 22,567	\$ 7,400,063
Licenses and permits	-	-
Rents	1,132,198	-
Miscellaneous	286,777	339,120
Total Operating Revenues	\$ 1,441,542	\$ 7,739,183
Operating Expenses		
Personal services	\$ 614,439	\$ 5,842,137
Other services and charges	643,560	1,376,936
Supplies	49,449	249,781
Depreciation	347,728	497,399
Amortization	-	-
Landfill closure and postclosure costs	-	-
Total Operating Expenses	\$ 1,655,176	\$ 7,966,253
Operating Income (Loss)	\$ (213,634)	\$ (227,070)
Nonoperating Revenues (Expenses)		
Special assessments	\$ -	\$ -
Intergovernmental	37	467,004
Interest income (Loss)	-	6,993
Gain (loss) on sale/disposal of capital assets	-	-
Interest expense	-	(205,217)
Total Nonoperating Revenues (Expenses)	\$ 37	\$ 268,780
Income (Loss) Before Contributions and Transfers	\$ (213,597)	\$ 41,710
Capital contributions	225,601	-
Transfers in	-	-
Transfers out	-	-
Change in net position	\$ 12,004	\$ 41,710
Net Position - January 1	1,949,392	6,596,401
Net Position - December 31	\$ 1,961,396	\$ 6,638,111

EXHIBIT 8

Activities - Enterprise Funds			Governmental
Public Health	Solid Waste Management	Totals	Activities Internal Service Fund
\$ 3,621,196	\$ 2,489,680	\$ 13,533,506	\$ 2,922,297
-	1,507	1,507	-
-	-	1,132,198	-
124	84,581	710,602	57,218
\$ 3,621,320	\$ 2,575,768	\$ 15,377,813	\$ 2,979,515
\$ 6,623,523	\$ 1,005,509	\$ 14,085,608	\$ -
1,278,800	1,397,843	4,697,139	-
393,662	929,915	1,622,807	451,157
4,538	1,118,304	1,967,969	1,261,508
-	-	-	239,410
-	(1,234,296)	(1,234,296)	-
\$ 8,300,523	\$ 3,217,275	\$ 21,139,227	\$ 1,952,075
\$ (4,679,203)	\$ (641,507)	\$ (5,761,414)	\$ 1,027,440
\$ -	\$ 1,458,429	\$ 1,458,429	\$ -
8,005,856	260,048	8,732,945	242,329
-	317,644	324,637	-
-	4,102	4,102	274,373
-	(227,342)	(432,559)	(22,457)
\$ 8,005,856	\$ 1,812,881	\$ 10,087,554	\$ 494,245
\$ 3,326,653	\$ 1,171,374	\$ 4,326,140	\$ 1,521,685
101,612	4,933	332,146	-
3,727,108	-	3,727,108	23,340
-	(143,340)	(143,340)	-
\$ 7,155,373	\$ 1,032,967	\$ 8,242,054	\$ 1,545,025
1,730,535	23,370,701	33,647,029	9,526,246
\$ 8,885,908	\$ 24,403,668	\$ 41,889,083	\$ 11,071,271

The notes to the financial statements are an integral part of this statement.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,579,173	\$ 7,346,413
Payments to suppliers	(782,865)	(1,779,889)
Payments to employees	(720,364)	(5,465,235)
Net cash provided by (used in) operating activities	\$ 75,944	\$ 101,289
Cash Flows from Noncapital Financing Activities		
Special assessments	\$ -	\$ -
Intergovernmental	37	470,289
Advance to other funds	-	-
Transfers in	-	-
Transfers out	-	-
Net cash provided by (used in) noncapital financing activities	\$ 37	\$ 470,289
Cash Flows from Capital and Related Financing Activities		
Principal paid on installment purchase	\$ -	\$ -
Interest paid on long-term debt	-	(219,312)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	-	(307,621)
Transfers out	-	-
Net cash provided by (used in) capital and related financing activities	\$ -	\$ (526,933)
Cash Flows from Investing Activities		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	968
Net cash provided by (used in) investing activities	\$ -	\$ 968
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 75,981	\$ 45,613
Cash and Cash Equivalents at January 1	1,223,226	4,421,940
Cash and Cash Equivalents at December 31	\$ 1,299,207	\$ 4,467,553

EXHIBIT 9

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 2,875,245	\$ 2,711,820	\$ 14,512,651	\$ 2,805,222
(1,182,460)	(2,636,661)	(6,381,875)	(384,356)
(6,356,400)	(943,066)	(13,485,065)	-
\$ (4,663,615)	\$ (867,907)	\$ (5,354,289)	\$ 2,420,866
\$ -	\$ 1,454,470	\$ 1,454,470	\$ -
6,368,510	818,578	7,657,414	242,329
-	50,000	50,000	-
3,727,108	-	3,727,108	-
-	(120,000)	(120,000)	-
\$ 10,095,618	\$ 2,203,048	\$ 12,768,992	\$ 242,329
\$ -	\$ (370,000)	\$ (370,000)	\$ (203,463)
-	(278,625)	(497,937)	(18,698)
-	40,600	40,600	248,640
(3,932,531)	(3,022,650)	(7,262,802)	(634,376)
-	(23,340)	(23,340)	-
\$ (3,932,531)	\$ (3,654,015)	\$ (8,113,479)	\$ (607,897)
\$ -	\$ (387,078)	\$ (387,078)	\$ -
-	310,520	311,488	-
\$ -	\$ (76,558)	\$ (75,590)	\$ -
\$ 1,499,472	\$ (2,395,432)	\$ (774,366)	\$ 2,055,298
4,362,255	8,503,458	18,510,879	4,508,807
\$ 5,861,727	\$ 6,108,026	\$ 17,736,513	\$ 6,564,105

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Family Service Center</u>	<u>Business-Type Juvenile Center</u>
Cash and Cash Equivalents - Exhibit 7		
Cash and pooled investments	\$ 1,298,907	\$ 4,467,553
Petty cash and change funds	300	-
Total Cash and Cash Equivalents	<u>\$ 1,299,207</u>	<u>\$ 4,467,553</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	<u>\$ (213,634)</u>	<u>\$ (227,070)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	\$ 347,728	\$ 497,399
Amortization expense	-	-
(Increase) decrease in accounts receivable	3,291	35,198
(Increase) decrease in accrued interest receivable	46	-
(Increase) decrease in allowance for uncollectible accounts receivable	-	-
(Increase) decrease in OPEB outflows	(5,063)	(34,598)
(Increase) decrease in due from other governments	1,706	(225,941)
(Increase) decrease in due from other funds	66	(207,505)
(Increase) decrease in prepaid items	-	46,939
(Increase) decrease in lease receivable - current	22,860	-
(Increase) decrease in lease receivable - noncurrent	100,792	-
(Increase) decrease in deferred pension outflows	51,257	859,459
Increase (decrease) in accounts payable	(89,900)	(182,592)
Increase (decrease) in salaries payable	(1,104)	9,907
Increase (decrease) in compensated absences - current	(3,034)	3,331
Increase (decrease) in compensated absences - long-term	5,596	15,489
Increase (decrease) in due to other funds	61	(17,479)
Increase (decrease) in due to other governments	(3,253)	7,911
Increase (decrease) in contracts payable	-	-
Increase (decrease) in unearned revenue	12,080	-
Increase (decrease) in net OPEB liability	2,041	13,946
Increase (decrease) in landfill closure and postclosure payable	-	-
Increase (decrease) in deferred pension inflows	90,374	2,121,028
Increase (decrease) in OPEB inflows	3,598	24,590
Increase (decrease) in lease inflows	(123,843)	-
Increase (decrease) in net pension liability	(125,721)	(2,638,723)
Total adjustments	<u>\$ 289,578</u>	<u>\$ 328,359</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 75,944</u>	<u>\$ 101,289</u>
Non-Cash Investing, Capital, and Financing Activities		
Capital assets acquired on account	<u>\$ 225,601</u>	<u>\$ -</u>

EXHIBIT 9
(Continued)

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 5,861,557	\$ 6,107,326	\$ 17,735,343	\$ 6,564,105
170	700	1,170	-
<u>\$ 5,861,727</u>	<u>\$ 6,108,026</u>	<u>\$ 17,736,513</u>	<u>\$ 6,564,105</u>
<u>\$ (4,679,203)</u>	<u>\$ (641,507)</u>	<u>\$ (5,761,414)</u>	<u>\$ 1,027,440</u>
\$ 4,538	\$ 1,118,304	\$ 1,967,969	\$ 1,261,508
-	-	-	239,410
(135,875)	28,274	(69,112)	(95,575)
-	-	46	-
(237,363)	-	(237,363)	-
(54,006)	(7,595)	(101,262)	-
(45,215)	101,315	(168,135)	719
670,830	22	463,413	70,490
(24,239)	17,546	40,246	9,459
-	-	22,860	-
-	-	100,792	-
546,514	71,677	1,528,907	-
(66,224)	(1,742)	(340,458)	6,748
6,794	7,219	22,816	-
309	7,052	7,658	-
532	11,324	32,941	-
(236,694)	1,683	(252,429)	(100,000)
(186,439)	(35,859)	(217,640)	667
-	(283,889)	(283,889)	-
4,686	-	16,766	-
21,769	3,061	40,817	-
-	(1,234,296)	(1,234,296)	-
978,015	138,616	3,328,033	-
38,384	5,397	71,969	-
-	-	(123,843)	-
(1,270,728)	(174,509)	(4,209,681)	-
<u>\$ 15,588</u>	<u>\$ (226,400)</u>	<u>\$ 407,125</u>	<u>\$ 1,393,426</u>
<u>\$ (4,663,615)</u>	<u>\$ (867,907)</u>	<u>\$ (5,354,289)</u>	<u>\$ 2,420,866</u>
<u>\$ 101,612</u>	<u>\$ -</u>	<u>\$ 327,213</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 3,394,007
Taxes receivable, for other governments	1,414,623
Accounts receivable, net	255,938
Due from other funds	172,331
Due from other governments	<u>1,548,634</u>
Total Assets	<u>\$ 6,785,533</u>
<u>Liabilities</u>	
Accounts payable	\$ 182,544
Due to other funds	483,923
Due to other governments	<u>2,927,028</u>
Total Liabilities	<u>\$ 3,593,495</u>
<u>Deferred Inflows of Resources</u>	
Prepaid taxes	<u>\$ 33,298</u>
<u>Net Position</u>	
Restricted for Individuals, organizations, other governments	<u>\$ 3,158,740</u>

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EXHIBIT 11

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Custodial Funds
Additions	
Contributions:	
Individuals	\$ 1,219,325
Investment earnings:	
Interest, dividends, other	18,582
Property tax collections for other governments	70,874,993
License and fees collected for State	162,084
Miscellaneous	12,630,277
	\$ 84,905,261
Deductions	
Payments of property tax to other governments	\$ 70,770,667
Payments to state	1,163,512
Distributions to participants	195,679
Administrative expense	33,000
Payments to other entities	12,092,029
	\$ 84,254,887
Change in net position	\$ 650,374
Net Position – January 1	2,508,366
Net Position – December 31	\$ 3,158,740

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NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 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.

A. Financial Reporting Entity

Clay County was established March 8, 1862, and organized April 14, 1872; it has 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. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures

The County participates in several joint ventures which are described in Note 7.B. The County also participates in jointly-governed organizations and related organizations described in Notes 7.C. and 7.D., respectively.

B. Basic Financial Statements

1. Government-Wide Statements

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

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

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

2. Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise funds:

The Family Service Center Fund is used to account for the financing of the Family Service Center, which provides rental space to other departments and agencies.

The Juvenile Center Fund is used to account for the financial transactions of the Juvenile Center, which provides housing for juveniles and rental space to other departments and agencies.

The Public Health Fund is used to account for providing nursing service care to the elderly and other residents of the County. All activities necessary to provide such services are accounted for in this fund. Financing is provided by a health service grant and user service charges.

The Solid Waste Management Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

Additionally, the County reports the following fund types:

The Internal Service Fund is used to account for the financing of equipment provided by one department to other departments of the County on a cost-reimbursement basis.

Capital Projects Funds account for financial resources supporting capital projects during the life of the project.

Debt Service Funds account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

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

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C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, 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. Clay County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, other postemployment benefits (OPEB), pensions, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Issuances of long-term debt and acquisitions under leases and software subscriptions 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, unless the County Board takes specific action to appropriate those unrestricted resources.

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

1. Cash and Cash Equivalents

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

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2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund 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 and repurchase agreements, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. The entity reports positive pooled investment earnings for 2023 of \$3,364,088, due to an increase in the market value of investments.

