

**AITKIN COUNTY, MINNESOTA**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2023**



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## **INTRODUCTORY SECTION**

**AITKIN COUNTY, MINNESOTA  
ORGANIZATION OFFICIALS  
DECEMBER 31, 2023**

		<u>Term Expires</u>
Elected:		
Commissioners:		
District 1	J. Mark Wedel*	December 2026
District 2	Laurie Westerlund	December 2024
District 3	Travis Leiviska**	December 2026
District 4	Bret Sample	December 2024
District 5	Michael Kearney	December 2026
Attorney	Jim Ratz	December 2026
Auditor	Kirk Peysar	December 2026
Recorder	Tara Snyder	December 2026
Sheriff	Dan Guida	December 2026
Treasurer	Lori Grams	December 2026
Appointed:		
Administrator	Jessica Seibert	Indefinite
Assessor	Mike Dangers	December 2024
Engineer	John Welle	December 2024
Coroner	Ramsey County Medical Examiner	Indefinite
Health and Human Services Director	Sarah Pratt	Indefinite
Land Commissioner	Dennis Thompson	Indefinite
Veterans Service Officer	Penny Harms	Indefinite

\* Chair

\*\* Vice Chair

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## **FINANCIAL SECTION**



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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County (the County), 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 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 Aitkin County, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

***Auditors' 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 auditors' 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 GAAS 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 GAAS 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.
- 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 information, schedule of changes in the total OPEB liability, related ratios, and notes, schedule of the County's proportionate share of the net pension liability (asset), schedule of contributions, and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Aitkin County's basic financial statements. The supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. In our opinion, the supplementary information and schedule of expenditures of federal awards are 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 auditors' 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 August 15, 2024, on our consideration of the 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 the 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 the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 15, 2024

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**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

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

**FINANCIAL HIGHLIGHTS**

- Governmental activities have a total net position of \$147,404,145, of which \$122,615,695 is the net investment in capital assets, and \$9,476,382 is restricted to specific purposes, and the remaining balance of \$15,312,068 is unrestricted.
- Business-type activities have a total net position of \$2,102,957, of which, investment in capital assets represents \$-0- of the total, \$2,036 is restricted for specific uses, and the remaining deficit of \$360,896 is unrestricted.
- Aitkin County's net position from current year activity increased by \$5,866,574 for the year ended December 31, 2023. Of the increase, \$6,025,149 was in governmental activities, and there was a decrease of \$158,575 in business-type activities.
- The cost of governmental activities increased by \$6,356,192 to \$43,706,951 for the current fiscal year. Program revenues of \$26,695,504 offset those costs. A portion of the net cost was funded by general revenues and other items totaling \$23,036,596.
- Governmental funds' fund balances increased by \$2,393,375 from current year activity.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the basic financial statements. Aitkin County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section), certain budgetary comparison schedules, and certain information related to the County's net pension liability are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements report the County's operation in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements--Statement of Net Position and Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the County as a whole and about the activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets and liabilities using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in them. You can think of the County's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

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

**Governmental activities**--Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.

**Business-type activities**--The County charges a fee to customers to help it cover all or most of the costs of these services it provides. The Long Lake Conservation Center's activities are reported here.

**Fund Financial Statements**

The fund financial statements provide detailed information about the significant funds--not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two kinds of funds, governmental and proprietary, use different accounting methods.

**Governmental funds**--Most of the County's basic services are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.



**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Proprietary funds**--When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provides more detail and additional information, such as cash flows.

**Reporting the County's Fiduciary Responsibilities**

The County is the trustee, or fiduciary, over certain assets. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a separate Statement of Changes in Fiduciary Net Position. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE COUNTY AS A WHOLE**

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental and business-type activities for the year ended December 31, 2023, with comparative amounts for 2022.

**Table 1  
Net Position**

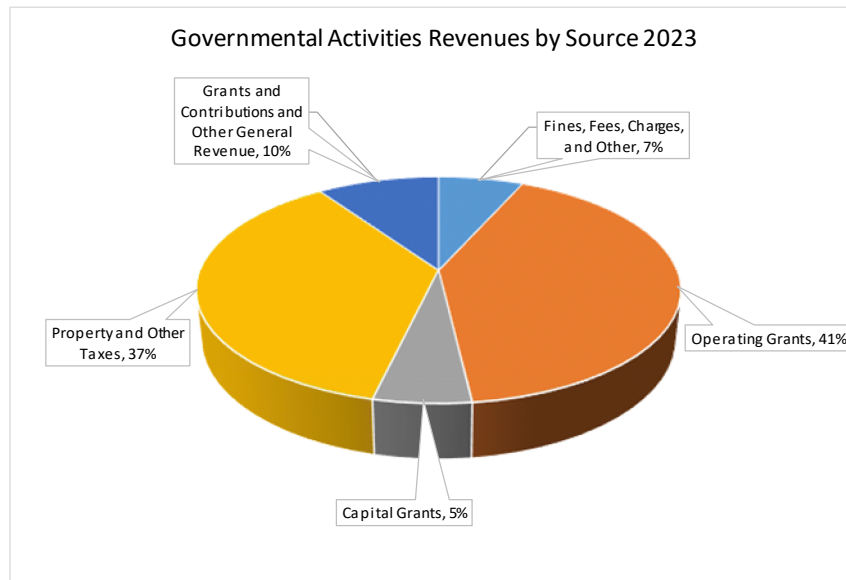
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and Other Assets	\$ 41,357,224	\$ 36,603,614	\$ 36,417	\$ 35,149	\$ 41,393,641	\$ 36,638,763
Capital Assets	132,070,782	128,711,384	2,461,817	2,621,323	134,532,599	131,332,707
Total Assets	173,428,006	165,314,998	2,498,234	2,656,472	175,926,240	167,971,470
<b>Deferred Outflows of Resources</b>	6,458,586	8,543,762	93,306	144,567	6,551,892	8,688,329
<b>Liabilities:</b>						
Current Liabilities	5,813,687	4,115,381	80,747	56,425	5,894,434	4,171,806
Long-Term Liabilities	19,667,584	27,896,982	310,031	474,196	19,977,615	28,371,178
Total Liabilities	25,481,271	32,012,363	390,778	530,621	25,872,049	32,542,984
<b>Deferred Inflows of Resources</b>	7,001,176	467,401	97,805	8,886	7,098,981	476,287
<b>Net Position:</b>						
Net Investment in Capital Assets	122,615,695	119,036,850	-	-	122,615,695	119,036,850
Investment in Capital Assets	-	-	2,461,817	2,621,323	2,461,817	2,621,323
Restricted	9,476,382	8,023,435	2,036	2,036	9,478,418	8,025,471
Unrestricted	15,312,068	14,318,711	(360,896)	(361,827)	14,951,172	13,956,884
Total Net Position	<u>\$ 147,404,145</u>	<u>\$ 141,378,996</u>	<u>\$ 2,102,957</u>	<u>\$ 2,261,532</u>	<u>\$ 149,507,102</u>	<u>\$ 143,640,528</u>

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**THE COUNTY AS A WHOLE (CONTINUED)**

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues:</b>						
Program Revenues:						
Fines, Fees, Charges, and Other	\$ 3,329,327	\$ 3,826,186	\$ 502,009	\$ 569,697	\$ 3,831,336	\$ 4,395,883
Operating Grants	20,610,255	17,753,136	361,191	53,769	20,971,446	17,806,905
Capital Grants	2,755,922	348,138	-	-	2,755,922	348,138
General Revenues:						
Property Taxes	16,345,161	15,434,382	-	-	16,345,161	15,434,382
Other Taxes	1,894,200	1,807,458	-	-	1,894,200	1,807,458
Grants and Contributions	1,684,960	1,784,447	-	-	1,684,960	1,784,447
Other General Revenues	3,112,275	1,055,020	4,927	-	3,117,202	1,055,020
Total Revenues	49,732,100	42,008,767	868,127	623,466	50,600,227	42,632,233
<b>Expenses:</b>						
General Government	8,000,186	7,865,245	-	-	8,000,186	7,865,245
Public Safety	8,763,982	8,248,295	-	-	8,763,982	8,248,295
Highways and Streets	11,581,326	9,953,971	-	-	11,581,326	9,953,971
Sanitation	407,102	379,909	-	-	407,102	379,909
Human Services	6,454,184	6,051,840	-	-	6,454,184	6,051,840
Health	1,041,586	1,002,918	-	-	1,041,586	1,002,918
Culture and Recreation	1,225,663	1,186,319	-	-	1,225,663	1,186,319
Resources	1,073,276	2,058,767	1,026,702	1,109,101	2,099,978	3,167,868
Economic Development	4,879,939	181,035	-	-	4,879,939	181,035
Interest	279,707	422,460	-	-	279,707	422,460
Total Expenses	43,706,951	37,350,759	1,026,702	1,109,101	44,733,653	38,459,860
<b>Increase (Decrease) in Net Position Before Transfers</b>	6,025,149	4,658,008	(158,575)	(485,635)	5,866,574	4,172,373
Transfers	-	(188,035)	-	188,035	-	-
<b>Change in Net Position</b>	6,025,149	4,469,973	(158,575)	(297,600)	5,866,574	4,172,373
Net Position - Beginning of Year	141,378,996	136,909,023	2,261,532	2,559,132	143,640,528	139,468,155
<b>Net Position - End of Year</b>	<u>\$ 147,404,145</u>	<u>\$ 141,378,996</u>	<u>\$ 2,102,957</u>	<u>\$ 2,261,532</u>	<u>\$ 149,507,102</u>	<u>\$ 143,640,528</u>



**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**THE COUNTY AS A WHOLE (CONTINUED)**

**Governmental Activities**

The cost of all activities this year was \$43,706,951. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through County property taxes was \$16,345,161, because some of the cost was paid by those who directly benefited from the programs (\$3,329,327) or by other governments and organizations that subsidized certain programs with grants and contributions (\$23,366,177). Total revenues exceeded expenses, increasing net position \$6,025,149 over last year. The net change is primarily due to property taxes and fees, charges, fines, and other revenue exceeding expenses.

Table 3 presents the cost of each of the 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 that was placed on the County's taxpayers by each of these functions.

**Table 3  
Governmental Activities**

Activity	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General Government	\$ 8,000,186	\$ 7,865,245	\$ 6,261,948	\$ 5,826,928
Public Safety	8,763,982	8,248,295	6,219,234	6,438,377
Highways and Streets	11,581,326	9,953,971	(123,944)	623,852
Human Services	6,454,184	6,051,840	2,590,683	2,078,210
Economic Development	4,879,939	181,035	306,047	2,950,163
Other	4,027,334	5,050,373	1,757,479	(2,494,231)
Total	<u>\$ 43,706,951</u>	<u>\$ 37,350,759</u>	<u>\$ 17,011,447</u>	<u>\$ 15,423,299</u>

**Business-Type Activities and Enterprise Fund**

The revenues of the County's business-type activities and Long Lake Conservation Center Enterprise Fund increased by 39%, income from fees decreased 12%, and expenses decreased by 7% due to decline in events.

**The County's Funds**

As the County completed the year, its governmental funds reported a combined fund balance of \$31,516,243, which is above last year's total of \$29,122,868.

Revenues for the County's governmental funds were \$48,850,914, while expenditures were \$46,521,277. The increase of \$2,393,375 in fund balance resulted primarily from the following: an increase in the Road and Bridge Fund's fund balance of \$917,412 due to an increase of intergovernmental revenue related to federal grants; an increase in the General Fund's fund balance of \$1,318,844 due to an increase in intergovernmental revenue, and an increase in the Health and Human Services Fund's fund balance of \$273,645 due to an increase in intergovernmental revenue.

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**THE COUNTY AS A WHOLE (CONTINUED)**

**The County's Funds (Continued)**

**General Fund**

The General Fund includes the primary operations of the County in providing services to citizens. The General Fund saw an increase in fund balance of \$1,318,844, primarily due to greater than anticipated intergovernmental revenue.

**Road and Bridge Fund**

The Road and Bridge Fund accounts for financial activity related to the construction and maintenance of the County road system, including County state-aid highways and County roads. The fund balance in the Road and Bridge Fund increased \$917,412, due primarily to greater than anticipated intergovernmental revenue.

**Health and Human Services Fund**

The Health and Human Service Fund accounts for financial activity related to the provision of social services, medical and financial assistance, and public health. The fund balance in the Health and Human Services Special Revenue Fund increased \$273,645 due primarily to greater than anticipated intergovernmental revenue.

**Trust Fund**

The Trust Fund accounts for the proceeds from the sale or rental of lands forfeited to the State of Minnesota, pursuant to Minn. Stat. ch. 282. The fund balance in the Trust Special Revenue Fund balance decreased \$207,533 due primarily to forfeited tax appropriations of \$326,472 transferred out.

**Opioid Remediation Fund**

The Opioid Remediation Fund was established in 2021 and is going to be used to account for the financial activity related to the County's share of the national opioid settlement agreement. The amounts due to the County total \$895,846 at the end of 2023 and will be paid over the next 16 years.

**General Fund Budgetary Highlights**

The actual charges to appropriations (expenditures) were \$5,191,527 over the final budget amounts. Revenues were over budget by \$7,843,946 with the significant positive variances for intergovernmental revenues and investment earnings accounting for \$8,151,970 of the increase, offset by tax revenue being \$461,899 under budget due to increased delinquency.

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2023, the County had \$134,532,599 invested in a broad range of capital assets, including land, construction in progress, buildings, machinery, furniture, equipment, and infrastructure, net of depreciation (see Table 4). This amount represents a net increase of \$3,199,892, or 2.44%, over the last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 3,761,244	\$ 3,761,244	\$ 15,400	\$ 15,400	\$ 3,776,644	\$ 3,776,644
Construction in Progress	595,412	712,759	-	-	595,412	712,759
Buildings	17,713,784	18,318,240	2,420,860	2,574,291	20,134,644	20,892,531
Machinery, Furniture, and Equipment	4,430,310	4,461,597	25,557	31,632	4,455,867	4,493,229
Land Improvements	8,968	11,958	-	-	8,968	11,958
Infrastructure	105,561,064	101,445,586	-	-	105,561,064	101,445,586
Total	<u>\$ 132,070,782</u>	<u>\$ 128,711,384</u>	<u>\$ 2,461,817</u>	<u>\$ 2,621,323</u>	<u>\$ 134,532,599</u>	<u>\$ 131,332,707</u>

This year's major additions were directly related to vehicle purchases and infrastructure.

Additional information on capital assets is found in Note 3.A.3 of the financial statements.

**Debt**

At year-end, the County had \$9,045,869 in debt outstanding, versus \$9,491,816 last year, a decrease of 4.70%, as shown in Table 5 due to scheduled general obligation bond payments. The decrease was due to the normal scheduled principal payments made during the year.

**Table 5  
Outstanding Debt at Year-End**

	Governmental Activities	
	2023	2022
General Obligation Bonds	\$ 8,930,122	\$ 9,347,569
Direct Borrowing - AgBMP Septic Loans	115,747	144,247
Total Outstanding Debt	<u>\$ 9,045,869</u>	<u>\$ 9,491,816</u>

**AITKIN COUNTY, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Debt (Continued)**

The County's general obligation bond rating is "A1," a rating assigned by national rating agencies to the County's debt. The state limits the amount of net debt the County can issue to 3% of the market value of all taxable property in the County. The County's outstanding net debt is well below the 3% debt limit imposed by state statutes.

Other obligations include accrued vacation and sick leave payable and other postemployment benefits. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected and appointed officials considered many factors when setting the fiscal year 2025 budget, tax rates, and fees that will be charged for the business-type activities.

- An increase in State Assessed Properties will affect the Net Tax Capacity, but the total is unknown until appeals are settled.
- Enbridge Pipeline was figured into the County's Net Tax Capacity in 2023, so adjustments due to Enbridge will not be as significant moving forward.
- Aitkin County's demographic population has a high median age, creating increased demands for services across several service areas.
- The need to address future capital and infrastructure funding.
- The County is dependent on the State of Minnesota for a significant portion of its revenue. The continue monitoring of legislature is needed to be able to adjust to changes.
- The labor market is very tight, and the county will need to address market comparisons to remain competitive.
  - Increases due to market adjustments have increased wages in many budgets.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need additional information, contact Kirk Peysar, Aitkin County Auditor, Aitkin County Courthouse, 307 Second Street N.W., Room 121, Aitkin, Minnesota 56431.

## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 32,067,832	\$ 21,327	\$ 32,089,159
Petty Cash and Change Funds	6,750	1,000	7,750
Cash with Fiscal Agent	74,509	-	74,509
Taxes Receivable:			
Delinquent	378,580	-	378,580
Special Assessments Receivable:			
Delinquent	12,439	-	12,439
Accounts Receivable - Net	2,618,103	-	2,618,103
Accrued Interest Receivable	120,043	-	120,043
Loan Receivable	41,238	-	41,238
Due from Other Governments	3,683,664	-	3,683,664
Prepaid Items	1,694	-	1,694
Prepaid Supplies	712,267	12,054	724,321
Investment in Joint Venture	1,640,105	-	1,640,105
Restricted Assets:			
Cash and Pooled Investments	-	2,036	2,036
Capital Assets:			
Nondepreciable	4,356,656	15,400	4,372,056
Depreciable - Net of Accumulated			
Depreciation	127,714,126	2,446,417	130,160,543
Total Assets	173,428,006	2,498,234	175,926,240
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	6,313,234	88,641	6,401,875
Deferred OPEB Outflows	145,352	4,665	150,017
Total Deferred Outflows of Resources	6,458,586	93,306	6,551,892

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2023**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,724,297	\$ 16,312	\$ 1,740,609
Salaries Payable	692,076	22,000	714,076
Contracts Payable	524,965	-	524,965
Due to Other Governments	559,504	-	559,504
Timber Permit Bonds	78,894	-	78,894
Accrued Interest Payable	121,256	-	121,256
Unearned Revenue	50,000	-	50,000
Long-Term Liabilities:			
Compensated Absences Payable - Due			
Within One Year	1,512,965	39,055	1,552,020
Total Other Postemployment Benefits Liability -			
Due Within One Year	105,317	3,380	108,697
General Obligation Bonds Payable - Due			
Within One Year	420,000	-	420,000
Direct Borrowing Payable - Due Within			
One Year	24,413	-	24,413
Total Other Postemployment Benefits Liability -			
Due in More than One Year	628,501	11,590	640,091
General Obligation Bonds Payable -			
Due in More than One Year	8,510,122	-	8,510,122
Direct Borrowing Payable - Due in More than			
One Year	91,334	-	91,334
Net Pension Liability	10,437,627	298,441	10,736,068
Total Liabilities	<u>25,481,271</u>	<u>390,778</u>	<u>25,872,049</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received for Future Years	4,876	-	4,876
Deferred Pension Inflows	6,926,148	95,553	7,021,701
Deferred OPEB Inflows	70,152	2,252	72,404
Total Deferred Inflows of Resources	<u>7,001,176</u>	<u>97,805</u>	<u>7,098,981</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	122,615,695	-	122,615,695
Investment in Capital Assets	-	2,461,817	2,461,817
Restricted - Nonexpendable	482,753	-	482,753
Restricted for:			
General Government	805,757	-	805,757
Public Safety	1,127,458	-	1,127,458
Highways and Streets	1,277,864	-	1,277,864
Health and Human Services	206,822	-	206,822
Sanitation	318,066	-	318,066
Conservation of Natural Resources	2,028,732	-	2,028,732
Economic Development	892,870	-	892,870
Unorganized Road, Bridge, and Fire	417,197	-	417,197
Opioid Epidemic Response	1,181,740	-	1,181,740
Debt Service	737,123	-	737,123
Other Purposes	-	2,036	2,036
Unrestricted	<u>15,312,068</u>	<u>(360,896)</u>	<u>14,951,172</u>
Total Net Position	<u>\$ 147,404,145</u>	<u>\$ 2,102,957</u>	<u>\$ 149,507,102</u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities:				
General Government	\$ 8,000,186	\$ 1,222,824	\$ 515,414	\$ -
Public Safety	8,763,982	518,359	2,026,279	110
Highways and Streets	11,581,326	807,537	8,141,921	2,755,812
Sanitation	407,102	12,341	36,000	-
Human Services	6,454,184	563,636	3,299,865	-
Health	1,041,586	102,817	340,480	-
Culture and Recreation	1,225,663	60,765	105,508	-
Conservation of Natural Resources	1,073,276	21,048	1,590,896	-
Economic Development	4,879,939	20,000	4,553,892	-
Interest	279,707	-	-	-
Total Governmental Activities	43,706,951	3,329,327	20,610,255	2,755,922
Business-Type Activities:				
Long Lake Conservation Center	1,026,702	502,009	361,191	-
Total Primary Government	\$ 44,733,653	\$ 3,831,336	\$ 20,971,446	\$ 2,755,922

**GENERAL REVENUES**

Property Taxes  
Mortgage Registry and Deed Tax  
Other Taxes  
Payments in Lieu of Tax  
Grants and Contributions not Restricted to  
    Specific Programs  
Unrestricted Investment Earnings  
Miscellaneous  
Gain from Sale of Assets  
Total General Revenues and Transfers

**CHANGES IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (6,261,948)	\$ -	\$ (6,261,948)
(6,219,234)	-	(6,219,234)
123,944	-	123,944
(358,761)	-	(358,761)
(2,590,683)	-	(2,590,683)
(598,289)	-	(598,289)
(1,059,390)	-	(1,059,390)
538,668	-	538,668
(306,047)	-	(306,047)
(279,707)	-	(279,707)
(17,011,447)	-	(17,011,447)
-	(163,502)	(163,502)
(17,011,447)	(163,502)	(17,174,949)
16,345,161	-	16,345,161
28,281	-	28,281
14,518	-	14,518
1,851,401	-	1,851,401
1,684,960	-	1,684,960
1,425,606	4,927	1,430,533
1,649,124	-	1,649,124
37,545	-	37,545
23,036,596	4,927	23,041,523
6,025,149	(158,575)	5,866,574
141,378,996	2,261,532	143,640,528
\$ 147,404,145	\$ 2,102,957	\$ 149,507,102

See accompanying Notes to Financial Statements.

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## **FUND FINANCIAL STATEMENTS**

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## **GOVERNMENTAL FUNDS**

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**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET  
DECEMBER 31, 2023**

	General	Road and Bridge	Health and Human Services	Trust Fund
<b>ASSETS</b>				
Cash and Pooled Investments	\$ 16,674,491	\$ 4,059,739	\$ 6,604,670	\$ 2,037,466
Petty Cash and Change Funds	3,750	-	3,000	-
Cash with Fiscal Agent	74,509	-	-	-
Taxes Receivable:				
Delinquent	232,158	63,459	65,614	-
Special Assessments:				
Delinquent	-	-	-	-
Accounts Receivable - Net	-	7,422	208,082	1,506,753
Accrued Interest Receivable	120,043	-	-	-
Loans Receivable	41,238	-	-	-
Due from Other Funds	218,069	12,658	-	-
Due from Other Governments	1,686,463	1,292,568	682,590	22,043
Prepaid Items	-	-	1,694	-
Prepaid Supplies	-	712,267	-	-
Total Assets	<u>\$ 19,050,721</u>	<u>\$ 6,148,113</u>	<u>\$ 7,565,650</u>	<u>\$ 3,566,262</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,407,249	\$ 190,542	\$ 109,618	\$ 7,652
Salaries Payable	405,522	87,905	162,764	19,593
Contracts Payable	-	524,965	-	-
Due to Other Funds	-	-	-	513,275
Due to Other Governments	92,498	2,492	311,456	150,058
Unearned Revenue	50,000	-	-	-
Timber Permit Bonds	-	-	-	78,894
Total Liabilities	<u>1,955,269</u>	<u>805,904</u>	<u>583,838</u>	<u>769,472</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes Received for Future Years	2,970	844	847	-
Unavailable Revenue	<u>552,736</u>	<u>1,353,992</u>	<u>207,002</u>	<u>1,526,900</u>
Total Deferred Inflows of Resources	<u>555,706</u>	<u>1,354,836</u>	<u>207,849</u>	<u>1,526,900</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid Supplies	-	712,267	-	-
Prepaid Items	-	-	1,694	-
Environmental Uses	-	-	-	-
Restricted for:				
Missing Heirs	-	-	-	1,429
Debt Service	74,509	-	-	-
Recorder's Technology	351,230	-	-	-
Prosecutorial Purposes	5,000	-	-	-
Enhanced 911	330,182	-	-	-
Law Enforcement	5,000	-	-	-
Administering the Carrying of Weapons	231,005	-	-	-
Conservation of Natural Resources	170,278	-	-	-
Loans Receivable	41,238	-	-	-
Solid Waste	318,066	-	-	-
Recorder's Equipment Purchases	351,985	-	-	-

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2023**

	Opioid Remediation	Nonmajor Funds	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 285,894	\$ 2,405,572	\$ 32,067,832
Petty Cash and Change Funds	-	-	6,750
Cash with Fiscal Agent	-	-	74,509
Taxes Receivable:			
Delinquent	-	17,349	378,580
Special Assessments:			
Delinquent	-	12,439	12,439
Accounts Receivable - Net	895,846	-	2,618,103
Accrued Interest Receivable	-	-	120,043
Loans Receivable	-	-	41,238
Due from Other Funds	-	295,206	525,933
Due from Other Governments	-	-	3,683,664
Prepaid Items	-	-	1,694
Prepaid Supplies	-	-	712,267
Total Assets	<u>\$ 1,181,740</u>	<u>\$ 2,730,566</u>	<u>\$ 40,243,052</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 9,236	\$ 1,724,297
Salaries Payable	-	16,292	692,076
Contracts Payable	-	-	524,965
Due to Other Funds	-	12,658	525,933
Due to Other Governments	-	3,000	559,504
Unearned Revenue	-	-	50,000
Timber Permit Bonds	-	-	78,894
Total Liabilities	-	41,186	4,155,669
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received for Future Years	-	215	4,876
Unavailable Revenue	895,846	29,788	4,566,264
Total Deferred Inflows of Resources	<u>895,846</u>	<u>30,003</u>	<u>4,571,140</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Supplies	-	-	712,267
Prepaid Items	-	-	1,694
Environmental Uses	-	482,753	482,753
Restricted for:			
Missing Heirs	-	-	1,429
Debt Service	-	766,521	841,030
Recorder's Technology	-	-	351,230
Prosecutorial Purposes	-	-	5,000
Enhanced 911	-	-	330,182
Law Enforcement	-	-	5,000
Administering the Carrying of Weapons	-	-	231,005
Conservation of Natural Resources	-	-	170,278
Loans Receivable	-	-	41,238
Solid Waste	-	-	318,066
Recorder's Equipment Purchases	-	-	351,985