Clay 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 net asset value per share provided by the pool.

3. Receivables and Payables

Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

All accounts receivables are shown net of an allowance for uncollectibles.

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

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

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments payable in the years 2013 through 2023. No allowances for special assessments are shown because such amounts are not expected to be material.

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

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

7. Long-Term Receivable

Clay County and the City of Moorhead established the Moorhead-Clay County Joint Powers Authority (MCCJPA) on July 1, 2019. The purpose of the agreement is to allow the member entities to work collaboratively to maximize efficiencies with respect to the acquisition of project properties. Financing is provided by Metro Flood Diversion Authority and the State of Minnesota. Clay County has contributed \$225,000 in the form of a long-term receivable, to cover expenses incurred but not yet reimbursed.

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8. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing and software subscription arrangements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 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 entry price at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment.

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 primary government are depreciated using the straight-line method over the following estimated useful lives, while right-to-use assets are amortized over the shorter of the underlying asset's estimated useful life or the lease term:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 75
Land improvements	5 - 30
Public domain infrastructure	20 - 50
Furniture, equipment, and vehicles	3 - 15

The County landfill is depreciated based on capacity.

9. Compensated Absences

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

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government-wide statement of net position reports both the current and noncurrent portion of compensated absences. The current portion consists of an amount based on the vacation each employee accrues in one year.

10. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under leases and software subscriptions are reported as an other financing source at the present value of the future minimum payments as of the inception date.

11. 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 of Minnesota (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. For the governmental activities, the pension liability is liquidated through the General Fund and other governmental funds that have personal services. For the business-type activities, the pension liability is liquidated by the enterprise funds.

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12. Deferred Outflows/Inflows of Resources and Unearned Revenue

In addition to assets, the statement of net 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. The County has five types of deferred inflows, unavailable revenue, prepaid property taxes, deferred lease inflows, deferred pension inflows, and other postemployment benefits (OPEB), that qualify for reporting in this category. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent special assessments and liens receivable, and for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Prepaid property taxes arises under both the modified and full accrual basis of accounting and, accordingly, are reported in both the governmental funds balance sheet and the statement of net position. The unavailable revenue and prepaid taxes amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease terms. These amounts arise under both the modified accrual and full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The County also reported deferred inflows of resources associated with pensions 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.

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

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13. Classification of Net Position

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

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

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

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

14. Classification of Fund Balances

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

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

Restricted - amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or by laws or regulations of other governments or 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.

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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 the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer, who has been delegated that authority by Board resolution.

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

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

15. Minimum Fund Balance

Clay County has adopted a minimum fund balance policy to address cash flow or working capital needs for the General Fund, which is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. The County is to maintain a yearly unassigned fund balance in the General Fund of 16 percent of the current year's General Fund total operating expenditures.

16. Use of Estimates

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

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17. Change in Accounting Principle

During the year ended December 31, 2023, Clay County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this statement resulted in changing the presentation of the governmental activities notes to the financial statements by increasing the beginning balances of the capital assets Software subscriptions and IT Subscriptions payable by \$2,232,466.

2. Stewardship, Compliance, and Accountability

A. Deficit Net Position and Fund Balance

The DMV Construction Capital Projects Fund had a deficit fund balance of \$526,117. This deficit will be eliminated by future bond issuance.

B. Excess of Expenditures Over Budget

The following is the nonmajor fund with expenditures in excess of budget for the year ended December 31, 2023.

	Expenditures	Budget	Excess
Law Enforcement Expansion Debt Service Fund	\$ 3,944,775	\$ 3,944,350	\$ 425
County Projects Debt Service Fund	474,875	470,400	4,475

C. Tax Abatements

The County offers tax abatements through a Two-year Property Tax Abatement Program.

Two-year Property Tax Abatement Program

To promote new residential construction within the County, the County offers a property tax abatement (rebate) program to individuals constructing new residential homes in Clay County (only where the city participates), pursuant to Minnesota Statutes §§ 469.1813 – 469.1815. The property taxes are paid when due and the county/city/school district tax capacity taxes are subsequently rebated to the homeowner in December. This rebate is available for the first two years of property taxes. At December 31, 2023, the amount of taxes abated for this program was

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\$419,863.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

Reconciliation of the County's total cash and investments are reported as follows:

Governmental and business-type activities totals	
Cash and pooled investments	\$ 69,193,729
Investments	2,457,076
Restricted assets	
Investments	4,780,016
Statement of fiduciary net position	
Cash and pooled investments	
Custodial funds	<u>3,394,007</u>
 Total Cash and Investments	 <u>\$ 79,824,828</u>

a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not

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have a deposit policy for custodial credit risk. As of December 31, 2023, the County's deposits were not exposed to custodial credit risk.

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) 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

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necessary to provide the cash flow and liquidity needed for operations. The County does not have a policy for interest rate risk.

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 that are in the possession of an outside party. The County has a policy to minimize investment custodial credit risk. At 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 deposit and investment balances at December 31, 2023, and information relating to potential investment risks:

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 Mortgage Corp.	AAA	Moody's		05/26/27	981,400
Federal Home Loan Mortgage Corp.	AAA	Moody's		06/23/27	973,570
Federal Home Loan Mortgage Corp.	AAA	Moody's		06/23/27	977,760
Federal Home Loan Mortgage Corp.	AAA	Moody's		06/30/27	974,790
Total Federal Home Loan Mortgage Corp			5%		\$ 3,907,520
Federal Home Loan Bank	AAA	Moody's		06/13/25	983,140
Federal Home Loan Bank	AAA	Moody's		07/14/25	995,160
Federal Home Loan Bank	AAA	Moody's		10/14/25	944,230
Federal Home Loan Bank	AAA	Moody's		01/27/26	933,560
Federal Home Loan Bank	AAA	Moody's		02/24/26	1,850,340
Federal Home Loan Bank	AAA	Moody's		02/26/26	927,130
Federal Home Loan Bank	AAA	Moody's		03/16/26	933,790
Federal Home Loan Bank	AAA	Moody's		03/16/26	700,342
Federal Home Loan Bank	AAA	Moody's		03/17/26	939,970
Federal Home Loan Bank	AAA	Moody's		03/30/26	467,860
Federal Home Loan Bank	AAA	Moody's		03/30/26	942,280
Federal Home Loan Bank	AAA	Moody's		03/30/26	936,360
Federal Home Loan Bank	AAA	Moody's		04/14/26	940,700
Federal Home Loan Bank	AAA	Moody's		04/28/26	948,660
Federal Home Loan Bank	AAA	Moody's		04/29/26	954,570
Federal Home Loan Bank	AAA	Moody's		05/12/26	704,408
Federal Home Loan Bank	AAA	Moody's		05/12/26	707,685
Federal Home Loan Bank	AAA	Moody's		05/27/26	944,920
Federal Home Loan Bank	AAA	Moody's		05/27/26	392,142
Federal Home Loan Bank	AAA	Moody's		06/15/26	2,364,450
Federal Home Loan Bank	AAA	Moody's		06/30/26	1,160,362
Federal Home Loan Bank	AAA	Moody's		06/30/26	1,148,597
Federal Home Loan Bank	AAA	Moody's		07/28/26	564,447
Federal Home Loan Bank	AAA	Moody's		08/26/26	468,160
Federal Home Loan Bank	AAA	Moody's		09/09/26	914,840
Federal Home Loan Bank	AAA	Moody's		09/23/26	1,124,556
Federal Home Loan Bank	AAA	Moody's		09/30/26	928,520
Federal Home Loan Bank	AAA	Moody's		10/13/26	1,282,050
Federal Home Loan Bank	AAA	Moody's		10/28/26	709,102
Federal Home Loan Bank	AAA	Moody's		10/28/26	943,240
Federal Home Loan Bank	AAA	Moody's		10/28/26	1,123,392
Federal Home Loan Bank	AAA	Moody's		10/28/26	935,000
Federal Home Loan Bank	AAA	Moody's		11/23/26	946,180
Federal Home Loan Bank	AAA	Moody's		11/23/26	946,180
Federal Home Loan Bank	AAA	Moody's		11/24/26	946,930
Federal Home Loan Bank	AAA	Moody's		12/21/26	1,838,720
Federal Home Loan Bank	AAA	Moody's		12/30/26	947,950
Federal Home Loan Bank	AAA	Moody's		05/19/27	1,988,440
Federal Home Loan Bank	AAA	Moody's		07/12/27	1,112,016

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Investment Type	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
Federal Home Loan Bank	AAA	Moody's		07/12/27	828,859
Federal Home Loan Bank	AAA	Moody's		07/12/27	163,571
Federal Home Loan Bank	AAA	Moody's		01/28/28	1,370,790
Federal Home Loan Bank	AAA	Moody's		08/25/28	914,280
Total Federal Home Loan Bank			58%		\$ 42,817,879
Investment pools					
MAGIC Fund - General Revenue					\$ 18,041,712
MAGIC Fund - Solid Waste Long-Term					3,164,355
MAGIC Fund - Solid Waste Management					1,279,949
MAGIC Fund - Road and Bridge					1,000,000
Total investment pools	N/R	N/A	N/A	N/A	\$ 23,486,016
Negotiable certificates of deposit					\$ 4,128,812
Repurchase Agreement					\$ 31,078
Total investments					\$ 74,371,305
Deposits					5,441,278
Change funds					12,245
Total Cash and Investments					\$ 79,824,828
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.

	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				
Debt securities				
U.S. Agencies	\$ 46,725,399	\$ -	\$ 46,725,399	\$ -
Negotiable certificates of deposit	<u>4,128,812</u>	<u>-</u>	<u>4,128,812</u>	<u>-</u>
Total Investments Included in the Fair Value Hierarchy	<u>\$ 50,854,211</u>	<u>\$ -</u>	<u>\$ 50,854,211</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Repurchase agreement	\$ 31,078			
MAGIC Portfolio	<u>23,486,016</u>			
Total Investments	<u>\$ 74,371,305</u>			

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 a net asset value (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 their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

The County invests in repurchase agreements through the banks sweep accounts. These accounts have daily liquidity and funds can be accessed any time.

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2. Receivables

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

	Total Receivables	Less: Allowance for Uncollectibles	Total Receivables - Net	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes	\$ 562,176	\$ -	\$ 562,176	\$ -
Special assessments	423,911	-	423,911	390,997
Accounts	851,280	(303,551)	547,729	-
Accrued interest receivable	218,577	-	218,577	-
Due from other governments	9,065,299	-	9,065,299	450,782
Long-term receivable	225,000	-	225,000	225,000
Lease receivable	6,018,034	-	6,018,034	340,464
Total Receivables	\$ 17,364,277	\$ (303,551)	\$ 17,060,726	\$ 1,407,243
Business-Type Activities				
Special assessments	\$ 40,624	\$ -	\$ 40,624	\$ -
Accounts	685,798	(10,273)	675,525	-
Accrued interest receivable	7,363	-	7,363	-
Due from other governments	3,924,709	-	3,924,709	-
Lease receivable	169,193	-	169,193	100,792
Total Receivables	\$ 4,827,687	\$ (10,273)	\$ 4,817,414	\$ 100,792

Leases

The County has entered into lease agreements as a lessor and as of December 31, 2023, there are six active lease receivable agreements for land and buildings. Fixed annual lease receipts range between \$498 and \$400,000 and extend to periods ending December 31, 2023, through December 31, 2038. During 2023, the General Fund and the Family Service Center Enterprise Fund received a total of principal and interest payments of \$434,439 and \$90,360, respectively.