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2023**

	General	Road and Bridge	Health and Human Services	Trust Fund
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED)</b>				
<b>FUND BALANCES (CONTINUED)</b>				
Restricted for (Continued):				
County Development	\$ -	\$ -	\$ -	\$ 619,015
Law Library	-	-	-	94,287
Unclaimed Property	-	-	-	1,815
Administering Forfeited Tax Sale	-	-	-	234,432
Unorganized Road, Bridge, and Fire	-	-	-	-
Ditch Maintenance and Repairs	-	-	-	-
Central Services - Public Safety Aid	518,898	-	-	-
Opioid Remediation	-	-	-	-
Medical Assistance Unwinding	-	-	108,689	-
Committed for:				
Court Administration - Office Equipment	8,837	-	-	-
Assessor - Equipment	2,900	-	-	-
Auditor - Computer Office Equipment	4,400	-	-	-
Auditor - Scanning	11,000	-	-	-
Extension - Summer Intern	8,480	-	-	-
Extension - Supplies and Technology	4,000	-	-	-
Central Services - Training	52,749	-	-	-
Central Services - Scanning	6,471	-	-	-
IT - Staff Training	7,068	-	-	-
IT - Back Up System	15,000	-	-	-
HR - Staff Training	5,000	-	-	-
Elections - Voting Equipment	146,542	-	-	-
Attorney - Murder Trial	10,000	-	-	-
Maintenance - Equipment	9,356	-	-	-
Buildings - Capital	79,548	-	-	-
Motor Pool - Vehicle Replacement	16,000	-	-	-
Veterans Service Officer	4,400	-	-	-
Sheriff - Buildings and Structures	120,000	-	-	-
Sheriff - Radios	29,000	-	-	-
Sheriff - Office Furniture	10,000	-	-	-
Sheriff - Enforcement Squad Cars	109,724	-	-	-
Sheriff - Aitkin County Search and Rescue	37,349	-	-	-
Sheriff - Technology	5,836	-	-	-
Sheriff - Canine Replacement	10,000	-	-	-
Sheriff - Snowmobile	12,000	-	-	-
Sheriff - Forfeiture	18,815	-	-	-
STS Van	40,000	-	-	-
Community Corrections - Baker Foundation Grant	677	-	-	-
Community Corrections - Computers	4,500	-	-	-
FBL Vehicle Replacement	4,545	-	-	-
Economic Development - Business Development	38,695	-	-	-
Economic Development - Advertising	4,200	-	-	-
Future Economic Development Initiative	50,000	-	-	-
Housing Aid	-	-	-	-
Assigned for:				
General Government	20,000	-	-	318,912
Highways and Streets	-	3,275,106	-	-
Sanitation	45,000	-	-	-
Health and Human Services	-	-	6,663,580	-
Forest Development	-	-	-	-
Unassigned	13,190,263	-	-	-
Total Fund Balances	<u>16,539,746</u>	<u>3,987,373</u>	<u>6,773,963</u>	<u>1,269,890</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,050,721</u>	<u>\$ 6,148,113</u>	<u>\$ 7,565,650</u>	<u>\$ 3,566,262</u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2023**

	Opioid Remediation	Nonmajor Funds	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (CONTINUED)</b>			
<b>FUND BALANCES (CONTINUED)</b>			
Restricted for (Continued):			
County Development	\$ -	\$ -	\$ 619,015
Law Library	-	-	94,287
Unclaimed Property	-	-	1,815
Administering Forfeited Tax Sale	-	-	234,432
Unorganized Road, Bridge, and Fire	-	417,197	417,197
Ditch Maintenance and Repairs	-	55,884	55,884
Central Services - Public Safety Aid	-	-	518,898
Opioid Remediation	285,894	-	285,894
Medical Assistance Unwinding	-	-	108,689
Committed for:			
Court Administration - Office Equipment	-	-	8,837
Assessor - Equipment	-	-	2,900
Auditor - Computer Office Equipment	-	-	4,400
Auditor - Scanning	-	-	11,000
Extension - Summer Intern	-	-	8,480
Extension - Supplies and Technology	-	-	4,000
Central Services - Training	-	-	52,749
Central Services - Scanning	-	-	6,471
IT - Staff Training	-	-	7,068
IT - Back Up System	-	-	15,000
HR - Staff Training	-	-	5,000
Elections - Voting Equipment	-	-	146,542
Attorney - Murder Trial	-	-	10,000
Maintenance - Equipment	-	-	9,356
Buildings - Capital	-	-	79,548
Motor Pool - Vehicle Replacement	-	-	16,000
Veterans Service Officer	-	-	4,400
Sheriff - Buildings and Structures	-	-	120,000
Sheriff - Radios	-	-	29,000
Sheriff - Office Furniture	-	-	10,000
Sheriff - Enforcement Squad Cars	-	-	109,724
Sheriff - Aitkin County Search and Rescue	-	-	37,349
Sheriff - Technology	-	-	5,836
Sheriff - Canine Replacement	-	-	10,000
Sheriff - Snowmobile	-	-	12,000
Sheriff - Forfeiture	-	-	18,815
STS Van	-	-	40,000
Community Corrections - Baker Foundation Grant	-	-	677
Community Corrections - Computers	-	-	4,500
FBL Vehicle Replacement	-	-	4,545
Economic Development - Business Development	-	-	38,695
Economic Development - Advertising	-	-	4,200
Future Economic Development Initiative	-	-	50,000
Housing Aid	-	97,222	97,222
Assigned for:			
General Government	-	-	338,912
Highways and Streets	-	-	3,275,106
Sanitation	-	-	45,000
Health and Human Services	-	-	6,663,580
Forest Development	-	858,021	858,021
Unassigned	-	(18,221)	13,172,042
Total Fund Balances	285,894	2,659,377	31,516,243
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,181,740	\$ 2,730,566	\$ 40,243,052

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION –  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances for Governmental Funds	\$ 31,516,243
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	132,070,782
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Other long-term assets (deferred inflows of resources) are not available to pay for current period expenditures and, therefore, are not reported in the funds.	4,566,264
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Investment in joint venture is not available to pay for current-period expenditures and, therefore, is not reported in the governmental funds.	1,640,105
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The County's total other postemployment benefit liability and related deferred outflows and deferred inflows are recorded only on the statement of net position. Balances at year-end are:

Total Other Postemployment Benefits Liability	\$ (733,818)	
Deferred Inflows of Resources - OPEB Related	(70,152)	
Deferred Outflows of Resources - OPEB Related	145,352	(658,618)

The County's net pension asset and liability and related deferred outflows and deferred inflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	(10,437,627)	
Deferred Inflows of Resources - Pension Related	(6,926,148)	
Deferred Outflows of Resources - Pension Related	6,313,234	(11,050,541)

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	(8,830,000)	
Unamortized Bond Premium	(100,122)	
Direct Borrowing - Septic Loans	(115,747)	
Compensated Absences	(1,512,965)	
Accrued Interest Payable	(121,256)	(10,680,090)

Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 147,404,145
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**AITKIN COUNTY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2023**

	General	Road and Bridge	Health and Human Services	Trust Fund
<b>REVENUES</b>				
Taxes	\$ 9,996,112	\$ 2,792,892	\$ 2,806,876	\$ -
Licenses and Permits	469,512	-	-	-
Intergovernmental	10,472,296	10,346,847	3,808,197	353,580
Charges for Services	1,061,352	819,762	671,126	32,557
Gifts and Contributions	16,050	-	-	-
Investment Earnings	1,398,544	-	-	-
Miscellaneous	494,498	-	243,873	1,437,083
Total Revenues	23,908,364	13,959,501	7,530,072	1,823,220
<b>EXPENDITURES</b>				
Current:				
General Government	7,332,631	-	-	79,594
Public Safety	8,173,571	-	-	-
Highways and Streets	-	12,781,357	-	-
Sanitation	394,642	-	-	-
Human Services	-	-	6,249,411	-
Health	5,019	-	1,013,045	-
Culture and Recreation	1,204,330	-	-	-
Conservation of Natural Resources	556,348	-	-	1,627,133
Economic Development	4,969,482	-	-	-
Intergovernmental:				
Highways and Streets	-	452,509	-	-
Debt Service:				
Principal	28,500	-	-	-
Interest	-	-	-	-
Total Expenditures	22,664,523	13,233,866	7,262,456	1,706,727
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,243,841	725,635	267,616	116,493
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	23,747	-	-	2,446
Proceeds from Sale of Capital Assets	32,023	5,522	-	-
Transfers In	19,233	224,334	25,262	-
Transfers Out	-	(38,079)	(19,233)	(326,472)
Total Other Financing Sources (Uses)	75,003	191,777	6,029	(324,026)
<b>NET CHANGE IN FUND BALANCE</b>	1,318,844	917,412	273,645	(207,533)
Fund Balance - Beginning of Year	15,220,902	3,069,961	6,500,318	1,477,423
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 16,539,746</u>	<u>\$ 3,987,373</u>	<u>\$ 6,773,963</u>	<u>\$ 1,269,890</u>

See accompanying Notes to Financial Statements.



**AITKIN COUNTY, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	Opioid Remediation	Nonmajor Funds	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ 788,503	\$ 16,384,383
Licenses and Permits	-	-	469,512
Intergovernmental	-	419,496	25,400,416
Charges for Services	-	-	2,584,797
Gifts and Contributions	-	-	16,050
Investment Earnings	-	27,062	1,425,606
Miscellaneous	62,083	332,613	2,570,150
Total Revenues	62,083	1,567,674	48,850,914
<b>EXPENDITURES</b>			
Current:			
General Government	-	2,849	7,415,074
Public Safety	-	34,767	8,208,338
Highways and Streets	-	12,057	12,793,414
Sanitation	-	-	394,642
Human Services	-	-	6,249,411
Health	1,016	-	1,019,080
Culture and Recreation	-	-	1,204,330
Conservation of Natural Resources	-	900,928	3,084,409
Economic Development	-	-	4,969,482
Intergovernmental:			
Highways and Streets	-	-	452,509
Debt Service:			
Principal	-	405,000	433,500
Interest	-	297,088	297,088
Total Expenditures	1,016	1,652,689	46,521,277
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	61,067	(85,015)	2,329,637
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance Proceeds	-	-	26,193
Proceeds from Sale of Capital Assets	-	-	37,545
Transfers In	-	267,703	536,532
Transfers Out	(25,262)	(127,486)	(536,532)
Total Other Financing Sources (Uses)	(25,262)	140,217	63,738
<b>NET CHANGE IN FUND BALANCE</b>	35,805	55,202	2,393,375
Fund Balance - Beginning of Year	250,089	2,604,175	29,122,868
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 285,894</u>	<u>\$ 2,659,377</u>	<u>\$ 31,516,243</u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES –**  
**GOVERNMENTAL ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Total Governmental Funds \$ 2,393,375

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 unavailable revenue.

Unavailable Revenue - December 31	\$ 4,566,264	
Unavailable Revenue - January 1	<u>(3,748,302)</u>	817,962

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for General Capital Assets, Infrastructure, and Other		
Related Capital Asset Adjustments	7,871,645	
Current Year Depreciation	<u>(4,512,247)</u>	3,359,398

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

Principal Repayments:		
General Obligation Bonds	405,000	
Direct Borrowing - Septic Loans	<u>28,500</u>	433,500

The increase in joint venture does not provide current financial resources and is not reported as revenue or expenditures in the funds.		104,208
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in Accrued Interest Payable	5,063	
Change in Compensated Absences	(241,640)	
Amortization of Premium	12,447	
Change in Deferred Outflows of Resources - Pensions	(2,076,592)	
Change in Deferred Outflows of Resources - Other Postemployment Benefits	(8,584)	
Change in Total Other Postemployment Benefits	108,401	
Change in Net Pension Liability	7,651,690	
Change in Deferred Inflows of Resources - Pensions	(6,494,671)	
Change in Deferred Inflows of Resources - Other Postemployment Benefits	<u>(39,408)</u>	<u>(1,083,294)</u>

Change in Net Position of Governmental Activities as Reported on the Statement of Activities		<u>\$ 6,025,149</u>
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See accompanying Notes to Financial Statements.

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## **PROPRIETARY FUND**

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**AITKIN COUNTY, MINNESOTA  
STATEMENT OF NET POSITION  
LONG LAKE CONSERVATION CENTER ENTERPRISE FUND  
DECEMBER 31, 2023**

**ASSETS**

Current Assets:

Cash and Pooled Investments	\$ 21,327
Petty Cash and Change Funds	1,000
Inventories	12,054
Total Current Assets	<u>34,381</u>

Restricted Assets:

Cash and Pooled Investments	2,036
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Noncurrent Assets:

Capital Assets:

Nondepreciable	15,400
Depreciable - Net	2,446,417
Total Noncurrent Assets	<u>2,461,817</u>

Total Assets	2,498,234
--------------	-----------

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Pension Outflows	88,641
Deferred OPEB Outflows	4,665
Total Deferred Outflows of Resources	<u>93,306</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable	16,312
Salaries Payable	22,000
Compensated Absences Payable - Current	39,055
Other Postemployment Benefits Liability - Due in Less than One Year	3,380
Total Current Liabilities	<u>80,747</u>

Noncurrent Liabilities:

Net Pension Liability	298,441
Other Postemployment Benefits Liability - Due in More than One Year	11,590
Total Noncurrent Liabilities	<u>310,031</u>

Total Liabilities	390,778
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Pension Inflows	95,553
Deferred OPEB Inflows	2,252
Total Deferred Inflows of Resources	<u>97,805</u>

**NET POSITION**

Investment in Capital Assets	2,461,817
Restricted for:	
Publications	2,036
Unrestricted	<u>(360,896)</u>
Total Net Position	<u>\$ 2,102,957</u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN  
FUND NET POSITION  
LONG LAKE CONSERVATION CENTER ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2023**

**OPERATING REVENUES**

Tenant Rent	\$ 12,000
Program Packages	417,738
Resale	47,874
Miscellaneous	24,397
Total Operating Revenues	<u>502,009</u>

**OPERATING EXPENSES**

Personal Services	497,385
Employee Benefits and Payroll Taxes	101,518
Other Services and Charges	48,995
Supplies	112,069
Utilities	59,954
Advertising	5,141
Insurance	15,287
Staff Training	75
Postage	201
Depreciation	159,506
Resale	26,571
Total Operating Expenses	<u>1,026,702</u>

**OPERATING LOSS** (524,693)

**NONOPERATING REVENUES**

Intergovernmental	3,261
Investment Earnings	4,927
Gifts and Contributions	357,930
Total Nonoperating Revenues	<u>366,118</u>

**CHANGE IN NET POSITION** (158,575)

Net Position - Beginning of Year 2,261,532

**NET POSITION - END OF YEAR** \$ 2,102,957

**AITKIN COUNTY, MINNESOTA  
STATEMENT OF CASH FLOWS  
LONG LAKE CONSERVATION CENTER ENTERPRISE FUND  
YEAR ENDED DECEMBER 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers and Users	\$ 521,487
Payments to Suppliers	(257,755)
Payments to Employees	(608,523)
Net Cash Used by Operating Activities	<u>(344,791)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Intergovernmental	3,261
Investment Earnings	4,927
Contributions	357,930
Net Cash Provided by Noncapital Financing Activities	<u>366,118</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

21,327

Cash and Cash Equivalents - Beginning of Year

3,036

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 24,363

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (524,693)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	159,506
(Increase) Decrease in Assets and Deferred Outflows of Resources:	
Accounts Receivable	19,478
Inventory	581
Deferred OPEB Outflows	(130)
Deferred Pension Outflows	51,391
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:	
Accounts Payable	9,957
Salaries Payable	3,637
Compensated Absences Payable	10,013
Net Pension Liability	(159,971)
Deferred Pension Inflows	87,575
Total Other Postemployment Benefits Payable	(3,479)
Deferred OPEB Inflows	1,344
Net Cash Used by Operating Activities	<u><u>\$ (344,791)</u></u>

**RECONCILIATION OF CASH AND EQUIVALENTS  
TO THE BALANCE SHEET**

Cash and Pooled Investments	\$ 21,327
Petty Cash and Change Funds	1,000
Restricted Cash and Pooled Investments	2,036
Total Cash and Cash Equivalents	<u><u>\$ 24,363</u></u>

See accompanying Notes to Financial Statements.



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## **FIDUCIARY FUNDS**

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**AITKIN COUNTY, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION –  
FIDUCIARY FUNDS  
DECEMBER 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>ASSETS</b>		
Cash and Pooled Investments	\$ 18,334	\$ 1,227,544
Due from Other Governments	-	19,951
Taxes for Other Governments	-	391,076
Total Assets	<u>18,334</u>	<u>1,638,571</u>
<b>LIABILITIES</b>		
Due to Other Governments	-	1,002,613
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Collected for Subsequent Period	<u>-</u>	<u>2,627</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, Organizations, and Other Governments	<u><u>\$ 18,334</u></u>	<u><u>\$ 633,331</u></u>

See accompanying Notes to Financial Statements.

**AITKIN COUNTY, MINNESOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<b>ADDITIONS</b>		
Contributions - Individuals	\$ 436,000	\$ 240,793
Intergovernmental	-	65,940
Property Tax Collections for Other Governments	-	13,336,145
Fee Collections for Other Governments and Organizations	-	9,611
License and Fees Collected for State	-	9,188,089
Recoveries	-	192,423
Miscellaneous	-	385
Total Additions	<u>436,000</u>	<u>23,033,386</u>
<b>DEDUCTIONS</b>		
Beneficiary Payments to Individuals	437,616	205,575
Payments of Property Tax to Other Governments	-	13,367,291
Payments to State	-	9,381,640
Payments to Other Entities	-	73,028
Miscellaneous	-	1,131
Total Deductions	<u>437,616</u>	<u>23,028,665</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	(1,616)	4,721
Fiduciary Net Position - Beginning of Year	<u>19,950</u>	<u>628,610</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u><u>\$ 18,334</u></u>	<u><u>\$ 633,331</u></u>

See accompanying Notes to Financial Statements.

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**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Financial Reporting Entity**

Aitkin County was established May 23, 1857, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Aitkin County. Aitkin County has no component units. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

**Joint Ventures, Jointly Governed Organizations, and Related Organization**

The County participates in several joint ventures described in Note 8.B. The County also participates in two jointly governed organizations described in Note 8.C. and a related organization described in Note 8.D.

**B. Basic Financial Statements**

**1. Government-Wide Financial 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.

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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**1. Government-Wide Financial Statements (Continued)**

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

**2. Fund Financial Statements**

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

The County reports the following major governmental funds:

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

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

The Health and Human Services Special Revenue Fund is used to account for economic assistance, community social services, and public health programs, which is funded primarily through property taxes and intergovernmental revenues.

The Trust Special Revenue Fund is used to account for law library, county development (con-con), missing heirs, insurance funds, and proceeds from the sale or rental of lands forfeited to the state of Minnesota, pursuant to Minn. Stat. ch. 282. The distribution of the net proceeds of the forfeited land, after deducting the expenses of the County for managing the tax-forfeited lands, is governed by Minn. Stat. § 282.08. Title to the tax-forfeited lands remains with the state until sold by the County.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**2. Fund Financial Statements (Continued)**

The Opioid Remediation Special Revenue Fund is used to account for the County's share of the national opioid epidemic settlement that the County will be receiving over the next 16 years. These programs will be funded primarily through miscellaneous revenues from the settlements.

The County reports the following major enterprise fund:

The Long Lake Conservation Center Enterprise Fund is used to account for the operation of a conservation school primarily for young adults.

Additionally, the County reports the following fund types:

The Environmental Permanent Fund is used to account for funds collected from the sale of County-owned lakeshore leased lots. In accordance with 1998 Minn. Laws ch. 389, art. 16, § 31, the principal on these sales must remain in an environmental trust, and the interest may be spent only on improvements of natural resources.

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

Custodial Funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for the Triad, VCET, and Child Abuse Prevention Council; as an agent for state revenue payments; as an agent for the license center; as an agent for the Collaborative and estate recoveries; and as an agent for the inmates of the Aitkin County Jail.

**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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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. Aitkin County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, intergovernmental revenues, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources, as applicable.

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.

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

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

**1. Cash and Cash Equivalents**

Cash and cash equivalents are identified only for the purpose of the statement of cash Flows reporting by the proprietary fund. The County has defined cash and cash equivalents to include cash on hand, petty cash, 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 be deposited or effectively withdrawn from cash at any time without prior notice or penalty.

**2. Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County 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, which are measured at amortized cost. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds receive investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2023 were \$1,430,533.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2. Deposits and Investments (Continued)**

Aitkin 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 amortized cost.

**3. Receivables and Payables**

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

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

Accounts receivable is shown net of an allowance for uncollectibles of \$79,303. No allowances for other receivables have been provided because such amounts are not expected to be material.

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

Special assessments receivable consists of delinquent special assessments payable in the years 2018 through 2023. Unpaid special assessments at December 31 are classified in the financial statements as special assessments - delinquent.

**4. Inventories and Prepaid Items**

All inventories are valued at cost. The Long Lake Conservation Center Enterprise Fund uses the first in/first out method. Inventories in proprietary funds and at the government-wide level are reported as expenses when consumed.

The Road and Bridge Fund has prepaid supplies held for consumption.

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Restricted Assets**

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

**6. Capital Assets**

Capital assets, which include land, construction in progress, buildings, machinery, furniture, equipment, and infrastructure (such as roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the proprietary fund, as well. 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 to 75
Machinery, Furniture, and Equipment	3 to 15
Infrastructure	15 to 75
Land Improvements	10

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Compensated Absences**

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated 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. Based on a trend analysis of current usage, the County estimates the entire compensated absences balance will be used in the subsequent year. 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.

**8. Pension Plan**

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

**9. Other Postemployment Benefits Liability (OPEB Liability)**

For the purposes of measuring the OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB Plan and additions/deductions from the Plan have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The OPEB liability is generally liquidated in the General Fund and applicable Special Revenue funds.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Deferred Outflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. More detailed information about pension related deferred outflows of resources can be found in Note 4 to the financial statements. More detailed information about OPEB related deferred outflows of resources can be found in Note 6 to the financial statements.

**11. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The County has four such items that qualify for reporting in this category. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent special assessments receivable, forfeited tax sale receivable, and grant monies, including the opioid settlement, for amounts that are not considered to be available to liquidate liabilities of the current period. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The County also has deferred pension inflows as described in Note 4. These inflows arise only under the full accrual basis of accounting and are reported only in the statement of net position. The third type relates to other postemployment benefits as described in Note 6 to the financial statements. These inflows arise only under the full accrual basis of accounting and are reported only in the statement of net position. The final type occurs because the County collected property taxes prior to the year for which they were levied and, therefore, the County will report deferred inflows for these items until they are earned.

**12. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**12. Long-Term Obligations (Continued)**

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.

**13. Classification of Net Position**

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

- **Net investment in capital assets.** The amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of 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 fund balance.** Amounts that cannot be spent because they are not in spendable form, such as fund balance associated with inventories, prepaids, or permanent funds, or are legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted fund balance.** Amounts that are restricted by external parties such as creditors or imposed by grants, law, or legislation. In addition, funds imposed by law through constitutional provisions or enabling legislation are deemed “restricted.” The amount restricted by enabling legislation at December 31, 2023 was \$4,302,643.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**14. Classification of Fund Balances (Continued)**

- **Committed fund balance.** Amounts that can be used only for the specific purposes determined by a formal action of Aitkin County's highest level of decision-making authority, which is the Aitkin County Board of Commissioners. Fund balance commitments are established, modified, or rescinded by County Board action through a Board resolution.
- **Assigned fund balance.** Amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount of fund balance that is not restricted or committed. When it is appropriate for fund balance to be assigned, the Board delegates this authority to the County Auditor.
- **Unassigned fund balance.** The residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, and then assigned, unless the specific items have been identified in another classification.

The County has adopted a minimum fund balance policy for the General Fund. The County Board has determined it needs to maintain a minimum level of unassigned fund balance in the General Fund of 40% to 50% of the prior year's General Fund total operating expenditures. At December 31, 2023, the unassigned fund balance for the General Fund was above the minimum fund balance level.

**15. 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**16. Adoption of New Accounting Standards**

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The County adopted the requirements of the guidance effective January 1, 2023, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material agreements being identified.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Equity**

**Ditch Special Revenue Fund**

Nine of 14 drainage systems of the Ditch Special Revenue Fund have incurred expenditures in excess of revenues and available resources. These deficits will be eliminated with future special assessment levies against benefited properties. The following summary shows the fund balance as of December 31, 2023:

Account Balances	\$ 55,884
Account Deficits	(18,221)
Fund Balance	<u>\$ 37,663</u>

**B. Expenditures in Excess of Budget**

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

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 22,664,523	\$ 17,472,996	\$ 5,191,527
Special Revenue Funds:			
Trust Fund	1,706,727	1,647,066	59,661
Forest Development	900,329	816,669	83,660

The additional expenditures were financed by greater than anticipated revenue and existing fund balance.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

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

Government-Wide Statement of Net Position:

Governmental Activities:

Cash and Pooled Investments	\$ 32,067,832
Petty Cash and Change Funds	6,750
Cash with Fiscal Agent	74,509

Business-Type Activities:

Cash and Pooled Investments	21,327
Petty Cash and Change Funds	1,000
Cash and Pooled Investments - Restricted Assets	2,036

Statement of Fiduciary Net Position:

Cash and Pooled Investments	1,245,878
Total Cash and Investments	<u><u>\$ 33,419,332</u></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 10% more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy that collateral or bonds will be required for all uninsured amounts on deposit, and the additional insurance will be documented to show compliance with state law and a perfected security interest under federal law. As of December 31, 2023, the County's deposits were not exposed to custodial credit risk.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

b. Investments

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

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the state of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Credit Risk

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**b. Investments (Continued)**

**Custodial Credit Risk**

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's policy is that brokers may hold County investments only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available, with the exception of investments held within the MAGIC Fund. As of December 31, 2023, none of the County's investments were subject 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 investments in the MAGIC Fund, 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, and corporate securities may be held up to \$2,000,000 per issuer.