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3. Capital Assets

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

Governmental Activities

	Beginning Balance, as Restated*	Increase	Decrease/ Adjustment	Ending Balance
Capital assets not depreciated				
Land	\$ 3,940,321	\$ -	\$ -	\$ 3,940,321
Construction in progress	1,394,671	2,265,568	2,177,715	1,482,524
Total capital assets not depreciated	<u>\$ 5,334,992</u>	<u>\$ 2,265,568</u>	<u>\$ 2,177,715</u>	<u>\$ 5,422,845</u>
Capital assets depreciated				
Land improvements	\$ 1,939,758	\$ -	\$ -	\$ 1,939,758
Buildings	64,659,565	2,062,092	-	66,721,657
Machinery, furniture, and equipment	15,627,324	1,264,957	799,952	16,092,329
Infrastructure	166,961,815	6,820,454	-	173,782,269
Total capital assets depreciated	<u>\$ 249,188,462</u>	<u>\$ 10,147,503</u>	<u>\$ 799,952</u>	<u>\$ 258,536,013</u>
Less: accumulated depreciation for				
Land improvements	\$ 457,805	\$ 81,180	\$ -	\$ 538,985
Buildings	9,684,921	1,671,540	-	11,356,461
Machinery, furniture, and equipment	9,026,790	1,600,497	778,018	9,849,269
Infrastructure	79,806,686	4,617,985	-	84,424,671
Total accumulated depreciation	<u>\$ 98,976,202</u>	<u>\$ 7,971,202</u>	<u>\$ 778,018</u>	<u>\$ 106,169,386</u>
Total capital assets depreciated, net	<u>\$ 150,212,260</u>	<u>\$ 2,176,301</u>	<u>\$ 21,934</u>	<u>\$ 152,366,627</u>
Capital assets amortized				
Leased equipment	\$ 198,355	\$ 1,251,377	\$ 171,215	\$ 1,278,517
Software Subscriptions	2,232,466	387,890	-	2,620,356
Total capital assets amortized	<u>\$ 2,430,821</u>	<u>\$ 1,639,267</u>	<u>\$ 171,215</u>	<u>\$ 3,898,873</u>
Less: accumulated amortization for				
Leased equipment	\$ 29,836	\$ 220,550	\$ 48,829	\$ 201,557
Software Subscriptions	-	517,063	-	517,063
Total accumulated amortization	<u>\$ 29,836</u>	<u>\$ 737,613</u>	<u>\$ 48,829</u>	<u>\$ 718,620</u>
Total capital assets amortized, net	<u>\$ 2,400,985</u>	<u>\$ 901,654</u>	<u>\$ 122,386</u>	<u>\$ 3,180,253</u>
Governmental Activities Capital Assets, Net	<u>\$ 157,948,237</u>	<u>\$ 5,343,523</u>	<u>\$ 2,322,035</u>	<u>\$ 160,969,725</u>

*See Change in Accounting Principle in Note 1.D.17.

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Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,454,643	\$ -	\$ -	\$ 1,454,643
Construction in progress	21,248,124	6,293,819	21,533,082	6,008,861
 Total capital assets not depreciated	 \$ 22,702,767	 \$ 6,293,819	 \$ 21,533,082	 \$ 7,463,504
Capital assets depreciated				
Buildings	\$ 25,530,496	\$ 21,558,782	\$ -	\$ 47,089,278
Landfill	10,771,747	-	-	10,771,747
Improvements other than building	631,603	-	-	631,603
Machinery, furniture, and equipment	2,201,844	455,307	355,751	2,301,400
Infrastructure	3,489,672	-	-	3,489,672
 Total capital assets depreciated	 \$ 42,625,362	 \$ 22,014,089	 \$ 355,751	 \$ 64,283,700
Less: accumulated depreciation for				
Buildings	\$ 13,034,533	\$ 1,495,512	\$ -	\$ 14,530,045
Landfill	8,933,710	62,821	-	8,996,531
Improvements other than building	310,093	15,486	-	325,579
Machinery, furniture, and equipment	1,323,905	262,238	295,913	1,290,230
Infrastructure	1,607,701	131,912	-	1,739,613
 Total accumulated depreciation	 \$ 25,209,942	 \$ 1,967,969	 \$ 295,913	 \$ 26,881,998
 Total capital assets depreciated, net	 \$ 17,415,420	 \$ 20,046,120	 \$ 59,838	 \$ 37,401,702
 Business-Type Activities Capital Assets, Net	 \$ 40,118,187	 \$ 26,339,939	 \$ 21,592,920	 \$ 44,865,206

Depreciation and Amortization expense were charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 1,149,358
Public safety	1,200,376
Conservation	38,933
Highways and streets, including depreciation of infrastructure assets	4,811,351
Human Services	7,879
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,500,918
 Total Depreciation and Amortization Expense - Governmental Activities	 <u>\$ 8,708,815</u>
Business-Type Activities	
Family Service Center	\$ 347,728
Juvenile Center	497,399
Public Health	4,538
Solid Waste	1,118,304
 Total Depreciation Expense - Business-Type Activities	 <u>\$ 1,967,969</u>

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B. Interfund Receivables, Payables, and Transfers

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

1. Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Road and Bridge	\$ 147
	Social Services	359,110
	DMV Construction	850,000
	Public Health	711
	Solid Waste	105
	Family Service Center	208
	Juvenile Center	456
	Fiduciary Funds	<u>2,800</u>
Total due to General Fund		<u>\$ 1,213,537</u>
Road & Bridge	Solid Waste	<u>\$ 1,778</u>
Social Services	General Fund	\$ 2,650
	Public Health	227,262
	Juvenile Center	<u>162</u>
Total due to Social Services		<u>\$ 230,074</u>
Gravel Removal Tax Reserve	Road and Bridge	<u>\$ 66,238</u>
Juvenile Center	General Fund	\$ 61,633
	Social Services	<u>354,100</u>
Total due to Juvenile Center Fund		<u>\$ 415,733</u>
Public Health	General Fund	\$ 184,083
	Fiduciary Funds	<u>481,123</u>
Total due to Public Health Fund		<u>\$ 665,206</u>
Internal Service Fund	Social Services	\$ 628
	Juvenile Center	<u>2,337</u>
Total due to Internal Service Fund		<u>\$ 2,965</u>
Fiduciary Funds	Social Services	\$ 95,227
	Public Health	<u>77,104</u>
Total due to Fiduciary Funds		<u>\$ 172,331</u>
Total Due To/From Other Funds		<u><u>\$ 2,767,862</u></u>

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

2. Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Family Service Center	\$ 1,495,000
	Juvenile Center	350,000
Total General Fund		<u>\$ 1,845,000</u>
Solid Waste Management	Road and Bridge	\$ 179,796
Total Advances From/To Other Funds		<u>\$ 2,024,796</u>

The purpose of the advances from the General Fund was to cover negative cash balances. The advances will be repaid when cash is available. Advances have also been made to the Road and Bridge Special Revenue Fund from the Solid Waste Enterprise Fund for the Road and Bridge Fund's share of construction costs of the new shared facility. The advance will be repaid over the next year.

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following:

Transfers to General Fund from Solid Waste Management Enterprise Fund	\$ 120,000	To transfer funds as a reimbursement of services
Transfers to Internal Service Fund from Solid Waste Management Enterprise Fund	23,340	To transfer carrying value of a capital asset
Transfers to County Improvement Capital Projects Fund from General Fund	25,991	To transfer funds for county projects.
Transfers to DMV Construction Capital Projects Fund from Jail/Law Enforcement Capital Projects Fund	448,880	To transfer local funds for DMV Construction.
Transfers to Public Health Enterprise Fund from Jail/Law Enforcement Capital Projects Fund	1,927,906	To transfer local funds and project premium for detox facility construction.
Transfers to Public Health Enterprise Fund from General Fund	<u>1,799,202</u>	Budgeted transfer
Total Interfund Transfers	<u>\$ 4,345,319</u>	

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C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2023, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts	\$ 874,460	\$ 317,596
Salaries	867,077	279,237
Contracts	1,019,471	1,324,905
Due to other governments	2,105,245	355,094
Accrued interest payable	678,744	199,068
	<u>\$ 5,544,997</u>	<u>\$ 2,475,900</u>
Total Payables		

2. Construction and Other Significant Commitments

The County has active construction projects and other commitments as of December 31, 2023. The projects and commitments include the following:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Substance Use Crisis Center Project – Public Health Enterprise Fund	\$ 4,781,487	\$ 8,978,605
DMV project – DMV Construction Capital Projects Fund	467,851	4,398,488
2 Tandem Axle Plow Truck – Road & Bridge Special Revenue Fund	<u>-</u>	<u>673,324</u>
	<u>\$ 5,249,338</u>	<u>\$ 14,050,417</u>
Total Commitments		

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3. Unearned Revenue

Unearned revenue as of December 31, 2023, was as follows:

	Governmental Activities	Business-Type Activities
Charges for services	\$ 387	\$ 271,234
Grants	7,896,606	2,624
Rent	-	17,198
Miscellaneous	16,423	-
Total Unearned Revenue	\$ 7,913,416	\$ 291,056

4. Leases

The County leases machinery and automotive equipment for various terms under long-term, non-cancelable lease agreements. These leases expire at various dates through 2028. These leases have been recorded at the present value of their future minimum lease payments as of the inception date. All lease payments are paid by the Internal Service Fund.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2023, were as follows:

Year Ending December 31	Principal	Interest
2024	\$ 228,728	\$ 27,631
2025	235,100	21,261
2026	268,907	14,310
2027	269,553	7,280
2028	103,990	567
Total governmental activities lease payments	\$ 1,106,278	\$ 71,049

5. Subscription-Based Information Technology Arrangements

Software Subscriptions

The County has entered into various agreements to finance software subscriptions. Software subscriptions range from thirteen months to eleven years and have been recorded at the present value of their future minimum payments as of the inception date. Software subscription payments are paid by the General Fund and Internal Service Fund.

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The future minimum subscription obligations and the net present value of these minimum lease payments as of December 31, 2023, were as follows:

Year Ending December 31	Principal	Interest
2024	\$ 531,102	\$ 54,993
2025	470,716	41,088
2026	463,100	28,386
2027	350,770	16,757
2028	121,944	7,277
2029-2033	141,383	9,520
Total governmental activities lease payments	<u>\$ 2,079,015</u>	<u>\$ 158,021</u>

5. Long-Term Debt

Governmental Activities

The payments on the 2019 G.O. Watershed Improvement Bonds are being made from the Ditch Debt Service Fund. The payments for the 2016 & 2017 G.O. Jail Bonds and 2017 G.O. Capital Improvement Bonds are being paid out of the Law Enforcement Expansion Debt Service Fund. The payments for the 2021 G.O. Capital Improvement Bonds are being paid out of the County Projects Debt Service Fund.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General obligation bonds					
2016 G.O. Jail Bonds	2036	\$425,000 - \$620,000	1.982	9,770,000	7,070,000
2017 G.O. Jail Bonds	2036	\$115,000 - \$2,085,000	3.248	26,380,000	21,910,000
2017 G.O. Capital Improvement Bonds	2036	\$375,000 - \$1,165,000	2.698	15,440,000	12,640,000
2019 G.O. Watershed Improvement Bonds	2035	\$100,000 - \$135,000	2.439	1,720,000	1,415,000
2021 G.O. Capital Improvement Bonds	2029	\$390,000 - \$495,000	0.853	<u>3,185,000</u>	<u>2,795,000</u>
Total general obligation bonds				<u>\$ 56,495,000</u>	\$ 45,830,000
Add: unamortized premiums					<u>2,013,148</u>

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Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
Total General Obligation Bonds, Net					\$ 47,843,148

Business-Type Activities

The payments on the 2018 G.O. Jail Bonds are being paid out of the Juvenile Center Enterprise Fund. The payments on the 2021 G.O. Solid Waste Revenue Bonds are being paid out of the Solid Waste Enterprise Fund.

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General obligation bonds					
2018 G.O. Jail Bonds	2039	\$270,000- \$505,000	3.147	\$ 7,495,000	\$ 6,360,000
2021 G.O. Solid Waste Revenue Bonds	2041	\$370,000- \$635,000	1.671	<u>10,130,000</u>	<u>9,360,000</u>
				<u>\$ 17,625,000</u>	<u>\$ 15,720,000</u>
Add: unamortized premiums					<u>950,285</u>
Total General Obligation Bonds, Net					<u>\$ 16,670,285</u>

6. Debt Service Requirements

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

Governmental Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2024	\$ 3,100,000	\$ 1,487,418
2025	3,205,000	1,374,693
2026	3,325,000	1,246,292
2027	3,460,000	1,111,564
2028	3,590,000	990,429
2029 – 2033	17,625,000	3,248,513
2034 – 2038	<u>11,525,000</u>	<u>552,924</u>
Total	<u>\$ 45,830,000</u>	<u>\$ 10,011,833</u>

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Business-Type Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2024	\$ 690,000	\$ 473,188
2025	715,000	446,913
2026	745,000	418,012
2027	775,000	388,012
2028	805,000	358,487
2029 – 2033	4,460,000	1,342,575
2034 – 2038	5,155,000	652,506
2039 – 2041	2,375,000	84,138
Total	<u>\$ 15,720,000</u>	<u>\$ 4,163,831</u>

7. Changes in Long-Term Liabilities

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

Governmental Activities

	Beginning Balance, as Restated*	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 48,785,000	\$ -	\$ 2,955,000	\$ 45,830,000	\$ 3,100,000
Add: deferred amounts for issuance premiums	2,199,435	-	186,287	2,013,148	-
Total bonds payable	\$ 50,984,435	\$ -	\$ 3,141,287	\$ 47,843,148	\$ 3,100,000
Leases payable	170,688	1,110,069	174,479	1,106,278	228,728
IT Subscriptions payable	2,232,466	383,841	537,292	2,079,015	531,102
Compensated absences	3,056,341	2,464,146	2,307,686	3,212,801	980,283
Governmental Activities Long-Term Liabilities	<u>\$ 56,443,930</u>	<u>\$ 3,958,056</u>	<u>\$ 6,160,744</u>	<u>\$ 54,241,242</u>	<u>\$ 4,840,113</u>

*See Change in Accounting Principle in Note 1.D.17.