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

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	
Negotiable Certificates of Deposit	N/R	N/A	14.40% *	N/A	\$ 691,060
U.S. Government Agency Securities:					
Federal Home Loan Bank Bonds	AAA	Moody's		11/25/2025	932,260
Federal Home Loan Bank Bonds	AAA	Moody's		3/3/2026	1,116,432
Federal Home Loan Bank Bonds	AAA	Moody's		6/30/2026	1,856,580
Federal Home Loan Bank Bonds	AAA	Moody's		3/16/2026	1,867,580
Federal Home Loan Bank Bonds	AAA	Moody's		5/27/2026	944,920
Federal Home Loan Bank Bonds	AAA	Moody's		7/13/2026	922,810
Federal Home Loan Bank Bonds	AAA	Moody's		10/13/2026	915,750
Federal Home Loan Bank Bonds	AAA	Moody's		5/12/2026	943,580
Federal Home Loan Bank Bonds	AAA	Moody's		11/24/2026	946,930
Federal Home Loan Bank Bonds	AAA	Moody's		4/28/2026	948,660
Federal Home Loan Bank Bonds	AAA	Moody's		11/28/2028	1,000,100
Federal Home Loan Bank Bonds	AAA	Moody's		12/21/2028	998,360
Total Federal Home Loan Mortgage Bank Bonds			N/A**		13,393,962
Investment Pools:					
MAGIC Fund	N/R	N/A	N/A**	N/A	12,434,506
Total Investments					26,519,528
Deposits					6,817,545
Petty Cash and Change Funds					7,750
Cash with Fiscal Agent					74,509
Total Cash and Investments					<u>\$ 33,419,332</u>

N/A - Not Applicable

N/R - Not Rated

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**c. Fair Value Measure**

The County uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The County follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the County has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial asset and liabilities are valued using inputs that are adjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**c. Fair Value Measure (Continued)**

Assets measured at fair value on a recurring basis:

Type	Level 1	Level 2	Level 3	Total
Investments by Fair Market Value:				
Federal Home Loan Bank	\$ -	\$ 13,393,962	\$ -	\$ 13,393,962
Negotiable CD's	-	691,060	-	691,060
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 14,085,022</u>	<u>\$ -</u>	<u>14,085,022</u>
Investments Measured at Amortized Cost:				
MAGIC Portfolio				<u>12,434,506</u>
Total Investments				26,519,528
Deposits				6,817,545
Petty Cash				7,750
Cash with Fiscal Agent				<u>74,509</u>
Total Deposits and Investments				<u>\$ 33,419,332</u>

All Level 2 debt securities are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active.

MAGIC is a local government investment pool. The County invests in this pool for the purpose of the joint investment of the County's money with those other counties to enhance the investment earnings accruing to each member.

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Receivables**

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

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities:		
Taxes	\$ 378,580	\$ -
Special Assessments	12,439	-
Accounts	2,618,103	817,581
Accrued Interest	120,043	-
Loans	41,238	16,825
Due from Other Governments	3,683,664	-
Total Governmental Activities	<u>\$ 6,854,067</u>	<u>\$ 834,406</u>

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint source water pollution. The County is responsible for collecting any delinquent loans transferred back to the County. The entire loan balance is considered to be collectible in full.

An allowance for uncollectible accounts receivable related to timber sales is included in the above figures for accounts receivable. The allowance at December 31, 2023, is \$79,303. The County developed an estimate of this allowance based on historical trends related to collectability of the timber permits. All other receivables are considered collectible in full. The \$16,825 of loans receivable not scheduled to be collected during the subsequent year relates to the long-term portion of the balance outstanding. The \$817,581 not scheduled to be collected during the subsequent year in accounts receivable relates to the National Opioid Epidemic Settlement receivable the County participated in. The County will receive these funds over a period of 18 years beginning in 2022.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets**

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

**Governmental Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 3,761,244	\$ -	\$ -	\$ 3,761,244
Construction in Progress	712,759	6,949,813	7,067,160	595,412
Total Capital Assets Not Depreciated	4,474,003	6,949,813	7,067,160	4,356,656
Capital Assets Depreciated:				
Buildings	30,559,215	28,375	-	30,587,590
Machinery, Furniture, and Equipment	13,781,757	893,457	531,963	14,143,251
Land Improvements	29,898	-	-	29,898
Infrastructure	144,349,068	7,067,160	-	151,416,228
Total Capital Assets Depreciated	188,719,938	7,988,992	531,963	196,176,967
Less: Accumulated Depreciation for:				
Buildings	12,240,975	632,831	-	12,873,806
Machinery, Furniture, and Equipment	9,320,160	924,744	531,963	9,712,941
Land Improvements	17,940	2,990	-	20,930
Infrastructure	42,903,482	2,951,682	-	45,855,164
Total Accumulated Depreciation	64,482,557	4,512,247	531,963	68,462,841
Total Capital Assets Depreciated, Net	124,237,381	3,476,745	-	127,714,126
Governmental Activities Capital Assets, Net	<u>\$ 128,711,384</u>	<u>\$ 10,426,558</u>	<u>\$ 7,067,160</u>	<u>\$ 132,070,782</u>

**Business-Type Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets Not Depreciated:				
Land	\$ 15,400	\$ -	\$ -	\$ 15,400
Capital Assets Depreciated:				
Buildings	6,442,181	-	-	6,442,181
Machinery, Furniture, and Equipment	176,799	-	-	176,799
Total Capital Assets Depreciated	6,618,980	-	-	6,618,980
Less: Accumulated Depreciation for:				
Buildings	3,867,890	153,431	-	4,021,321
Machinery, Furniture, and Equipment	145,167	6,075	-	151,242
Total Accumulated Depreciation	4,013,057	159,506	-	4,172,563
Total Capital Assets Depreciated, Net	2,605,923	(159,506)	-	2,446,417
Business-Type Activities Capital Assets, Net	<u>\$ 2,621,323</u>	<u>\$ (159,506)</u>	<u>\$ -</u>	<u>\$ 2,461,817</u>



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Capital Assets (Continued)**

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

Governmental Activities:	
General Government	\$ 563,250
Public Safety	293,384
Highways and Streets, Including Depreciation of Infrastructure Assets	3,522,858
Sanitation	3,608
Human Services	39,392
Culture and Recreation	26,830
Conservation of Natural Resources	62,925
Total Depreciation Expense - Governmental Activities	<u>\$ 4,512,247</u>
Business-Type Activities:	
Long Lake Conservation Center	<u>\$ 159,506</u>

**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**

Receivable Fund	Payable Fund	Amount
General Fund	Trust Fund	\$ 218,069
Road and Bridge Fund	Nonmajor Governmental Funds	12,658
Nonmajor Governmental Funds	Trust Fund	295,206
Total Due To/From Other Funds		<u>\$ 525,933</u>

The due from other funds above relate to: (1) the annual Trust fund apportionment that distributes the current year activity for Trust funds to the necessary funds based on state statute; and (2) charges for annual maintenance services provided by road and bridge fund.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables, and Transfers (Continued)**

**2. Interfund Transfers**

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

Interfund Transfer	Amount	Description
Transfer to General Fund from:		
Health and Human Services	\$ 19,233	Motorpool reimbursement
Transfer to Road and Bridge Fund from:		
Trust Fund	96,848	Support Maintenance Costs
Nonmajor Governmental Funds	127,486	Ditch, Road Maintenance, and
Total Transferred to Road and		Snowplowing
Bridge Fund	224,334	
Transfer to Health and Human Services		
Fund from:		
Opioid Remediation Fund	25,262	Expense reimbursement
Transfer to Nonmajor Governmental		
Funds from:		
Road and Bridge Fund	38,079	Gas Tax Allocation
Trust Fund	229,624	Support Surveyor Staff Costs
Total Transferred to Nonmajor		
Governmental Funds	267,703	
Total Interfund Transfers	<u>\$ 536,532</u>	

**C. Liabilities and Deferred Inflows of Resources**

**1. Due To Other Governments**

Aitkin County was deemed responsible for repaying Anoka Metro Regional Treatment Center for a balance of \$297,367. The County Board approved monthly payments of \$500 to pay off the outstanding balance until paid in full. The outstanding balance as of December 31, 2023, is \$253,367.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities and Deferred Inflows of Resources (Continued)**

**2. Long-Term Debt**

Governmental Activities

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2023
General Obligation Bonds:					
2018 G.O. Capital Improvement Bonds	2039	\$ 375,000 - 690,000	2.5-5.0	\$ 10,390,000	\$ 8,830,000
Plus: Unamortized Bond Premium					100,122
Total General Obligation Bonds, Net					<u>\$ 8,930,122</u>
Direct Borrowing - Septic Loans Payable:					
AgBMP Septic Loans	2032	\$2,995 - 14,491	0.00	\$ 487,049	<u>\$ 115,747</u>

The County participates in a zero-interest revolving loan available through the State of Minnesota Agricultural Best Management Practices Loan Program (AgBMP). The loans are payable annually in April or October beginning one year after a disbursement has occurred. In the event of default, all loans will become due and payable.

**3. Debt Service Requirements**

Governmental Activities

Year Ending December 31,	General Obligation Bonds		Direct Borrowing AgBMP Septic Loans	
	Principal	Interest	Principal	Interest
2024	\$ 420,000	\$ 280,515	\$ 24,413	\$ -
2025	440,000	259,015	16,933	-
2026	460,000	236,515	14,923	-
2027	485,000	218,953	14,170	-
2028	500,000	206,390	13,875	-
2029 - 2033	2,700,000	922,563	31,433	-
2034 - 2038	3,135,000	366,463	-	-
2039	690,000	11,213	-	-
Total	<u>\$ 8,830,000</u>	<u>\$ 2,501,627</u>	<u>\$ 115,747</u>	<u>\$ -</u>

**4. Changes in Long-Term Liabilities**

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

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 9,235,000	\$ -	\$ 405,000	\$ 8,830,000	\$ 420,000
Issuance Premiums	112,569	-	12,447	100,122	-
Direct Borrowing - Septic Loans	144,247	-	28,500	115,747	24,413
Compensated Absences	1,271,325	1,898,868	1,657,228	1,512,965	1,512,965
Governmental Activities Long-Term Liabilities	<u>\$ 10,763,141</u>	<u>\$ 1,898,868</u>	<u>\$ 2,103,175</u>	<u>\$ 10,558,834</u>	<u>\$ 1,957,378</u>

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Liabilities and Deferred Inflows of Resources (Continued)**

**4. Changes in Long-Term Liabilities (Continued)**

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 29,042</u>	<u>\$ 38,840</u>	<u>\$ 28,827</u>	<u>\$ 39,055</u>	<u>\$ 39,055</u>

The AgBMP septic loans are paid from the General Fund. Compensated absences are typically liquidated in the General Fund, the Road and Bridge, Health and Human Services, and Forest Development Special Revenue Funds, and Long Lake Conservation Center Enterprise Fund. Bonds payable are liquidated in the Debt Service Fund.

**5. Construction Commitments**

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

Project Description	Spent-to-Date	Remaining Commitment
County Road Projects	<u>\$ 11,223,670</u>	<u>\$ 709,113</u>

**6. Deferred Inflows of Resources**

Deferred inflows of resources consist of taxes/special assessments, grants, forfeiture tax, and other receivables not collected soon enough after year-end to pay liabilities of the current period as well as property taxes collected prior to the year for which they were levied. Deferred inflows of resources at December 31, 2023 are summarized below by fund:

	Taxes/Special Assessments	Grants	Forfeiture Tax	Other	Sub-Total	Property Taxes Received for Future	Grand Total
Major Governmental Funds:							
General	\$ 232,158	\$ 316,239	\$ -	\$ 4,339	\$ 552,736	\$ 2,970	\$ 555,706
Road and Bridge	63,459	1,277,864	-	12,669	1,353,992	844	1,354,836
Health and Human Services	65,614	98,133	-	43,255	207,002	847	207,849
Trust Fund	-	20,147	1,506,753	-	1,526,900	-	1,526,900
Opioid Remediation	-	-	-	895,846	895,846	-	895,846
Nonmajor Governmental Funds:							
Ditch	12,439	-	-	-	12,439	-	12,439
Debt Service	17,349	-	-	-	17,349	215	17,564
Total	<u>\$ 391,019</u>	<u>\$ 1,712,383</u>	<u>\$ 1,506,753</u>	<u>\$ 956,109</u>	<u>\$ 4,566,264</u>	<u>\$ 4,876</u>	<u>\$ 4,571,140</u>

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS**

**A. Plan Description**

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

**1. General Employees Retirement Plan**

All full-time and certain part-time employees of Aitkin County are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**2. Public Employees Police and Fire Plan**

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

**3. Local Government Correctional Plan**

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

**B. Benefits Provided**

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

**1. General Employees Retirement Plan Benefits**

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

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**1. General Employees Retirement Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**2. Police and Fire Plan Benefits**

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

**3. Correctional Plan Benefits**

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**3. Correctional Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. In 2023, legislation clarified that if the annual increase cap was reduced to 1%, there is a way to return to the 2.5% increase if certain criteria are met. 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.

In 2023, the legislature allocated funding for a one-time lump-sum payment to General Employee and Police and Fire Plan benefit recipients. Eligibility criteria and the payment amount is specified in statute. The one-time payment is non-compounding towards future benefits.

**C. Contributions**

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

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and Aitkin County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2023 were \$892,680. The County's contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2023 were \$260,879. The County's contributions were equal to the required contributions as set by state statute.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**C. Contributions (Continued)**

**3. Correctional Fund Contributions**

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2023 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2023 were \$131,262. The County's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. General Employees Fund Pension Costs**

At December 31, 2023, the County reported a liability of \$8,488,486 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County's totaled \$234,021.

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 proportionate share 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. The County's proportionate share was 0.1518% at the end of the measurement period and 0.1447% for the beginning of the period.

County's Proportionate Share of the Net	
Pension Liability	\$ 8,488,486
State of Minnesota's Proportionate Share	
of the Net Pension Liability Associated	
with the County	234,021
Total	<u>\$ 8,722,507</u>

For the year ended December 31, 2023, the County recognized pension expense of \$1,419,611 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$1,052 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Fund Pension Costs (Continued)**

At December 31, 2023, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 278,765	\$ 58,476
Changes in Actuarial Assumptions	1,374,167	2,326,623
Net Difference Between Projected and Actual Investment Earnings	-	317,440
Changes in Proportion	421,762	15,205
Contributions Paid to PERA Subsequent to the Measurement Date	446,455	-
Total	<u>\$ 2,521,149</u>	<u>\$ 2,717,744</u>

The \$446,455 reported as deferred outflows of resources related to pensions resulting from Aitkin County's 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	Pension Expense Amount
2024	\$ 350,627
2025	(1,114,945)
2026	305,412
2027	(184,144)

**2. Police and Fire Fund Pension Costs**

At December 31, 2023, the County reported a liability of \$1,975,537 for its proportionate share of the Police and Fire Fund'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 proportionate share 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. The County's proportionate share was 0.1144% at the end of the measurement period and 0.1181% for the beginning of the period.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet 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. The \$9 million direct state aid was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$79,571.

County's Proportionate Share of the Net Pension Liability	\$ 1,975,537
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	79,571
Total	<u>\$ 2,055,108</u>

The state of Minnesota is included as a nonemployer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the County recognized pension expense of \$555,789 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized (\$4,792) as grant revenue (expense) for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$10,296 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

At December 31, 2023, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 544,722	\$ -
Changes in Actuarial Assumptions	2,292,453	2,777,632
Net Difference Between Projected and Actual Investment Earnings	-	94,836
Changes in Proportion	81,503	123,775
Contributions Paid to PERA Subsequent to the Measurement Date	130,218	-
Total	<u>\$ 3,048,896</u>	<u>\$ 2,996,243</u>

The \$130,218 reported as deferred outflows of resources related to pensions resulting from Aitkin County's 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 Ending December 31,	Pension Expense Amount
2024	\$ 51,740
2025	2,363
2026	492,430
2027	(124,753)
2028	(499,345)

**3. Correctional Plan Pension Costs**

At December 31, 2023, the County reported a liability of \$272,045 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share 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. The County's proportionate share was 0.602% at the end of the measurement period and 0.586% for the beginning of the period.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Correctional Plan Pension Costs (Continued)**

For the year ended December 31, 2023 the County recognized pension expense of \$218,991 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2023, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 104,777	\$ 23,890
Changes in Actuarial Assumptions	647,752	1,241,096
Net Difference Between Projected and Actual Investment Earnings	-	34,760
Changes in Proportion	14,058	7,968
Contributions Paid to PERA Subsequent to the Measurement Date	65,243	-
Total	<u>\$ 831,830</u>	<u>\$ 1,307,714</u>

The \$65,243 reported as deferred outflows of resources related to pensions resulting from Aitkin County 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:

<u>Year Ending December 31,</u>	Pension Expense Amount
2024	\$ 478
2025	(649,575)
2026	136,683
2027	(28,713)

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**E. Summary**

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

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 8,488,486	\$ 1,975,537	\$ 272,045	\$ 10,736,068
Deferred Outflows of Resources				
Related to Pensions	2,521,149	3,048,896	831,830	6,401,875
Deferred Inflows of Resources				
Related to Pensions	2,717,744	2,996,243	1,307,714	7,021,701
Pension Expense	1,420,663	550,997	218,991	2,190,651

**F. Long-Term Expected Return on Investment**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
Total	100.0 %	

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Actuarial Assumptions**

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Actuarial Assumptions (Continued)**

**General Employees Fund (Continued)**

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of 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.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump-sum for calendar year 2024 by March 31, 2024.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, noncompounding benefit increase of 3.0% 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.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**Correctional Fund**

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.42% to 7.0%.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**G. Actuarial Assumptions (Continued)**

**Correctional Fund (Continued)**

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump-sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

**H. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**I. Pension Liability Sensitivity**

The following presents the County's proportionate share of the net pension liability (asset) for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Description	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
County's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 15,016,813	\$ 8,488,486	\$ 3,118,688
County's Proportionate Share of the Police and Fire Fund Net Pension Liability	3,919,706	1,975,537	377,175
County's Proportionate Share of the Correctional Fund Net Net Pension Liability (Asset)	1,433,975	272,045	(655,029)



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 4 PENSION PLANS (CONTINUED)**

**J. Pension Plan Fiduciary Net Position**

Detailed information about each 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](http://www.mnpera.org).

**NOTE 5 DEFINED CONTRIBUTION PLAN**

Three board members of Aitkin County are covered by the Defined Contribution Plan, a multiemployer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

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

Total contributions made by the County during calendar year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 5,383	\$ 5,383	5%	5%	5%

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

The County provides health insurance benefits for certain retired employees under a single-employer, fully-insured plan defined benefit plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County's contributions to the plan. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves, and their eligible dependent(s) under the County's health benefits program. Pursuant to the provisions of the plan, retirees are required to pay 100% of the total premium cost, unless they qualified for the early retirement incentive that will be offered from 2019 through 2024. If a retiree elected the early retirement incentive, the County will pay 100% of the premium. A total of 11 employees elected to take the incentive, and they will receive the early retirement incentive until they reach the age of 63. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of the January 1, 2022 valuation, there were 11 retirees, 175 active participants, and 1 spouse receiving health benefits from the County's health plan. The County has no inactive plan members entitled to but not receiving benefits.

**B. Funding Policy**

The County's OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

**C. Actuarial Methods and Assumptions**

The County's OPEB liability was measured as of January 1, 2023, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2022. Liabilities in this report were calculated as of the valuation date.

The total OPEB liability was measured as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary	Service Graded Table
Health Care Trend Rates	6.25% Decreasing to 5.00% Over 5 Years then to 4.00% Over 48 Years

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**C. Actuarial Methods and Assumptions (Continued)**

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2022 valuation were based on the PERA actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2020.

The discount rate used to measure the total OPEB liability was 4.00%. The discount rate is equal to the 20-Year high quality, tax-exempt, general obligation municipal bonds as of the Measurement Date.

Since the most recent valuation, the following assumption changes have been made:

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

**D. Changes in Total OPEB Liability**

	Total OPEB Liability
Balance as of January 1, 2023	\$ 860,668
Changes for the Year:	
Service Cost	35,288
Interest	16,968
Assumption Changes	(68,601)
Benefit Payments	(95,535)
Net Change	<u>(111,880)</u>
Balance as of December 31, 2023	<u>\$ 748,788</u>

Of the \$748,788 total OPEB liability, \$108,697 is due within one year. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Discount Rate Sensitivity	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 787,560	\$ 748,788	\$ 712,323

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**D. Changes in Total OPEB Liability (Continued)**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.25%) Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.25%) Decreasing to 5.00% then 4.00%)	1% Increase (7.25%) Decreasing to 6.00% then 5.00%)
Medical Trend Rate Sensitivity			
Total OPEB Liability	\$ 697,688	\$ 748,788	\$ 807,039

For the year ended December 31, 2023, the County recognized OPEB expense of \$46,023. At December 31, 2023, the County reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 20,826	\$ 63,658
Liability Gain or Loss	20,494	8,746
Contributions Subsequent to the Measurement Date	108,697	-
Total	<u>\$ 150,017</u>	<u>\$ 72,404</u>

\$108,697 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over four years and will be recognized in OPEB expense as follows:

Year Ending December 31,	OPEB Expense Amount
2024	\$ (6,229)
2025	(2,545)
2026	(8,593)
2027	(13,717)

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 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. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other 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 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.

**NOTE 8 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 is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures**

**Northwest Minnesota Office of Job Training**

Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis Counties (excluding the City of Duluth) entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of developing and implementing a private and public job training program. The United States Congress, through the Job Training Partnership Act of 1982, authorized states to establish “service delivery areas” to provide programs to achieve full employment through the use of grants. The counties identified above are defined as a “service delivery area,” and the Northeast Minnesota Office of Job Training is designated as the grant recipient and administrator for the service delivery area. The County is not a funding mechanism for this organization.

The governing body is composed of seven members, one member from the Board of Commissioners of each of the participating counties.

Aitkin County provided no funding to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Northeast Minnesota Office of Job Training  
820 North 9<sup>th</sup> Street, Suite 210  
Virginia, Minnesota 55792

**Northern Counties Land Use Coordinating Board**

The Northern Counties Land Use Coordinating Board was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of helping to formulate land use plans for the protection, sustainable use, and development of lands and natural resources.

The joint powers are Aitkin, Cook, Koochiching, Lake, Lake of the Woods, Pennington, Roseau, and St. Louis Counties. Three elected County Commissioners from St. Louis County and two from each of the other counties comprise the membership of the Board. St. Louis County handles all of the financial transactions for this organization through its Northern Counties Land Use Board Agency Fund.

Aitkin County provided \$2,000 to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Northern Counties Land Use Coordinating Board  
St. Louis County Courthouse  
100 North 5<sup>th</sup> Avenue West, #214  
Duluth, Minnesota 55802

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Joint Counties Natural Resources Board**

The Joint Counties Natural Resources Board was formed in 1985 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Aitkin, Beltrami, Clearwater, Koochiching, Lake of the Woods, Mahnommen, Marshall, and Roseau Counties. The purpose of the Joint Counties Natural Resources Board is to gather information on and formulate policies for the development, utilization, and protection of natural resources in this area of Minnesota and to ensure that there is an interrelated plan for the use and protection of both public and private resources.

The Joint Counties Natural Resources Board is composed of at least one resident of each county appointed by its respective County Board, as provided in the Joint Counties Natural Resources Board's bylaws.

In the event of dissolution of the Joint Counties Natural Resources Board, the net position of the Joint Counties Natural Resources Board at that time shall be distributed to the respective member counties in proportion to the contribution of each. Aitkin County provided \$1,000 to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

The Joint Counties Natural Resources Board has no long-term debt. Financing is provided by appropriations from member counties.

Complete financial information can be obtained from:

Lake of the Wood County  
Auditor/Treasurer  
Joint County Natural Resources Board  
Box 808  
Baudette, Minnesota 56623

**Aitkin-Itasca Koochiching Community Health Services Board**

Aitkin, Itasca, and Koochiching Counties entered into a joint powers agreement, creating and operating the Aitkin-Itasca-Koochiching Community Health Services Board, effective January 1, 1977. This agreement is entered into under the authority of the Community Health Services Act of 1976 and is pursuant to the provisions of Minn. Stat. § 471.59 for the development and maintenance of an integrated system of community health services.

The Community Health Services Board is composed of two members from Aitkin and Koochiching Counties and three members from Itasca County, each appointed by the participating counties. Itasca County maintains the accounting records of the Community Health Services Board. Funding is obtained through federal, state, local, and private sources. Aitkin County provided no funding to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Aitkin-Itasca Koochiching Community Health Services Board (Continued)**

Complete financial information can be obtained from:

Aitkin-Itasca-Koochiching Community Health Services Board  
Community Health Board Administrator  
1209 S.E. 2<sup>nd</sup> Avenue  
Grand Rapids, Minnesota 55744

**Mississippi Headwaters Board**

The Mississippi Headwaters Board was established on February 22, 1980, by Aitkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties, pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to prepare, adopt, and implement a comprehensive land use plan designed to protect and enhance the Mississippi River and related shoreland areas within the counties.

The Mississippi Headwaters Board consists of eight members, one appointed from each participating county. Crow Wing County maintains the accounting records of the Board. Funding is obtained through federal, state, local, and private sources. Aitkin County provided \$1,500 to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial information can be obtained from:

Mississippi Headwaters Board  
Land Services Building  
322 Laurel Street  
Brainerd, Minnesota 56401  
Email. mhb@co.crow-wing.mn.us

**Snake River Watershed Management Board**

The Snake River Watershed Management Board was established in April 1983 by Aitkin, Kanabec, Mille Lacs, and Pine Counties, pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to coordinate the member counties' water plans and to develop objectives to promote sound hydrologic management of water and related land resources.

The four-member Board consists of one County Commissioner from each of the participating counties. The Kanabec County Auditor is the fiscal agent for the Board. The Board is funded through an annual budget and participation in the administrative cost in the following percentages:

Aitkin County	20.8 %
Kanabec County	49.5
Mille Lacs County	9.2
Pine County	20.2



**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Snake River Watershed Management Board (Continued)**

Aitkin County provided \$10,079 to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity. Upon dissolution, the personal property shall be returned to the member county contributing the same.

Complete financial information can be obtained from:

Snake River Watershed Management Board  
Kanabec County Courthouse  
18 North Vine Street  
Mora, Minnesota 55051

**Minnesota Counties Information System (MCIS)**

Aitkin, Carlton, Cass, Chippewa, Cook, Crow Wing, Dodge, Itasca, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by a 13-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the member. Cass County is the fiscal agent for MCIS.

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved. Aitkin County provided \$115,314 to this organization during 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Minnesota Counties Information System  
413 Southeast 7<sup>th</sup> Avenue  
Grand Rapids, Minnesota 55744

**East Central Regional Library**

The East Central Regional Library was established by a joint powers agreement among Aitkin, Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to provide an efficient and improved regional public library service. The Library Board comprises 18 members--one County Board member and two appointees from each member county. Aitkin County's contribution for 2023 was \$252,236. There is no accumulation of significant financial resources or fiscal stress related to this entity.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**East Central Regional Library (Continued)**

Complete financial statements of the East Central Regional Library can be obtained from:

East Central Regional Library  
244 South Birch  
Cambridge, Minnesota 55008

**Northeast Minnesota Regional Radio Board**

The Northeast Minnesota Regional Radio Board was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications.