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Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 16,385,000	\$ -	\$ 665,000	\$ 15,720,000	\$ 690,000
Add: deferred amounts for issuance discounts	1,005,809	-	55,524	950,285	-
Total bonds payable	\$ 17,390,809	\$ -	\$ 720,524	\$ 16,670,285	\$ 690,000
Estimated liability for landfill closure/postclosure	4,881,172	-	1,234,296	3,646,876	-
Compensated absences	851,899	747,571	706,972	892,498	303,444
Business-Type Activities Long-Term Liabilities	<u>\$ 23,123,880</u>	<u>\$ 747,571</u>	<u>\$ 2,661,792</u>	<u>\$ 21,209,659</u>	<u>\$ 993,444</u>

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$1,106,278 of lease purchases payable and \$88,248 of subscriptions technology agreements payable are included in the amounts for the governmental activities at year-end. Annual liquidation of the lease liability and subscriptions liability is reported in the Internal Service Fund.

For the governmental activities, compensated absences are liquidated through the General Fund, and other governmental funds that have personal services. For the business-type activities, compensated absences are liquidated by the enterprise funds.

8. Deferred Inflows - Unavailable Revenue

Deferred inflows of resources - unavailable revenue consists of taxes, special assessments, state and/or federal grants, and state highway users tax allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period.

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	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 222,128	\$ -	\$ -	\$ 6,037,824	\$ 6,259,952
Road and Bridge	38,141	-	3,759,289	569,889	4,367,319
Social Services	106,651	-	5,857	150,099	262,607
Nonmajor governmental funds					
Ditch	-	919,603	-	-	919,603
County Building	584	-	-	-	584
Joint Highway Facility	365	-	-	-	365
Law Enforcement Expansion	75	-	-	-	75
County Projects	3,281	-	-	-	3,281
Courthouse Expansion	1,233	-	-	-	1,233
 Total	\$ 372,458	\$ 919,603	\$ 3,765,146	\$ 6,757,812	\$ 11,815,019

D. Other Postemployment Benefits (OPEB)

Plan Description

Clay 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 four of GASB 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:

Retirees or spouses currently receiving benefit payments	13
Active plan participants	465
 Total	 478

Total OPEB Liability

The County's total OPEB liability of \$2,141,171 was measured as of January 1, 2023, determined by an actuarial valuation as of January 1, 2022. For governmental activities, the OPEB liability is liquidated through the General Fund and other governmental funds that have personal services. For the business-type activities, the OPEB liability is liquidated by the enterprise funds.

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The total OPEB liability in the fiscal year-end December 31, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	Service graded table
Health care cost trend	6.25 percent, grading to 5 percent over 5 years and then to 4 percent over the next 48 years

The current year discount rate is 4.00 percent, which is a change from the prior year rate of 2.00 percent. For the current valuation, the discount rate was developed by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date.

Mortality rates used are recent tables developed and recommended by the Society of Actuaries and are based on Pub-2010 Public Retirement Plans Headcount-Weighted mortality tables (General, Safety) with MP-2020 generational improvements scale. The current year discount rate is 4.00 percent based on the estimated yield of 20-Year AA-rated municipal bonds.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2023	\$ 1,983,003
Changes for the year	
Service cost	\$ 133,356
Interest	40,899
Assumption changes	(335,590)
Differences between expected and actual experience	463,063
Benefit payments	<u>(143,560)</u>
Net change	\$ 158,168
Balance at December 31, 2023	<u>\$ 2,141,171</u>

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

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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:

	Discount Rate	Total OPEB Liability
1% Decrease	3.0%	\$ 2,302,513
Current	4.0	2,141,171
1% Increase	5.0	1,992,565

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:

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 1,927,558
Current	6.25% Decreasing to 5.00%	2,141,171
1% Increase	7.25% Decreasing to 6.00%	2,393,039

OPEB Expense and 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 \$158,168. The County reported \$356,270 in deferred inflows of resources resulting from changes in actuarial assumptions and differences between expected and actual experience and \$714,291 in deferred outflows of resources resulting changes in actuarial assumptions and from County contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023.

There are subsidized payments of \$165,156 made subsequent to the measurement date included in deferred outflows of resources that will be recognized as a reduction of the OPEB liability for the year ended December 31, 2024.

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

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Year Ended December 31	OPEB Expense Amount
2024	\$ 34,289
2025	34,291
2026	40,771
2027	40,765
2028	19,152
Thereafter	23,597

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2023:

- The inflation rate was changed from 2.00 to 2.50 percent.
- The discount rate was changed from 2.00 to 4.00 percent.

E. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of Clay 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 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, and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 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 Clay County employees belong to the Basic Plan.

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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 county 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.

2. 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 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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 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

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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 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.

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee

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contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2022.

In 2023, the County was required to contribute the following percentages of annual covered salary:

	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

The County’s contributions for the year ended December 31, 2023, to the pension plans were:

General Employees Plan	\$ 1,939,169
Police and Fire Plan	561,312
Correctional Plan	466,076

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

4. Pension Costs

General Employees Plan

At December 31, 2023, the County reported a liability of \$18,100,941 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 0.3237 percent. It was 0.3152 percent measured as of June 30, 2022. The County recognized pension expense of \$3,531,250 for its proportionate share of the General Employees Plan’s pension expense.

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Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County's recognized an additional \$1,638 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

County's proportionate share of the net pension liability	\$	18,100,941
State of Minnesota's proportionate share of the net pension liability associated with the County		504,902
Total	\$	18,605,843

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 590,693	\$ 121,112
Changes in actuarial assumptions	2,846,387	4,961,314
Difference between projected and actual investment earnings	-	722,196
Changes in proportion	902,695	-
Contributions paid to PERA subsequent to the measurement date	972,054	-
Total	\$ 5,311,829	\$ 5,804,622

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The \$972,054 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:

Year Ended December 31	Pension Expense Amount
2024	\$ 904,312
2025	(2,506,518)
2026	530,033
2027	(392,674)

Police and Fire Plan

At December 31, 2023, the County reported a liability of \$4,163,484 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 0.2411 percent. It was 0.2497 percent measured as of June 30, 2022. The County recognized pension expense of \$1,208,932 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, 2022. 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 \$21,699 as grant revenue and pension expense for its proportionate share of the State of Minnesota’s pension expense related to the special funding situation.

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County's proportionate share of the net pension liability	\$	4,163,484
State of Minnesota's proportionate share of the net pension liability associated with the County		(311,865)
Total	\$	3,851,619

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 \$21,699 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.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,161,269	\$ -
Changes in actuarial assumptions	4,972,409	5,853,873
Difference between projected and actual investment earnings	-	158,718
Changes in proportion	57,284	323,057
Contributions paid to PERA subsequent to the measurement date	281,797	-
Total	\$ 6,472,759	\$ 6,335,648

The \$281,797 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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Year Ended December 31	Pension Expense Amount
2024	\$ 177,881
2025	44,319
2026	1,031,940
2027	(303,466)
2028	(1,095,360)

Correctional Plan

At December 31, 2023, the County reported a liability of \$998,262 for its proportionate share of the Correctional Plan's net pension asset. 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 2.2083 percent. It was 2.0887 percent measured as of June 30, 2022. The County recognized pension expense of \$851,619 for its proportionate share of the Correctional Plan's pension expense.

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 384,487	\$ 82,885
Changes in actuarial assumptions	2,247,401	4,554,199
Difference between projected and actual investment earnings	-	149,480
Changes in proportion	275,474	126
Contributions paid to PERA subsequent to the measurement date	233,442	-
Total	\$ 3,140,804	\$ 4,786,690

The \$233,442 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be

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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:

Year Ended December 31	Pension Expense Amount
2024	\$ 21,517
2025	(2,247,910)
2026	452,413
2027	(105,348)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023, was \$5,591,801.

5. 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:

	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. 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

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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.

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

6. 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 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, Police and Fire Plan, and the 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.

7. Changes in Actuarial Assumptions

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.

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- 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.

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- 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.
- 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.

8. 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:

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	6.00%	\$ 32,022,019	6.00%	\$ 8,260,848	6.00%	\$ 5,261,959
Current	7.00	18,100,941	7.00	4,163,484	7.00	998,262
1% Increase	8.00	6,650,326	8.00	794,902	8.00	(2,403,624)

9. Pension Plan Fiduciary Net Position

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

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F. Defined Contribution Plan

Five County Commissioners of Clay 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 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by Clay County during the year ended December 31, 2023, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 11,918	\$ 11,918
Percentage of covered payroll	5%	5%

4. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,646,876 landfill closure and postclosure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of 52 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,672,768 as the remaining estimated capacity is filled and the date the landfill is expected to be filled to capacity (2076). The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all

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equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2023. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2023, investments of \$4,865,851 are held for these purposes. These are reported as restricted assets on the statement of net position. Clay County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

5. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2022 and 2023. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

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6. Conduit Debt

The County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of educational facilities deemed to be in the public interest. The bonds are secured by the property financed through a series of loan agreements and are payable solely from the revenue of the entity. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Bonds issued and outstanding as of December 31, 2023, are as follows:

<u>Entity</u>	<u>Series</u>	<u>Principal Issued</u>	<u>Outstanding</u>
Minnesota State University Moorhead	2001	\$ 3,940,000	\$ 1,614,038
Eventide	2017	1,214,900	386,827
Eventide	2019	8,000,000	7,469,000

7. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

The County, in connection with the normal conduct of its affairs, is involved in various judgments, claims, and litigations; it is expected that the final settlement of these matters will not materially affect the financial statements of the County.

B. Joint Ventures

Prairie Lakes Municipal Solid Waste Authority

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

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

In the event of dissolution of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board, all assets and liabilities of the Board shall be distributed and/or retired based on the contracted debt obligation of each of the parties of the agreement providing such entity is a party to the agreement at the time of the discharge of assets and liabilities. In 2023, the County contributed \$312,336 to the Perham Resource Recovery Facility. Financial information can be obtained from its fiscal agent at 115 Tower Road North, Fergus Falls, Minnesota 56537.

Fargo-Moorhead Metropolitan Council of Governments

The Fargo-Moorhead Metropolitan Council of Governments was established in 1967 by a joint powers agreement between the Cities of Fargo, Horace, and West Fargo, North Dakota; Moorhead and Dilworth, Minnesota; Cass County, North Dakota; and Clay County. The primary purpose of the Council is metropolitan area planning for the two-county area. The Council also serves as a coordinating agency for investigations and studies for improvement of government and services in the area.

The primary source of revenues is federal grants administered by the North Dakota and Minnesota Departments of Transportation, the Federal Transit Administration, and member support on a per capita basis. During 2023, Clay County contributed \$20,090 to the Fargo-Moorhead Metropolitan Council of Governments.

Control of the Council is vested in a 13-member Board of Directors, of which one member is an elected County Commissioner. The Council representatives to the Board are appointed by their respective governing bodies for a term determined by their governing bodies.

As of December 31, 2023, the total net position of the Fargo-Moorhead Metropolitan Council of Governments are \$(96,164). Complete financial statements for the Council may be obtained from its administrative office at Case Plaza, One 2nd Street North, Suite 232, Fargo, North Dakota 58102.

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Clay County Joint Powers Collaborative

The Clay County Joint Powers Collaborative was established March 4, 1997, under the authority of the Joint Powers Act, pursuant to Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Clay County; Independent School Districts 152 (Moorhead), 146 (Barnesville), 2164 (Dilworth-Glyndon-Felton), 150 (Hawley), and 914 (Ulen-Hitterdal); the Clay-Wilkin Opportunity Council; Lakeland Mental Health; and Clay County Court Services. The purpose of the Collaborative is to provide services designed to enhance opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self-esteem, and develop general employment skills.

Control of the Clay County Joint Powers Collaborative is vested in a 20-member Board of Directors appointed by the member parties.

In the event of a withdrawal from the Clay County Joint Powers Collaborative, the withdrawing party shall give a 90-day notice. 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 property.

Financing is provided by state and federal grants and contributions from its member parties. Clay County, in an agent capacity, reports the cash transactions of the Clay County Joint Powers Collaborative as a custodial fund on its financial statements. During 2023, the County did not contribute any funds to the Collaborative.