The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis and the Cities of Duluth, Hibbing, International Falls, and Virginia. Control of the Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one County Commissioner from each of the member counties and one City Council member from each of the member cities. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the Board.

Itasca County is the fiscal agent for the Northeast Minnesota Regional Radio Board. Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Itasca County  
123 NE 4<sup>th</sup> Street  
Grand Rapids, Minnesota 55744-2847

**Aitkin Municipal Airport Commission**

The Aitkin Municipal Airport Commission is authorized by Minn. Stat. ch. 360. The Airport Commission is governed by a five-member Board of Directors--three members are appointed by the Aitkin County Board and two are appointed by the City of Aitkin. The proprietary interest in the Airport Commission's assets is divided two-thirds to Aitkin County and one-third to the City of Aitkin as per the contractual agreement. All cash of the Airport Commission is on deposit with the City of Aitkin at December 31, 2023. The City of Aitkin has opted to report the activities of the Aitkin Municipal Airport Commission as a discrete component unit in its annual financial report.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Aitkin Municipal Airport Commission (Continued)**

Investment in the joint venture on the statement of net position is 66.67% of the County's undivided interest of the Airport Commission. The investment in the Airport Commission was valued at \$1,640,105 on December 31, 2023, and is reported as an investment in joint venture on the government-wide statement of net position and appropriations in 2023 were \$44,600. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Complete financial statements of the City of Aitkin can be obtained from:

City of Aitkin  
109 First Avenue NW  
Aitkin, Minnesota 56431

**Aitkin-Itasca-Mille Lacs Drug Task Force (VCET)**

The Aitkin-Itasca-Mille Lacs Drug Task Force (VCET) was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to investigate, identify, and disrupt illegal drug activity within the Counties of Aitkin, Itasca, and Mille Lacs and the Cities of Aitkin and Grand Rapids. The participating agencies promote cooperative law enforcement through multi-jurisdictional investigations in Northern Minnesota.

The joint powers are the Counties of Aitkin, Itasca, and Mille Lacs and the Cities of Aitkin, and Grand Rapids. Control of the Aitkin-Itasca-Mille Lacs Drug Task Force is vested in a Board of Directors composed of the sheriff of each member county, the police chief of each city, and at least one county attorney from a member county as the advisor to the Task Force.

Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Aitkin County is the fiscal agent for the Aitkin-Itasca-Mille Lacs Drug Task Force.

**Rum River Watershed Partnership**

The Rum River Watershed Partnership was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to prepare, develop, adopt, implement, and administer a comprehensive local water management plan and carry out implementation actions, programs, and projects toward achievement of goals and objectives of such plans.

**AITKIN COUNTY, MINNESOTA  
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**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**B. Joint Ventures (Continued)**

**Rum River Watershed Partnership (Continued)**

The joint powers are the Counties of Aitkin, Benton, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne, the Mille Lacs Band of Ojibwe, and the Soil and Water Conservation Districts of Aitkin, Anoka, Benton, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, and Sherburne Counties, and the Lower Rum River and Upper Rum River Watershed Management Organizations. Control of the Rum River Watershed Partnership is vested in a Board of Directors composed of one individual selected by each party. Each board member has one vote.

Anoka Soil and Water Conservation District is the fiscal agent for the Rum River Watershed Partnership. Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Anoka Soil and Water Conservation District  
1318 McKay Drive Northeast  
Ham Lake, Minnesota 55304

**Mississippi River – Grand Rapids Unit One Watershed One Plan**

The Mississippi River – Grand Rapids Unit One Watershed One Plan Partnership was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59, to collectively develop and adopt, as local government units, a coordinated watershed management plan for implementation per the provisions of the plan.

The joint powers are the Counties of Aitkin, Carlton, Cass, Itasca, and St. Louis and the Aitkin, Carlton, Cass, Itasca, N. St. Louis, and S. St. Louis Soil and Water Conservation Districts. Control of the Mississippi River - Grand Rapids Unit One Watershed One Plan Partnership is vested in a Board of Representatives composed of one individual selected by each party. Each representative has one vote.

Itasca Soil and Water Conservation District is the fiscal agent for the Mississippi River – Grand Rapids One Watershed One Plan Partnership. Funding is provided by grants and contributions from participating members. Aitkin County contributed no funding in 2023. There is no accumulation of significant financial resources or fiscal stress related to this entity.

Separate financial information can be obtained from:

Itasca Soil and Water Conservation District  
1895 W. Hwy 2  
Grand Rapids, Minnesota 55744

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)**

**C. Jointly-Governed Organization**

**Aitkin County Family Services Collaborative**

The Aitkin County Family Services Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to informal communication. Aitkin County has no operational or financial control over the Collaborative. Aitkin County is the fiscal agent for the Collaborative and accounts for it in a custodial fund.

**Minnesota Rural Counties**

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Beltrami, Big Stone, Clay, Clearwater, Cottonwood, Douglas, Grant, Itasca, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Morrison, Norman, Pennington, Polk, Pope, Red Lake, Renville, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, and Wilkin Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each county also appoints a delegate and alternate to the Board of Directors. Aitkin County's responsibility does not extend beyond making these appointments. Aitkin County has no operational or financial control over the Caucus.

**D. Related Organizations**

**Aitkin County Housing and Redevelopment Authority**

The Aitkin County Housing and Redevelopment Authority (HRA) is a separate legal entity as authorized under Minn. Stat. ch. 469. The HRA operates a low-income housing program and elderly housing in the cities of Aitkin, McGregor, and Hill City within the County. The HRA Board is appointed by the County Board. Aitkin County does not provide funding, has no obligation for the debt of the HRA, and cannot impose its will on the HRA.

**E. Tax-Forfeited Land**

The County manages approximately 221,200 acres of state-owned, tax-forfeited land. This land generates revenues primarily from recreational land contracts and land and timber sales. Land management costs, including forestry costs, such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current operating expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

**AITKIN COUNTY, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 9 TAX ABATEMENTS**

The County has two pay-as-you-go tax increment financing districts with local businesses pursuant to Minn. Stat. § 469.174-179. The County is currently collecting tax increments that are paid through the property tax collection processes. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. The two TIF districts that exist in Aitkin County boundaries are listed below.

<u>Purpose</u>	<u>Name</u>	<u>City</u>	<u>Decertification Date</u>	<u>Captured Net Tax Capacity</u>	<u>Excess Tax Increment Paid During 2023</u>
Housing	TIF 2	McGregor	12/31/2033	\$ 12,026	\$ 1,412
Housing	TIF 1-9	Aitkin	12/31/2041	27,052	29,456

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**AITKIN COUNTY, MINNESOTA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 10,458,011	\$ 10,458,011	\$ 9,996,112	\$ (461,899)
Licenses and Permits	311,315	311,315	469,512	158,197
Intergovernmental	3,568,870	3,568,870	10,472,296	6,903,426
Charges for Services	920,455	920,455	1,061,352	140,897
Gifts and Contributions	1,100	1,100	16,050	14,950
Investment Earnings	150,000	150,000	1,398,544	1,248,544
Miscellaneous	654,667	654,667	494,498	(160,169)
Total Revenues	16,064,418	16,064,418	23,908,364	7,843,946
<b>EXPENDITURES</b>				
Current:				
General Government:				
Commissioners	296,369	296,369	288,306	8,063
Courts	92,200	92,200	78,461	13,739
County Administration	228,267	228,267	225,750	2,517
Human Resources	393,521	393,521	350,768	42,753
County Auditor	710,242	710,242	707,613	2,629
Motor Vehicle	243,413	243,413	212,422	30,991
County Treasurer	323,955	323,955	328,588	(4,633)
County Assessor	874,430	874,430	905,410	(30,980)
Elections	80,828	80,828	104,972	(24,144)
Data Processing	808,162	808,162	737,996	70,166
Central Services	233,303	233,303	304,172	(70,869)
County Attorney	1,280,949	1,280,949	1,095,760	185,189
County Recorder	506,076	506,076	519,797	(13,721)
Planning and Zoning	643,418	643,418	645,368	(1,950)
Buildings and Plant	75,500	75,500	16,615	58,885
Maintenance	587,104	587,104	632,374	(45,270)
Veterans Service Officer	177,169	177,169	168,795	8,374
Motor Pool	28,760	28,760	7,574	21,186
Housing and Development	2,000	2,000	1,890	110
Total General Government	7,585,666	7,585,666	7,332,631	253,035

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>EXPENDITURES (CONTINUED)</b>				
Current (Continued):				
Public Safety:				
County Sheriff	\$ 3,120,764	\$ 3,120,764	\$ 2,984,483	\$ 136,281
VCET	-	-	268,715	(268,715)
Boat and Water Safety	133,897	133,897	97,250	36,647
Snowmobile	47,039	47,039	43,191	3,848
Coroner	90,000	90,000	41,688	48,312
E-911 System	-	-	113,084	(113,084)
Corrections (Jail)	3,492,190	3,492,190	3,469,581	22,609
Community Corrections (Sheriff)	1,016,612	1,016,612	989,904	26,708
Crime Victim	96,603	96,603	83,330	13,273
Civil Defense	57,141	57,141	50,443	6,698
Other Public Safety	28,632	28,632	31,902	(3,270)
Total Public Safety	8,082,878	8,082,878	8,173,571	(90,693)
Sanitation:				
Solid Waste	425,885	425,885	381,687	44,198
Environmental Health	-	-	12,955	(12,955)
Total Sanitation	425,885	425,885	394,642	31,243
Health:				
Water Wells	5,500	5,500	5,019	481
Culture and Recreation:				
Parks	672,950	672,950	881,473	(208,523)
Regional Library	313,691	313,691	308,544	5,147
Tourism	10,000	10,000	14,313	(4,313)
Total Culture and Recreation	996,641	996,641	1,204,330	(207,689)
Conservation of Natural Resources:				
Cooperative Extension	86,199	86,199	80,475	5,724
Soil and Water Conservation	88,128	88,128	442,119	(353,991)
Agricultural Society/County Fair	33,531	33,531	33,754	(223)
Total Conservation of Natural Resources	207,858	207,858	556,348	(348,490)

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>EXPENDITURES (CONTINUED)</b>				
<b>CURRENT (CONTINUED)</b>				
Economic Development:				
Airports	\$ 44,600	\$ 44,600	\$ 44,600	\$ -
Other	123,968	123,968	4,924,882	(4,800,914)
Total Economic Development	168,568	168,568	4,969,482	(4,800,914)
Debt Service:				
Principal	-	-	28,500	(28,500)
Total Expenditures	17,472,996	17,472,996	22,664,523	(5,191,527)
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(1,408,578)	(1,408,578)	1,243,841	2,652,419
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	46,000	46,000	23,747	(22,253)
Proceeds from Sale of Capital Assets	17,000	17,000	32,023	15,023
Transfers In	700,000	700,000	19,233	(680,767)
Transfers Out	(75,000)	(75,000)	-	75,000
Total Other Financing Sources (Uses)	688,000	688,000	75,003	(612,997)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (720,578)</u>	<u>\$ (720,578)</u>	1,318,844	<u>\$ 2,039,422</u>
Fund Balance - Beginning of Year			15,220,902	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 16,539,746</u>	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,933,407	\$ 2,933,407	\$ 2,792,892	\$ (140,515)
Intergovernmental	10,288,200	10,288,200	10,346,847	58,647
Charges for Services	862,875	862,875	819,762	(43,113)
Total Revenues	14,084,482	14,084,482	13,959,501	(124,981)
<b>EXPENDITURES</b>				
Current:				
Highways and Streets:				
Administration	619,915	619,915	608,737	11,178
Engineering	649,318	649,318	594,683	54,635
Maintenance	4,074,749	4,074,749	4,383,811	(309,062)
Construction	7,930,200	7,930,200	7,004,137	926,063
Equipment and Maintenance Shops	477,300	477,300	189,989	287,311
Total Highways and Streets	13,751,482	13,751,482	12,781,357	970,125
<b>INTERGOVERNMENTAL</b>				
Highways and Streets	643,000	643,000	452,509	190,491
Total Expenditures	14,394,482	14,394,482	13,233,866	1,160,616
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(310,000)	(310,000)	725,635	1,035,635
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	10,000	10,000	5,522	(4,478)
Transfers In	300,000	300,000	224,334	(75,666)
Transfers Out	-	-	(38,079)	(38,079)
Total Other Financing Sources (Uses)	310,000	310,000	191,777	(118,223)
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	917,412	\$ 917,412
Fund Balance - Beginning of Year			3,069,961	
<b>FUND BALANCE - END OF YEAR</b>			\$ 3,987,373	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,944,562	\$ 2,944,562	\$ 2,806,876	\$ (137,686)
Intergovernmental	3,582,307	3,582,307	3,808,197	225,890
Charges for Services	565,000	565,000	671,126	106,126
Miscellaneous	241,050	241,050	243,873	2,823
Total Revenues	7,332,919	7,332,919	7,530,072	197,153
<b>EXPENDITURES</b>				
Current:				
Human Services:				
Income Maintenance	2,137,182	2,137,182	1,875,664	261,518
Social Services	4,419,651	4,419,651	4,373,747	45,904
Total Human Services	6,556,833	6,556,833	6,249,411	307,422
Health:				
Women, Infants, and Children	8,900	8,900	12,218	(3,318)
Nursing Service	60,275	60,275	128,848	(68,573)
Maternal and Child Health	8,420	8,420	8,359	61
Miscellaneous	923,178	923,178	863,620	59,558
Total Health	1,000,773	1,000,773	1,013,045	(12,272)
Total Expenditures	7,557,606	7,557,606	7,262,456	295,150
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(224,687)	(224,687)	267,616	492,303
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	25,262	25,262
Transfers Out	-	-	(19,233)	(19,233)
Total Other Financing Sources (Uses)	-	-	6,029	6,029
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (224,687)</u>	<u>\$ (224,687)</u>	273,645	<u>\$ 498,332</u>
Fund Balance - Beginning of Year			6,500,318	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 6,773,963</u>	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
TRUST SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 317,500	\$ 317,500	\$ 353,580	\$ 36,080
Charges for Services	30,000	30,000	32,557	2,557
Miscellaneous	1,500,000	1,500,000	1,437,083	(62,917)
Total Revenues	1,847,500	1,847,500	1,823,220	(24,280)
<b>EXPENDITURES</b>				
Current:				
General Government:				
Law Library	30,000	30,000	33,916	(3,916)
Maintenance	-	-	45,678	(45,678)
Total General Government	30,000	30,000	79,594	(49,594)
Conservation of Natural Resources:				
County Development	92,000	92,000	125,264	(33,264)
Forfeited Tax	1,525,066	1,525,066	1,501,869	23,197
Total Conservation of Natural Resources	1,617,066	1,617,066	1,627,133	(10,067)
Total Expenditures	1,647,066	1,647,066	1,706,727	(59,661)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	200,434	200,434	116,493	(83,941)
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Proceeds	400	400	2,446	2,046
Transfers Out	(481,406)	(481,406)	(326,472)	154,934
Total Other Financing Sources (Uses)	(481,006)	(481,006)	(324,026)	156,980
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (280,572)</u>	<u>\$ (280,572)</u>	(207,533)	<u>\$ 73,039</u>
Fund Balance - Beginning of Year			1,477,423	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,269,890</u>	