Clay County/MnDOT/City of Moorhead Jointly-Operated Public Works Facility

In 2002, Clay County entered into a Partnership Agreement with the City of Moorhead and the Minnesota Department of Transportation for the construction, ownership, and operation of a Public Works Facility. Ownership of the facility is in the following proportions: State - 38 percent, County - 46 percent, City - 16 percent. Ownership of the land is in equal shares. A Management Committee, comprised of one member from each entity, is responsible for the operation and resolution of issues pertaining to the complex.

Northwest Minnesota Regional Emergency Communication Board

The Northwest Minnesota Regional Emergency Communication Board (formerly known as the Northwest Minnesota Regional Radio Board) was formed in 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59

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and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau; and the White Earth Reservation

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

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

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

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Clay County's contribution for 2023 was \$2,500.

Complete financial information can be obtained from the Headwaters Regional Development Commission, 403 - 4th Street Northwest, Suite 310, Bemidji, Minnesota 56601.

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

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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, Clay County did not contribute to Partnership4Health Community Health Board.

Moorhead-Clay County Joint Powers Authority

The Moorhead-Clay County Joint Powers Authority (MCCJPA) was established July 1, 2019, under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59 and includes the City of Moorhead and Clay County. The purpose of this agreement is to authorize the Member Entities to work collaboratively to maximize efficiencies with respect to the acquisition of Project Property in Minnesota and to foster cooperation between the Member Entities' employees, engineers, attorneys, and professional consultants. The Moorhead-Clay County Joint Powers Board consists of two members of the Clay County Commission, three members appointed by the City and one member of the Buffalo Red River Watershed District.

This agreement may only be terminated by the mutual consent of the Parties, evidenced by identical resolutions adopted by the Governing Bodies of each Party.

Financing is provided by budgeted funds from the Metro Flood Diversion Authority (DA) and the State of Minnesota. In the event that the County and City approved expenditures outside of budgeted funds and the Diversion Authority has not approved

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the increased budget the City and County will each pay fifty percent of the additional cost.

The County shall maintain the accounts and manage the disbursements on behalf of the MCCJPA.

In the event of dissolution of the MCCJPA distribution of assets in the following manner: (a) Project Property acquired during the term of the MCCJPA shall be transferred to and titled in the name of the City if the City remains a DA Party or transferred to and title in the name of the Diversion Authority if the City is no longer a DA Party; (b) any remaining Project Property which is deemed by the Diversion Authority to be unnecessary for the Project may be sold or liquidated prior to distribution; (c) remaining Budgeted Funds shall be returned to the Diversion Authority; and (d) any remaining assets shall be divided equally between the County and City.

During 2023, Clay County did not make contributions to the Moorhead-Clay County Joint Powers Authority.

C. Jointly-Governed Organizations

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

Western Area City/County Co-op

Clay County and 24 other cities and counties entered into a joint powers agreement to establish the Western Area City/County Co-op (WACCO) Joint Powers Board, effective September 5, 1995, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to establish a resource network that identifies common needs of the individual governmental units and reduces the financial burden on each of its members through the cooperative sharing of existing resources.

The management and control of WACCO is vested in a Board of Directors composed of a representative appointed by each member city and county.

Agassiz Regional Library

The Agassiz Regional Library was formed pursuant to Minn. Stat. §§ 134.20 and 471.59, effective January 1, 1981, and includes Becker, Clay, Clearwater, Mahnomen, Norman, Polk, and Wilkin Counties.

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Control of the Library is vested in the Agassiz Regional Library Board, which is composed of 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. Clay County contributed \$318,266 to the Agassiz Regional Library during 2023.

Red River Regional Dispatch Center

In 2001, a Joint Powers Agreement was entered into by the cities of Moorhead, Minnesota; Fargo, North Dakota; and the Counties of Cass, North Dakota; and Clay, Minnesota, for the joint operation of 911/Dispatch functions to reduce and/or eliminate duplication of equipment and staff time. The agreement was amended in 2008 to include the City of West Fargo, North Dakota. The agreement was amended in 2016 to reflect changes wherein Cass County, North Dakota, now receives all of the 911 funds from phones for the county. The cities of Fargo and West Fargo, North Dakota no longer collect 911 fees and thus no longer will be responsible for costs associated with the RRRDC. A joint board, comprised of members appointed by the governing bodies, is responsible for administering the joint dispatch center.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. Clay County is a member of this organization.

Sentence to Service

Clay County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Serve (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program.

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D. Related Organizations

Clay County Housing and Redevelopment Authority

The Clay County Housing and Redevelopment Authority (HRA) has its own governing board which is appointed by the Clay County Board of Commissioners. Clay County has no other financial, operational, or managerial control over this organization.

Buffalo-Red River Watershed District

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

Wild Rice Watershed District

The Wild Rice Watershed District was established in 1969, pursuant to Minn. Stat. ch. 103D, and includes Becker, Clay, Clearwater, Mahnomen, Norman, and Polk Counties. The purpose of the Wild Rice Watershed District is to oversee watershed projects, conduct studies for future project planning, administration of legal drainage systems, issuance of applications and permits, public education on conservation issues, and dispute resolution.

Control of the Watershed District is vested in the Board of Managers, which is composed of seven members appointed by the County Commissioners of Becker, Clay, Mahnomen, and Norman Counties. Norman County appoints three members, Clay County appoints two members, and Mahnomen and Becker Counties each appoint one member.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to

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promote healthy individuals, families, and communities by providing high quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Clay County paid \$1,934,297 in 2023 for services purchased through Lakeland Mental Health Center.

8. Subsequent Event

Bond Issue

The County issued \$6,450,000 General Obligation Capital Improvement Plan Bonds, 2024A, dated January 23, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**CLAY COUNTY
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EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 22,356,138	\$ 22,356,138	\$ 22,442,160	\$ 86,022
Licenses and permits	135,360	135,360	121,269	(14,091)
Intergovernmental	6,445,226	6,445,226	8,843,221	2,397,995
Charges for services	1,354,926	1,354,926	1,396,930	42,004
Fines and forfeits	5,000	5,000	75,815	70,815
Investment earnings	321,043	321,043	3,364,088	3,043,045
Miscellaneous	756,502	756,502	1,083,205	326,703
Total Revenues	\$ 31,374,195	\$ 31,374,195	\$ 37,326,688	\$ 5,952,493
Expenditures				
Current				
General government				
Commissioners	\$ 396,091	\$ 396,091	\$ 395,164	\$ 927
Courts	200,000	200,000	191,726	8,274
Public defender	90,000	90,000	85,955	4,045
Law library	106,395	106,395	25,003	81,392
County administration	353,827	353,827	380,399	(26,572)
County auditor	998,115	998,115	886,866	111,249
License bureau	1,034,671	1,034,671	1,000,550	34,121
County treasurer	260,304	260,304	222,641	37,663
County assessor	566,353	566,353	531,793	34,560
Elections	220,918	220,918	82,450	138,468
Internal audit	82,000	82,000	24,519	57,481
Technology services	1,944,603	1,944,603	1,561,157	383,446
Personnel	416,139	416,139	398,627	17,512
Information services	543,622	543,622	572,329	(28,707)
Attorney	1,822,116	1,822,116	1,921,781	(99,665)
Victim witness	277,719	277,719	291,688	(13,969)
Unanticipated trial costs	30,000	30,000	30,000	-
Recorder	494,425	494,425	727,968	(233,543)
Surveyor	42,000	42,000	42,975	(975)
Planning and zoning	399,566	399,566	426,026	(26,460)
Government center	140,891	140,891	107,901	32,990
Maintenance	1,507,929	1,507,929	1,425,037	82,892
Veterans service officer	304,794	304,794	315,572	(10,778)
Unallocated	984,560	984,560	1,190,069	(205,509)
Total general government	\$ 13,217,038	\$ 13,217,038	\$ 12,838,196	\$ 378,842

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**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 6,025,992	\$ 6,025,992	\$ 5,920,461	\$ 105,531
Safe and sober	13,961	13,961	11,855	2,106
US Marshals task force	-	-	5,247	(5,247)
Snowmobile	5,568	5,568	1,823	3,745
Law enforcement grant	(7,930)	(7,930)	-	(7,930)
ATV	-	-	187	(187)
Coroner	145,000	145,000	108,148	36,852
E-911 system	146,520	146,520	150,183	(3,663)
Community corrections	6,801,485	6,801,485	6,491,297	310,188
Dispatchers	514,527	514,527	349,243	165,284
Probation and parole	852,954	852,954	735,782	117,172
Juvenile detention	697,715	697,715	722,087	(24,372)
Civil defense	117,056	117,056	45,625	71,431
Total public safety	\$ 15,312,848	\$ 15,312,848	\$ 14,541,938	\$ 770,910
Culture and recreation				
Historical society	\$ 208,677	\$ 208,677	\$ 208,677	\$ -
Conservation of natural resources				
County extension	\$ 326,758	\$ 326,758	\$ 254,480	\$ 72,278
Water district	-	-	35,551	(35,551)
Soil and water conservation	368,885	368,885	282,290	86,595
International coalition	1,281	1,281	1,281	-
Agricultural society/County fair	41,084	41,084	41,084	-
Valley water rescue	25,000	25,000	25,000	-
Total conservation of natural resources	\$ 763,008	\$ 763,008	\$ 639,686	\$ 123,322
Economic development				
Metropolitan Council	\$ 19,036	\$ 19,036	\$ 20,090	\$ (1,054)
Red River winter shows	900	900	900	-
West Central Council on Aging	8,440	8,440	-	8,440
Chamber of Commerce	51,565	51,565	50,000	1,565
County-wide incentive program	610,000	610,000	529,863	80,137
West Central MN Initiative	14,000	14,000	14,000	-
Pew Partnership	6,314	6,314	-	6,314
Riverkeepers	1,000	1,000	1,000	-
Rural Minnesota Counties Caucus	2,900	2,900	-	2,900
Senior coordination program	53,460	53,460	53,460	-
Group workcamp	7,542	7,542	7,542	-
Total economic development	\$ 775,157	\$ 775,157	\$ 676,855	\$ 98,302

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**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Intergovernmental				
Culture and recreation	\$ 318,265	\$ 318,265	\$ 318,266	\$ (1)
Capital outlay				
General government	\$ -	\$ -	\$ 653,939	\$ (653,939)
Debt service				
Principal	\$ -	\$ -	\$ 508,307	\$ (508,307)
Interest	-	-	18,325	(18,325)
Total debt service	\$ -	\$ -	\$ 526,632	\$ (526,632)
Total Expenditures	\$ 30,594,993	\$ 30,594,993	\$ 30,404,189	\$ 190,804
Excess of Revenues Over (Under) Expenditures	\$ 779,202	\$ 779,202	\$ 6,922,499	\$ 6,143,297
Other Financing Sources (Uses)				
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Transfers out	(1,899,202)	(1,899,202)	(1,825,193)	74,009
Subscriptions issued	-	-	282,182	282,182
Proceeds from sale of capital assets	-	-	1,000	1,000
Total Other Financing Sources (Uses)	\$ (1,779,202)	\$ (1,779,202)	\$ (1,422,011)	\$ 357,191
Net Change in Fund Balance	\$ (1,000,000)	\$ (1,000,000)	\$ 5,500,488	\$ 6,500,488
Fund Balance - January 1	8,824,047	8,824,047	8,824,047	-
Fund Balance - December 31	\$ 7,824,047	\$ 7,824,047	\$ 14,324,535	\$ 6,500,488

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EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,682,885	\$ 4,682,885	\$ 4,694,240	\$ 11,355
Licenses and permits	111,300	111,300	122,390	11,090
Intergovernmental	9,351,326	9,351,326	11,622,786	2,271,460
Charges for services	653,500	653,500	684,203	30,703
Investment earnings	-	-	51,093	51,093
Miscellaneous	143,000	143,000	30,729	(112,271)
Total Revenues	\$ 14,942,011	\$ 14,942,011	\$ 17,205,441	\$ 2,263,430
Expenditures				
Current				
Highways and streets				
Administration	\$ 753,876	\$ 753,876	\$ 640,016	\$ 113,860
Maintenance	4,045,119	4,045,119	4,056,520	(11,401)
Construction	6,754,845	6,754,845	7,325,584	(570,739)
Equipment, maintenance, and shop	2,656,171	2,656,171	2,552,547	103,624
Total highways and streets	\$ 14,210,011	\$ 14,210,011	\$ 14,574,667	\$ (364,656)
Intergovernmental	\$ 732,000	\$ 732,000	\$ 631,852	\$ 100,148
Total Expenditures	\$ 14,942,011	\$ 14,942,011	\$ 15,206,519	\$ (264,508)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 1,998,922	\$ 1,998,922
Other Financing Sources (Uses)				
Proceeds from sale of assets	\$ -	\$ -	\$ 3,395	\$ 3,395
Net Change in Fund Balance	\$ -	\$ -	\$ 2,002,317	\$ 2,002,317
Fund Balance - January 1	5,162,457	5,162,457	5,162,457	-
Increase (decrease) in inventories	-	-	189,930	189,930
Fund Balance - December 31	\$ 5,162,457	\$ 5,162,457	\$ 7,354,704	\$ 2,192,247

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EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,410,947	\$ 10,410,947	\$ 10,376,348	\$ (34,599)
Intergovernmental	14,733,832	14,733,832	15,271,386	537,554
Fines and forfeits	-	-	12,043	12,043
Miscellaneous	773,234	773,234	1,578,199	804,965
Total Revenues	\$ 25,918,013	\$ 25,918,013	\$ 27,237,976	\$ 1,319,963
Expenditures				
Current				
Human services				
Income maintenance	\$ 7,206,841	\$ 7,206,841	\$ 7,238,849	\$ (32,008)
Social services	19,061,172	19,061,172	19,230,037	(168,865)
Total Expenditures	\$ 26,268,013	\$ 26,268,013	\$ 26,468,886	\$ (200,873)
Net Change in Fund Balance	\$ (350,000)	\$ (350,000)	\$ 769,090	\$ 1,119,090
Fund Balance - January 1	11,109,420	11,109,420	11,109,420	-
Fund Balance - December 31	\$ 10,759,420	\$ 10,759,420	\$ 11,878,510	\$ 1,119,090

**CLAY COUNTY
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EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 133,356	\$ 180,275	\$ 172,863	\$ 145,031	\$ 90,281	\$ 95,379
Interest	40,899	41,595	54,850	61,381	52,179	51,657
Differences between expected and actual experience	463,063	(45,898)	-	120,016	-	-
Changes of assumption or other inputs	(335,590)	(20,327)	91,997	52,906	(45,372)	-
Benefit payments	(143,560)	(143,487)	(133,811)	(128,103)	(107,662)	(144,263)
Net change in total OPEB liability	\$ 158,168	\$ 12,158	\$ 185,899	\$ 251,231	\$ (10,574)	\$ 2,773
Total OPEB Liability – Beginning	<u>1,983,003</u>	<u>1,970,845</u>	<u>1,784,946</u>	<u>1,533,715</u>	<u>1,544,289</u>	<u>1,541,516</u>
Total OPEB Liability – Ending	<u>\$ 2,141,171</u>	<u>\$ 1,983,003</u>	<u>\$ 1,970,845</u>	<u>\$ 1,784,946</u>	<u>\$ 1,533,715</u>	<u>\$ 1,544,289</u>
Covered-employee payroll	\$ 30,779,624	\$ 29,963,751	\$ 28,565,919	\$ 27,666,750	\$ 23,338,878	\$ 22,659,105
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.96%	6.62%	6.90%	6.45%	6.57%	6.82%

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

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EXHIBIT A-5

**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 Clay 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	0.3237%	\$ 18,100,941	\$ 504,902	\$ 18,605,843	\$ 25,704,413	70.42%	83.10%
2022	0.3152	24,963,944	732,002	25,695,946	23,606,800	105.75	76.67
2021	0.3144	13,426,289	410,010	13,836,299	22,632,600	59.32	87.00
2020	0.2890	17,326,871	534,278	17,861,149	20,606,120	84.09	79.06
2019	0.2638	14,584,911	453,314	15,038,225	18,664,733	78.14	80.23
2018	0.2740	15,200,397	498,622	15,699,019	18,565,693	81.87	75.53
2017	0.2767	17,664,345	222,111	17,886,456	17,825,413	99.10	75.90
2016	0.2697	21,898,302	285,977	22,184,279	16,715,453	131.01	68.91
2015	0.2710	14,044,626	N/A	14,044,626	15,926,030	88.19	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

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EXHIBIT A-6

**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	\$ 1,939,169	\$ 1,939,169	\$ -	\$ 25,855,587	7.50%
2022	1,793,764	1,793,764	-	23,916,853	7.50
2021	1,731,380	1,731,380	-	23,085,067	7.50
2020	1,721,560	1,721,560	-	22,954,133	7.50
2019	1,436,905	1,436,905	-	19,158,733	7.50
2018	1,397,139	1,397,139	-	18,628,520	7.50
2017	1,368,808	1,368,808	-	18,250,773	7.50
2016	1,292,983	1,292,983	-	17,239,773	7.50
2015	1,222,172	1,222,172	-	16,295,627	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.

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EXHIBIT A-7

**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 Clay 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	0.241%	\$ 4,163,484	\$ (311,865)	\$ 3,851,619	\$ 3,166,429	131.49%	86.47%
2022	0.250	10,865,958	474,670	11,340,628	3,033,136	358.24	70.53
2021	0.245	1,891,912	85,049	1,976,961	2,896,870	65.31	93.66
2020	0.240	3,163,457	74,539	3,237,996	2,706,176	116.90	87.19
2019	0.243	2,584,851	N/A	2,584,851	2,560,461	100.95	89.26
2018	0.244	2,595,459	N/A	2,595,459	2,566,006	101.15	88.84
2017	0.244	3,294,290	N/A	3,294,290	2,509,475	131.27	85.43
2016	0.252	10,113,198	N/A	10,113,198	2,423,586	417.28	63.88
2015	0.249	2,829,223	N/A	2,829,223	2,280,322	124.07	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.

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EXHIBIT A-8

**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	\$ 561,312	\$ 561,312	\$ -	\$ 3,171,254	17.70%
2022	525,484	525,484	-	2,968,836	17.70
2021	533,836	533,836	-	3,016,023	17.70
2020	520,240	520,240	-	2,939,209	17.70
2019	440,870	440,870	-	2,601,003	16.95
2018	413,513	413,513	-	2,552,549	16.20
2017	411,828	411,828	-	2,542,148	16.20
2016	400,796	400,796	-	2,474,049	16.20
2015	380,304	380,304	-	2,347,556	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.

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EXHIBIT A-9

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL 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	2.208%	\$ 988,262	\$ 5,177,931	19.09%	95.94%
2022	2.089	6,942,839	4,588,343	151.31	74.58
2021	2.086	(342,754)	4,613,246	-7.43	101.61
2020	1.933	524,365	4,205,109	12.47	96.67
2019	1.837	254,263	3,917,223	6.49	98.17
2018	1.492	245,455	2,898,926	8.47	97.64
2017	1.220	3,477,012	2,443,886	142.27	67.89
2016	1.210	4,420,299	2,279,749	193.89	58.16
2015	1.190	183,974	2,139,223	8.60	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.

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EXHIBIT A-10

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL 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	\$ 466,076	\$ 466,076	\$ -	\$ 5,326,583	8.75%
2022	406,300	406,300	-	4,643,429	8.75
2021	408,052	408,052	-	4,663,451	8.75
2020	403,302	403,302	-	4,609,166	8.75
2019	349,289	349,289	-	3,991,874	8.75
2018	306,205	306,205	-	3,499,486	8.75
2017	228,722	228,722	-	2,613,966	8.75
2016	202,653	202,653	-	2,316,034	8.75
2015	196,852	196,852	-	2,249,737	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.

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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Removal Tax Special Revenue Fund, Opioid Settlement Special Revenue Fund, County Improvement Capital Projects Fund, Jail/Law Enforcement Construction Capital Projects Fund, DMV Construction Capital Projects Fund, Americana Estates Debt Service Fund, Joint Highway Facility Debt Service Fund, Courthouse Expansion Debt Service Fund and Ditch Debt Service 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 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 made no budgetary amendments.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following major funds had expenditures in excess of budget for the year ended December 31, 2023.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
Special Revenue Fund			
Road and Bridge	\$ 15,206,519	\$ 14,942,011	\$ 264,508
Social Services	26,468,886	26,268,013	200,873

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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.D in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

Since the most recent valuation, the following assumption change has been made:

2023

- The inflation rate was changed from 2.00 to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

2022

- The health care trend rates, mortality tables, salary scale assumptions, retirement rates, withdrawal rates were all updated.
- The inflation rate was changed from 2.50 to 2.00%.

2021

- The discount rate was changed from 2.90% to 2.00%.

2020

- The health care trend rates, mortality tables, and salary scale assumptions were updated.
- The discount rate was changed from 3.80% to 2.90%.

2019

- The discount rate was changed from 3.30% to 3.80%.

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

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the 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.

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-

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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.

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- 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.

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.

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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.

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.

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- 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.
- 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).

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- 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.

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- 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.
- 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

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(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.

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

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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,

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experience study. The new 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.

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- 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 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

**CLAY COUNTY
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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

County Building - to account for the acquisition or repair of buildings used in County administration.

Gravel Removal Tax Reserve - to account for ten percent of gravel removal tax collections used for the rehabilitation of exhausted gravel pits.

Opioid Settlement - to account for the receipt and expenditure of Opioid Settlement Funds.

DEBT SERVICE FUNDS

Americana Estates - to account for the financial transactions of the Americana Estates project for the City of Moorhead sewer and water hook-up. Financing is provided by issuing bonds and will be paid back through special assessments levied against the Americana Estates' residents.

County Projects - to account for the retirement of bonds issued for the capital projects.

Courthouse Expansion - to account for the retirement of bonds issued for the courthouse expansion.

Ditch – to account for the accumulation of resources and the payment of principal and interest of ditch bond issues.

Joint Highway Facility - to account for the retirement of bonds issued for the Joint Highway Facility and the State-Aid Road bonds.

Law Enforcement Expansion - to account for the retirement of bonds issued for the Law Enforcement expansion.

CAPITAL PROJECTS FUNDS

County Improvement – is used to account for financial resources to be used for the renovation and expansion of various county facilities.

DMV Construction – is used to account for financial resources to be used for the construction of the DMV facility.

Jail/Law Enforcement Construction – is used to account for financial resources to be used for the construction of the jail and law enforcement center facilities.

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EXHIBIT B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	Special Revenue (Exhibit B-3)	Debt Service (Exhibit B-5)	Capital Projects (Exhibit B-7)	Total (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 1,002,188	\$ 6,367,591	\$ 581,294	\$ 7,951,073
Taxes receivable delinquent	803	7,287	-	8,090
Special assessments receivable				
Delinquent	-	168	-	168
Liens	-	423,743	-	423,743
Due from other funds	66,238	-	-	66,238
Due from other governments	-	964,926	-	964,926
	\$ 1,069,229	\$ 7,763,715	\$ 581,294	\$ 9,414,238
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 16,242	\$ 16,242
Contracts payable	-	-	108,830	108,830
Due to other funds	-	-	850,000	850,000
	\$ -	\$ -	\$ 975,072	\$ 975,072
Deferred Inflows of Resources				
Unavailable revenue	\$ 563	\$ 924,308	\$ -	\$ 924,871
Prepaid property taxes	21	249	-	270
	\$ 584	\$ 924,557	\$ -	\$ 925,141
Fund Balances				
Restricted for				
Debt service	\$ -	\$ 6,839,158	\$ -	\$ 6,839,158
Capital projects	-	-	4,530,827	4,530,827
Gravel pit restoration	984,549	-	-	984,549
Assigned to				
County building projects	84,096	-	-	84,096
Unassigned	-	-	(4,924,605)	(4,924,605)
	\$ 1,068,645	\$ 6,839,158	\$ (393,778)	\$ 7,514,025
	\$ 1,069,229	\$ 7,763,715	\$ 581,294	\$ 9,414,238

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Special Revenue (Exhibit B-4)	Debt Service (Exhibit B-6)	Capital Projects (Exhibit B-8)	Total (Exhibit 5)
Revenues				
Taxes	\$ 107,132	\$ 5,138,582	\$ -	\$ 5,245,714
Special assessments	-	128,679	-	128,679
Intergovernmental	9,305	50,372	-	59,677
Miscellaneous	101,612	39	-	101,651
Total Revenues	\$ 218,049	\$ 5,317,672	\$ -	\$ 5,535,721
Expenditures				
Current				
General government	\$ 19,723	\$ 4,500	\$ -	\$ 24,223
Health	101,612	-	-	101,612
Capital outlay				
General government	-	-	1,059,386	1,059,386
Highways and streets	-	-	623,881	623,881
Debt service				
Principal	-	2,955,000	-	2,955,000
Interest	-	1,596,868	-	1,596,868
Administrative (fiscal) charges	-	1,900	-	1,900
Total Expenditures	\$ 121,335	\$ 4,558,268	\$ 1,683,267	\$ 6,362,870
Excess of Revenues Over (Under) Expenditures	\$ 96,714	\$ 759,404	\$ (1,683,267)	\$ (827,149)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 474,871	\$ 474,871
Transfers out	-	-	(2,376,786)	(2,376,786)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (1,901,915)	\$ (1,901,915)
Net Change in Fund Balance	\$ 96,714	\$ 759,404	\$ (3,585,182)	\$ (2,729,064)
Fund Balance - January 1	971,931	6,079,754	3,191,404	10,243,089
Fund Balance - December 31	\$ 1,068,645	\$ 6,839,158	\$ (393,778)	\$ 7,514,025

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2023**

	County Building	Gravel Removal Tax Reserve	Opioid Settlement	Total (Exhibit B-1)
<u>Assets</u>				
Cash and pooled investments	\$ 83,877	\$ 918,311	\$ -	\$ 1,002,188
Taxes receivable delinquent	803	-	-	803
Due from other funds	-	66,238	-	66,238
	\$ 84,680	\$ 984,549	\$ -	\$ 1,069,229
 <u>Deferred Inflows of Resources, and Fund Balances</u>				
Deferred Inflows of Resources				
Unavailable revenue	\$ 563	\$ -	\$ -	\$ 563
Prepaid property taxes	21	-	-	21
	\$ 584	\$ -	\$ -	\$ 584
 Fund Balances				
Restricted for				
Gravel pit restoration	\$ -	\$ 984,549	\$ -	\$ 984,549
Assigned to				
County building projects	84,096	-	-	84,096
	\$ 84,096	\$ 984,549	\$ -	\$ 1,068,645
 Total Deferred Inflows of Resources and Fund Balances	\$ 84,680	\$ 984,549	\$ -	\$ 1,069,229

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>County Building</u>	<u>Gravel Removal Tax Reserve</u>	<u>Opioid Settlement</u>	<u>Total (Exhibit B-2)</u>
Revenues				
Taxes	\$ 40,894	\$ 66,238	\$ -	\$ 107,132
Intergovernmental	9,305	-	-	9,305
Miscellaneous	-	-	101,612	101,612
Total Revenues	\$ 50,199	\$ 66,238	\$ 101,612	\$ 218,049
Expenditures				
Current				
General government	\$ 19,723	\$ -	\$ -	\$ 19,723
Health	-	-	101,612	101,612
Total Expenditures	\$ 19,723	\$ -	\$ 101,612	\$ 121,335
Net Change in Fund Balance	\$ 30,476	\$ 66,238	\$ -	\$ 96,714
Fund Balance - January 1	53,620	918,311	-	971,931
Fund Balance - December 31	\$ 84,096	\$ 984,549	\$ -	\$ 1,068,645

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2023**

	Americana Estates	County Projects
<u>Assets</u>		
Cash and pooled investments	\$ 41,946	\$ 144,045
Taxes receivable delinquent	-	5,430
Special assessments		
Delinquent	-	-
Liens	-	-
Due from other governments	-	-
	\$ 41,946	\$ 149,475
<u>Deferred Inflows of Resources, and Fund Balances</u>		
Deferred Inflows of Resources		
Unavailable revenue	\$ -	\$ 3,032
Prepaid property taxes	-	249
	\$ -	\$ 3,281
Fund Balances		
Restricted		
Restricted for debt service	\$ 41,946	\$ 146,194
	\$ 41,946	\$ 149,475

EXHIBIT B-5

<u>Courthouse Expansion</u>	<u>Ditch</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Exhibit B-1)</u>
\$ 360,109	\$ 476,908	\$ 212,105	\$ 5,132,478	\$ 6,367,591
1,366	-	405	86	7,287
-	168	-	-	168
-	423,743	-	-	423,743
-	495,860	-	469,066	964,926
<u>\$ 361,475</u>	<u>\$ 1,396,679</u>	<u>\$ 212,510</u>	<u>\$ 5,601,630</u>	<u>\$ 7,763,715</u>
\$ 1,233	\$ 919,603	\$ 365	\$ 75	\$ 924,308
-	-	-	-	249
<u>\$ 1,233</u>	<u>\$ 919,603</u>	<u>\$ 365</u>	<u>\$ 75</u>	<u>\$ 924,557</u>
\$ 360,242	\$ 477,076	\$ 212,145	\$ 5,601,555	\$ 6,839,158
<u>\$ 361,475</u>	<u>\$ 1,396,679</u>	<u>\$ 212,510</u>	<u>\$ 5,601,630</u>	<u>\$ 7,763,715</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Americana Estates</u>	<u>County Projects</u>
Revenues		
Taxes	\$ -	\$ 442,172
Special assessments	-	-
Intergovernmental	-	50,264
Miscellaneous	39	-
	<u>39</u>	<u>-</u>
Total Revenues	\$ 39	\$ 492,436
Expenditures		
Current		
General government	\$ -	\$ 4,500
Debt service		
Principal	-	390,000
Interest	-	79,900
Administrative (fiscal) charges	-	475
	<u>-</u>	<u>474,875</u>
Total Expenditures	\$ -	\$ 474,875
Net Change in Fund Balance	\$ 39	\$ 17,561
Fund Balance - January 1	<u>41,907</u>	<u>128,633</u>
Fund Balance - December 31	\$ 41,946	\$ 146,194

EXHIBIT B-6

<u>Courthouse Expansion</u>	<u>Ditch</u>	<u>Joint Highway Facility</u>	<u>Law Enforcement Expansion</u>	<u>Total (Exhibit B-2)</u>
\$ 1,688	\$ -	\$ 399	\$ 4,694,323	\$ 5,138,582
-	128,679	-	-	128,679
108	-	-	-	50,372
-	-	-	-	39
<u>\$ 1,796</u>	<u>\$ 128,679</u>	<u>\$ 399</u>	<u>\$ 4,694,323</u>	<u>\$ 5,317,672</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,500
-	105,000	-	2,460,000	2,955,000
-	33,618	-	1,483,350	1,596,868
-	-	-	1,425	1,900
<u>\$ -</u>	<u>\$ 138,618</u>	<u>\$ -</u>	<u>\$ 3,944,775</u>	<u>\$ 4,558,268</u>
\$ 1,796	\$ (9,939)	\$ 399	\$ 749,548	\$ 759,404
<u>358,446</u>	<u>487,015</u>	<u>211,746</u>	<u>4,852,007</u>	<u>6,079,754</u>
<u>\$ 360,242</u>	<u>\$ 477,076</u>	<u>\$ 212,145</u>	<u>\$ 5,601,555</u>	<u>\$ 6,839,158</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-7

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2023**

	County Improvement	DMV Construction	Jail/Law Enforcement Construction	Total (Exhibit B-1)
<u>Assets</u>				
Cash and pooled investments	\$ 3,043	\$ 448,955	\$ 129,296	\$ 581,294
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 16,242	\$ -	\$ 16,242
Contracts payable	-	108,830	-	108,830
Due to other funds	-	850,000	-	850,000
Total Liabilities	\$ -	\$ 975,072	\$ -	\$ 975,072
Fund Balances				
Restricted				
Restricted for capital projects	\$ 3,043	\$ 4,398,488	\$ 129,296	\$ 4,530,827
Unassigned	-	(4,924,605)	-	(4,924,605)
Total Fund Balances	\$ 3,043	\$ (526,117)	\$ 129,296	\$ (393,778)
Total Liabilities and Fund Balance	\$ 3,043	\$ 448,955	\$ 129,296	\$ 581,294

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-8

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>County Improvement</u>	<u>DMV Construction</u>	<u>Jail/Law Enforcement Construction</u>	<u>Total (Exhibit B-2)</u>
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Capital outlay				
General government	\$ 84,389	\$ 974,997	\$ -	\$ 1,059,386
Highway and streets	623,881	-	-	623,881
Total Expenditures	\$ 708,270	\$ 974,997	\$ -	\$ 1,683,267
Excess of Revenues Over (Under) Expenditures	\$ (708,270)	\$ (974,997)	\$ -	\$ (1,683,267)
Other Financing Sources (Uses)				
Transfers in	\$ 25,991	\$ 448,880	\$ -	\$ 474,871
Transfers out	-	-	(2,376,786)	(2,376,786)
Total Other Financing Sources (Uses)	\$ 25,991	\$ 448,880	\$ (2,376,786)	\$ (1,901,915)
Net Change in Fund Balance	\$ (682,279)	\$ (526,117)	\$ (2,376,786)	\$ (3,585,182)
Fund Balance - January 1	685,322	-	2,506,082	3,191,404
Fund Balance - December 31	\$ 3,043	\$ (526,117)	\$ 129,296	\$ (393,778)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-9

**BUDGETARY COMPARISON SCHEDULE
COUNTY BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 40,741	\$ 40,741	\$ 40,894	\$ 153
Intergovernmental	9,259	9,259	9,305	46
Total Revenues	\$ 50,000	\$ 50,000	\$ 50,199	\$ 199
Expenditures				
Current				
General government				
Other general government	\$ 50,000	\$ 50,000	\$ 19,723	\$ 30,277
Net Change in Fund Balance	\$ -	\$ -	\$ 30,476	\$ 30,476
Fund Balance - January 1	53,620	53,620	53,620	-
Fund Balance - December 31	\$ 53,620	\$ 53,620	\$ 84,096	\$ 30,476

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-10

**BUDGETARY COMPARISON SCHEDULE
COUNTY PROJECTS DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 443,564	\$ 443,564	\$ 442,172	\$ (1,392)
Intergovernmental	49,831	49,831	50,264	433
Total Revenues	<u>\$ 493,395</u>	<u>\$ 493,395</u>	<u>\$ 492,436</u>	<u>\$ (959)</u>
Expenditures				
Current				
General government				
Other general government	\$ -	\$ -	\$ 4,500	\$ (4,500)
Debt service				
Principal	390,000	390,000	390,000	-
Interest	79,900	79,900	79,900	-
Administrative (fiscal) charges	500	500	475	25
Total Expenditures	<u>\$ 470,400</u>	<u>\$ 470,400</u>	<u>\$ 474,875</u>	<u>\$ (4,475)</u>
Net Change in Fund Balance	<u>\$ 22,995</u>	<u>\$ 22,995</u>	<u>\$ 17,561</u>	<u>\$ (5,434)</u>
Fund Balance - January 1	<u>128,633</u>	<u>128,633</u>	<u>128,633</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 151,628</u></u>	<u><u>\$ 151,628</u></u>	<u><u>\$ 146,194</u></u>	<u><u>\$ (5,434)</u></u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-11

**BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT EXPANSION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,141,568	\$ 4,141,568	\$ 4,694,323	\$ 552,755
Expenditures				
Debt service				
Principal	\$ 2,460,000	\$ 2,460,000	\$ 2,460,000	\$ -
Interest	1,483,350	1,483,350	1,483,350	-
Administrative (fiscal) charges	1,000	1,000	1,425	(425)
Total Expenditures	\$ 3,944,350	\$ 3,944,350	\$ 3,944,775	\$ (425)
Net Change in Fund Balance	\$ 197,218	\$ 197,218	\$ 749,548	\$ 552,330
Fund Balance - January 1	4,852,007	4,852,007	4,852,007	-
Fund Balance - December 31	\$ 5,049,225	\$ 5,049,225	\$ 5,601,555	\$ 552,330

**CLAY COUNTY
MOORHEAD, MINNESOTA**

CUSTODIAL FUNDS

Recoveries – to account for the State’s portion of funds that are recovered from estates or collections payments that are on Medical Assistance and other programs.

Joint Powers Collaborative - to account for the collection and disbursement of funds for the local collaborative.

State Revenue - to account for the collection and disbursement of the state’s share of fees, fines, and mortgage registry and state deed taxes collected by the County.

FM Diversion Joint Powers – Moorhead-Clay County Joint Powers Authority (MCCJPA) – to account for the collection and disbursement of the MCCJPA.

Partnership4Health – to account for the collection and disbursement of funds for the Community Health Board which consists of Becker, Clay, Ottertail and Wilkin Counties.

Watershed Districts - to account for the collection and disbursement of funds for the maintenance of ditches.

Taxes and Penalties - to account for the collection of taxes and penalties and their distribution to the various funds and governmental units.

Jail Inmate – to account for the receipts and disbursements of the County’s inmates.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2023**

	Recoveries	Joint Powers Collaborative	State Revenue
<u>Assets</u>			
Cash and pooled investments	\$ 115,386	\$ 954,481	\$ 10,272
Taxes receivable for other governments	-	-	-
Accounts receivable, net	254,116	-	-
Due from other funds	-	95,227	-
Due from other governments	114,855	-	-
	\$ 484,357	\$ 1,049,708	\$ 10,272
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 17,190	\$ -
Due to other funds	-	2,197	-
Due to other governments	230,241	-	10,272
	\$ 230,241	\$ 19,387	\$ 10,272
<u>Deferred Inflows of Resources</u>			
Prepaid taxes	\$ -	\$ -	\$ -
<u>Net Position</u>			
Restricted for Individuals, organizations, other governments	\$ 254,116	\$ 1,030,321	\$ -

EXHIBIT C-1

FM Diversion Joint Powers - MCCJPA	Partnership-4Health	Watershed Districts	Taxes and Penalties	Jail Inmate Fund	Total Custodial Funds
\$ 72	\$ 218,682	\$ -	\$ 2,012,898	\$ 82,216	\$ 3,394,007
-	-	-	1,414,623	-	1,414,623
-	-	-	-	1,822	255,938
-	77,104	-	-	-	172,331
<u>457,780</u>	<u>975,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,548,634</u>
\$ 457,852	\$ 1,271,785	\$ -	\$ 3,427,521	\$ 84,038	\$ 6,785,533
\$ 149,712	\$ -	\$ -	\$ -	\$ 15,642	\$ 182,544
-	478,926	-	2,800	-	483,923
-	<u>706,144</u>	-	<u>1,979,600</u>	<u>771</u>	<u>2,927,028</u>
\$ 149,712	\$ 1,185,070	\$ -	\$ 1,982,400	\$ 16,413	\$ 3,593,495
\$ -	\$ -	\$ -	\$ 33,298	\$ -	\$ 33,298
\$ 308,140	\$ 86,715	\$ -	\$ 1,411,823	\$ 67,625	\$ 3,158,740

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Recoveries</u>	<u>Joint Powers Collaborative</u>	<u>State Revenue</u>
Additions			
Contributions:			
Individuals	\$ 1,219,325	\$ -	\$ -
Investment earnings:			
Interest, dividends, other	-	18,582	-
Property tax collections for other governments	-	-	-
License and fees collected for state	-	-	162,084
Miscellaneous	-	415,699	-
	<u>-\$ 1,219,325</u>	<u>\$ 434,281</u>	<u>\$ 162,084</u>
Total Additions	\$ 1,219,325	\$ 434,281	\$ 162,084
Deductions			
Payments of property tax to other governments	\$ -	\$ -	\$ 162,084
Payments to state	1,163,512	-	-
Distributions to participants	-	195,679	-
Administrative expense	-	33,000	-
Payments to other entities	-	-	-
	<u>-\$ 1,163,512</u>	<u>\$ 228,679</u>	<u>\$ 162,084</u>
Total Deductions	\$ 1,163,512	\$ 228,679	\$ 162,084
Change in net position	\$ 55,813	\$ 205,602	\$ -
Net Position – January 1	198,303	824,719	-
Net Position – December 31	<u>\$ 254,116</u>	<u>\$ 1,030,321</u>	<u>\$ -</u>

EXHIBIT C-2

Custodial Funds					Total
FM Diversion Joint Powers - MCCJPA	Partnership-4Health	Watershed Districts	Taxes and Penalties	Jail Inmate Fund	Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,219,325
-	-	-	-	-	18,582
-	-	-	70,874,993	-	70,874,993
-	-	-	-	-	162,084
5,674,316	4,950,391	1,422,820	-	167,051	12,630,277
\$ 5,674,316	\$ 4,950,391	\$ 1,422,820	\$ 70,874,993	\$ 167,051	\$ 84,905,261
\$ -	\$ -	\$ -	\$ 70,608,583	\$ -	\$ 70,770,667
-	-	-	-	-	1,163,512
-	-	-	-	-	195,679
-	-	-	-	-	33,000
5,533,233	5,031,512	1,422,820	-	104,464	12,092,029
\$ 5,533,233	\$ 5,031,512	\$ 1,422,820	\$ 70,608,583	\$ 104,464	\$ 84,254,887
\$ 141,083	\$ (81,121)	\$ -	\$ 266,410	\$ 62,587	\$ 650,374
167,057	167,836	-	1,145,413	5,038	2,508,366
\$ 308,140	\$ 86,715	\$ -	\$ 1,411,823	\$ 67,625	\$ 3,158,740

OTHER SCHEDULES

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Total All Funds</u>
Appropriations and Shared Revenue				
State				
Highway users tax	\$ 8,501,389	\$ -	\$ -	\$ 8,501,389
County program aid	4,093,206	-	-	4,093,206
Disparity reduction credit	3,799,736	-	-	3,799,736
Police aid	353,906	-	-	353,906
Aquatic invasive species aid	16,941	-	-	16,941
Riparian protection aid	160,000	-	-	160,000
Out-of-home placement aid	106,378	-	-	106,378
Local government aid	9,494	-	-	9,494
Market value credit	233,010	-	-	233,010
Disparity reduction aid	13,133	-	-	13,133
Public safety aid	794,690	-	147,329	942,019
Statewide local housing aid	160,402	-	-	160,402
Local homeless prevention aid	196,400	-	-	196,400
Pension contribution	57,350	604	-	57,954
SCORE	-	193,637	-	193,637
Total appropriations and shared revenue	\$ 18,496,035	\$ 194,241	\$ 147,329	\$ 18,837,605
Reimbursement for Services				
State				
Minnesota Department of Human Services	\$ 2,592,242	\$ 889,714	\$ -	\$ 3,481,956
Payments				
Local				
Local	\$ -	\$ 9,316	\$ -	\$ 9,316
Payments in lieu of taxes	98,861	-	-	98,861
Total payments	\$ 98,861	\$ 9,316	\$ -	\$ 108,177
Grants				
State				
Minnesota Department/Board of				
Agriculture	\$ -	\$ 4,186	\$ -	\$ 4,186
Corrections	275,375	-	-	275,375
Trial Courts	548	-	-	548
Public Safety	430,607	-	-	430,607
Secretary of State	12,911	-	-	12,911
Transportation	821,235	-	-	821,235
Education	-	2,375	-	2,375

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-1
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Total All Funds</u>
Grants				
State (Continued)				
Minnesota Department/Board of Health	-	1,357,191	-	1,357,191
Natural Resources	3,108	-	-	3,108
Human Services	3,219,588	1,580,077	-	4,799,665
Veterans Services	12,500	-	-	12,500
Water and Soil Resources	87,546	21,200	-	108,746
Pollution Control Agency	24,613	54,942	-	79,555
Peace Officer Standards and Training Board	84,240	-	-	84,240
Total state	\$ 4,972,271	\$ 3,019,971	\$ -	\$ 7,992,242
Grants				
Federal				
Department of Agriculture	\$ 740,976	\$ 554,189	\$ -	\$ 1,295,165
Justice	70,611	104,229	-	174,840
Transportation	1,451,063	-	-	1,451,063
Treasury	1,075,137	3,091,486	95,000	4,261,623
The Institute of Museum and Library Services	1,150	-	-	1,150
Education	-	2,100	-	2,100
Health and Human Services	6,253,390	867,699	-	7,121,089
Homeland Security	45,334	-	-	45,334
Total federal	\$ 9,637,661	\$ 4,619,703	\$ 95,000	\$ 14,352,364
Total state and federal grants	\$ 14,609,932	\$ 7,639,674	\$ 95,000	\$ 22,344,606
Total Intergovernmental Revenue	\$ 35,797,070	\$ 8,732,945	\$ 242,329	\$ 44,772,344

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT D-2

**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 Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Education Child Nutrition Cluster			
School Breakfast Program	10.553	Not Provided	\$ 51,178
National School Lunch Program	10.555	Not Provided	94,622
COVID-19 - National School Lunch Program	10.555	Not Provided	6,291
(Total for National School Lunch Program 10.555 \$100,913)			
Passed Through Partnership4Health Community Health Board Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not Provided	401,498
Passed Through Minnesota Department of Human Services SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	232MN101S2514	740,976
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	232MN992Y8604	600
Total U.S. Department of Agriculture			\$ 1,295,165
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance	16.575	A-CVS-2022-CLAYAO- 152	\$ 70,611
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAG-2024- WCENTJUV-041	104,229
Total U.S. Department of Justice			\$ 174,840
U.S. Department of Transportation			
Passed Through City of Moorhead, Minnesota Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC23-2023- MOORHDPD-00051	\$ 7,509
National Priority Safety Programs	20.616	A-ENFRC23-2023- MOORHDPD-00051	3,116
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC23-2023- MOORHDPD-00051	3,260
Total U.S. Department of Transportation			\$ 13,885
U.S. Department of Treasury			
Direct			
Joint Law Enforcement Operation Task Force Project	21.U01		\$ 4,102
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Total for COVID-19 - Coronavirus State and Local Fiscal Recovery Funds 21.027 \$4,244,368)	21.027		4,036,168
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032		13,153
Passed Through Minnesota Department of Human Services COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (Total for COVID-19 - Coronavirus State and Local Fiscal Recovery Funds 21.027 \$4,244,368)	21.027	Not Provided	208,200
Total U.S. Department of Treasury			\$ 4,261,623
Institute of Museum and Library Services			
Passed Through Minnesota Department of Education COVID-19 - Grants to States	45.310	LS-250219-OLS-21	\$ 1,150

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-2
(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 Numbers	Expenditures
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 Health and Human Services			
Passed Through Partnership4Health Community Health Board			
Public Health Emergency Preparedness	93.069	Not Provided	\$ 74,313
Early Hearing Detection and Intervention	93.251	Not Provided	375
Immunization Cooperative Agreements	93.268	Not Provided	20,303
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	43,882
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	30,853
Activites to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crisis	93.391	Not Provided	111,869
Temporary Assistance for Needy Families	93.558	Not Provided	126,597
(Total Temporary Assistance for Needy Families 93.558 \$863,049)			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Provided	183,944
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	74,278
Passed Through Polk-Norman-Mahnomen Community Health Board			
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	Not Provided	58,239
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	2201MNFPS	5,388
Temporary Assistance for Needy Families	93.558	2301MNTANF	736,452
(Total Temporary Assistance for Needy Families 93.558 \$863,049)			
Child Support Enforcement	93.563	2301MNCSES	195,742
Child Support Enforcement	93.563	2301MNCES	1,359,193
(Total Child Support Enforcement 93.563 \$1,554,935)			
Refugee and Entrant Assistance - State Administered Programs CCDF Cluster	93.566	2301MNRCA	2,303
Child Care and Development Block Grant	93.575	2301MNCCDF	38,028
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	14,286
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	8,545
Foster Care - Title IV-E	93.658	2301MNFOST	869,205
Social Services Block Grant	93.667	2301MNSOSR	378,292
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	82,696
COVID-19 - Elder Abuse Prevention Interventions Program	93.747	2101MNAPC6	6,125
Children's Health Insurance Program	93.767	2305MN5021	2,812
Medicaid Cluster			
Medical Assistance Program	93.778	2305MN5ADM	2,240,038
Medical Assistance Program	93.778	2305MN5MAP	20,518
(Total Medical Assistance Program 93.778 \$2,260,556)			
Block Grants for Community Mental Health Services	93.958	B09SM086017	414,242
Total U.S. Department of Health and Human Services			\$ 7,098,518

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-2
(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 Numbers	Expenditures
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4722DRMNP00000001 F-EMPG-2021-CLAYCO-	\$ 11,082
Emergency Management Performance Grants	97.042	4114	<u>33,582</u>
Total U.S. Department of Homeland Security			\$ 44,664
Total Federal Awards			\$ 12,891,945

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 Child Nutrition Cluster	\$ 152,091
Total expenditures for SNAP Cluster	740,976
Total expenditures for Highway Safety Cluster	10,625
Total expenditures for CCDF Cluster	38,028
Total expenditures for Medicaid Cluster	2,260,556

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay 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 presents only a selected portion of the operations of Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay 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.

3. De Minimis Cost Rate

Clay County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	14,352,364
Grants received more than 60 days after year-end, deferred in 2023		
Promoting Safe and Stable Families (AL No. 93.556)		1,347
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)		1,341
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)		35,590
Deferred in 2022, recognized as revenue in 2023		
Highway Planning and Construction (AL No. 20.205)		(1,437,178)
Promoting Safe and Stable Families (AL No. 93.556)		(1,805)
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)		(3,219)
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)		(20,235)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)		<u>(36,260)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$</u>	<u>12,891,945</u>