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY,**  
**RELATED RATIOS, AND NOTES**  
**LAST TEN FISCAL YEARS**

	Measurement Date					
	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Total OPEB Liability:						
Service Cost	\$ 35,288	\$ 44,882	\$ 35,952	\$ 30,735	\$ 37,088	\$ 37,112
Interest	16,968	14,860	21,684	28,755	22,251	20,684
Assumption Changes	(68,601)	(8,510)	30,230	43,686	(22,052)	-
Plan Changes	-	133,775	-	-	84,077	-
Differences Between Actual and Expected Experience	-	34,158	-	(43,746)	-	-
Benefit Payments	(95,535)	(112,693)	(90,252)	(57,101)	(8,537)	(12,000)
Net Change in Total OPEB Liability	(111,880)	106,472	(2,386)	2,329	112,827	45,796
Total OPEB Liability - Beginning	860,668	754,196	756,582	754,253	641,426	595,630
Total OPEB Liability - Ending	<u>\$ 748,788</u>	<u>\$ 860,668</u>	<u>\$ 754,196</u>	<u>\$ 756,582</u>	<u>\$ 754,253</u>	<u>\$ 641,426</u>
Covered Employee Payroll	\$ 10,774,574	\$ 10,460,751	\$ 10,369,279	\$ 10,042,885	\$ 10,706,791	\$ 10,085,813
County's OPEB Liability as a Percentage of Covered Employee Payroll	7%	8%	7%	8%	7%	6%

Note 1: The County implemented GASB Statement No. 75 in 2018. The above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

See accompanying Notes to Required Supplementary Information.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF THE COUNTY'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY (ASSET)**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Aitkin County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.1518%	\$ 8,488,486	\$ 234,021	\$ 8,722,507	\$ 12,074,228	70.30%	83.10%
2022	0.1447%	11,460,288	336,112	11,796,400	10,780,997	106.30%	76.67%
2021	0.1411%	6,025,602	183,998	6,209,600	10,157,947	59.32%	87.00%
2020	0.1421%	8,519,545	262,566	8,782,111	10,132,150	84.08%	79.06%
2019	0.1419%	7,845,334	243,989	8,089,323	10,045,395	78.10%	80.20%
2018	0.1468%	8,143,862	267,106	8,410,968	9,865,057	82.55%	79.53%
2017	0.1457%	9,301,392	116,947	9,418,339	9,361,951	99.35%	75.90%
2016	0.1450%	11,773,281	153,770	11,927,051	8,997,417	130.85%	68.91%
2015	0.1481%	7,675,311	N/A	7,675,311	8,702,625	88.20%	78.19%

**PERA PUBLIC EMPLOYEES FIRE AND POLICE PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with Aitkin County	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Pension Liability	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.114%	\$ 1,975,537	\$ 79,571	\$ 2,055,108	\$ 1,501,709	131.55%	86.47%
2022	0.118%	5,139,246	224,585	5,363,831	1,434,831	358.18%	70.50%
2021	0.111%	856,802	38,523	895,325	1,312,350	65.29%	93.66%
2020	0.109%	1,438,055	33,887	1,471,942	1,231,149	116.81%	87.19%
2019	0.120%	1,278,586	-	1,278,586	1,264,472	101.12%	89.30%
2018	0.125%	1,334,503	-	1,334,503	1,319,246	101.16%	88.84%
2017	0.122%	1,647,145	-	1,647,145	1,250,643	131.70%	85.43%
2016	0.123%	4,936,202	-	4,936,202	1,186,142	416.16%	63.88%
2015	0.132%	1,499,829	-	1,499,829	1,205,275	124.44%	86.61%

See accompanying Notes to Required Supplementary Information.



**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF THE COUNTY'S PROPORTIONATE**  
**SHARE OF THE NET PENSION LIABILITY (ASSET) (CONTINUED)**

**PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN**

Measurement Date	Employer's Portion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2023	0.602%	\$ 272,045	\$ 1,411,048	19.28%	95.94%
2022	0.586%	1,948,197	1,350,941	(144.21%)	74.58%
2021	0.626%	(102,840)	1,384,153	(7.43%)	101.61%
2020	0.641%	173,955	1,394,902	12.47%	96.67%
2019	0.652%	90,283	1,391,017	6.49%	98.20%
2018	0.654%	107,612	1,336,331	8.05%	97.64%
2017	0.650%	1,852,507	1,298,980	142.61%	67.89%
2016	0.670%	2,447,604	1,269,269	192.84%	58.16%
2015	0.700%	108,220	1,262,333	8.57%	96.95%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

*See accompanying Notes to Required Supplementary Information.*

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS  
DECEMBER 31, 2023**

**PERA GENERAL EMPLOYEES RETIREMENT PLAN**

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 892,680	\$ 892,680	\$ -	\$ 11,902,400	7.50%
2022	808,119	808,119	-	10,774,920	7.50%
2021	776,097	776,097	-	10,347,960	7.50%
2020	794,449	794,449	-	10,592,653	7.50%
2019	753,405	753,405	-	10,045,400	7.50%
2018	738,235	738,235	-	9,843,133	7.50%
2017	721,215	721,215	-	9,612,600	7.50%
2016	694,156	694,156	-	9,255,429	7.50%
2015	666,739	666,739	-	8,889,853	7.50%

**PERA PUBLIC EMPLOYEES FIRE AND POLICE PLAN**

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contributions (Deficiency) Excess	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2023	\$ 260,879	\$ 260,879	\$ -	\$ 1,473,893	17.70%
2022	253,965	253,965	-	1,434,831	17.70%
2021	248,733	248,733	-	1,405,271	17.70%
2020	230,581	230,581	-	1,302,718	17.70%
2019	209,978	209,978	-	1,238,808	16.95%
2018	213,718	213,718	-	1,319,247	16.20%
2017	207,528	207,528	-	1,281,040	16.20%
2016	198,277	198,277	-	1,223,931	16.20%
2015	196,140	196,140	-	1,210,738	16.20%

*See accompanying Notes to Required Supplementary Information.*

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF CONTRIBUTIONS (CONTINUED)  
DECEMBER 31, 2023**

**PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN**

Year Ending	Statutorily Required Contributions	Actual Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency) Excess	Covered Payroll	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 131,262	\$ 131,262	\$ -	\$ 1,500,137	8.75%
2022	118,497	118,497	-	1,354,251	8.75%
2021	118,146	118,146	-	1,350,240	8.75%
2020	128,862	128,862	-	1,472,709	8.75%
2019	121,714	121,714	-	1,391,017	8.75%
2018	116,929	116,929	-	1,336,331	8.75%
2017	114,546	114,546	-	1,309,101	8.75%
2016	113,950	113,950	-	1,302,270	8.75%
2015	111,052	111,052	-	1,269,158	8.75%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available. The County's year end is December 31.

*See accompanying Notes to Required Supplementary Information.*

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 1 BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual budgets are not adopted for the Opioid Remediation Special Revenue Fund and Ditch Special Revenue Fund. All annual appropriations lapse at fiscal year-end.

By July of each year, all departments submit requests for appropriations to the County Administrator so that a budget can be prepared. Before September 30, the proposed budget is presented to the County Board for review. A final budget is adopted by the Board and certified to the Auditor no later than December 31.

The appropriated budget is prepared by fund, function, and 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.

**NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had expenditures in excess of budget for the year ended December 31, 2023. These expenditures in excess of appropriations were funded by revenues that exceeded the revenue budget.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 22,664,523	\$ 17,472,996	\$ 5,191,527
Special Revenue Funds:			
Trust Fund	1,706,727	1,647,066	59,661

**NOTE 3 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended December 31, 2023.

**General Employees Fund**

**2023**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2023 (Continued)**

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of 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.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2021**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2020**

Changes in Actuarial Assumptions:

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

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2020 (Continued)**

Changes in Actuarial Assumptions (Continued):

- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

**2019**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**2018**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2018 (Continued)**

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017**

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions:

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**General Employees Fund (Continued)**

**2016**

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**Police and Fire Plan**

**2023**

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% 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.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.



**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2022**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2021**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- 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 MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2020**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2019**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2018**

Changes in Actuarial Assumptions:

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

Changes in Plan Provision:

- Postretirement benefit increases changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100% funding or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30 of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% 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.

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2017**

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2016**

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2037 and 2.50% thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Police and Fire Plan (Continued)**

**2016 (Continued)**

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions:

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

**Correctional Plan**

**2023**

Changes in Actuarial Assumptions:

- The investment return rate was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.42% to 7.0%.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

**2022**

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP 2021.
- The single discount rate changed from 6.50% to 5.42%.
- The benefit increase assumption was changed from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Correctional Plan (Continued)**

**2021**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- 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 MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new 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 lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2020**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2019**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Correctional Plan (Continued)**

**2018**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial experience after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85.0% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.50%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 3    DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**Correctional Plan (Continued)**

**2016**

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**NOTE 4    OTHER POSTEMPLOYMENT BENEFITS**

Since the most recent valuation, the following assumption changes have been made:

**2023**

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

**2022**

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The retirement, withdrawal, and salary increase rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.

**2021**

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

**AITKIN COUNTY, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2023**

**NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generation Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- 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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## **SUPPLEMENTARY INFORMATION**

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## **GOVERNMENTAL FUNDS**

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**AITKIN COUNTY, MINNESOTA  
DESCRIPTION OF FUNDS – NONMAJOR  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

The Forest Development Special Revenue Fund is used to account for funds used in developing forests in the County. Financing is provided by forfeited tax settlements, grants, and payments in lieu of taxes.

The Unorganized Road, Bridge, and Fire Special Revenue Fund is used to account for funds used to provide road maintenance and fire protection for unorganized townships. Financing is provided by property taxes and grants.

The Ditch Special Revenue Fund is used to account for funds used for public improvements and services for the ditch system. Financing is provided by special assessments against the benefited property owners.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt.

The Environmental Permanent Fund is used to account for funds collected from the sale of County-owned lakeshore leased lots. In accordance with 1998 Minn. Laws ch. 389, art. 16, § 31, the principal on these sales must remain in an environmental trust, and the interest may be spent only on improvement of natural resources.

The Housing Trust Fund is used to account for funds used for the purpose of developing and preserving affordable housing within the County's jurisdiction. Financing is provided by the State of Minnesota's Department of Revenue.

**AITKIN COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

	Special Revenue Funds				
	Forest Development	Unorganized Road, Bridge, and Fire	Ditch	Housing Trust	Total
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 602,221	\$ 418,377	\$ 38,263	\$ 97,222	\$ 1,156,083
Taxes Receivable:					
Delinquent	-	-	-	-	-
Special Assessments Receivable:					
Delinquent	-	-	12,439	-	12,439
Due from Other Funds	281,479	13,727	-	-	295,206
Total Assets	<u>\$ 883,700</u>	<u>\$ 432,104</u>	<u>\$ 50,702</u>	<u>\$ 97,222</u>	<u>\$ 1,463,728</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 6,387	\$ 2,849	\$ -	\$ -	\$ 9,236
Salaries Payable	16,292	-	-	-	16,292
Due to Other Funds	-	12,058	600	-	12,658
Due to Other Governments	3,000	-	-	-	3,000
Total Liabilities	25,679	14,907	600	-	41,186
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes Received for Future Years	-	-	-	-	-
Unavailable Revenue	-	-	12,439	-	12,439
Total Deferred Inflows of Resources	-	-	12,439	-	12,439
<b>FUND BALANCES</b>					
Nonspendable for:					
Environmental Uses	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Unorganized Road, Bridge, and Fire	-	417,197	-	-	417,197
Ditch Maintenance and Repairs	-	-	55,884	-	55,884
Committed for:					
Housing Aid	-	-	-	97,222	97,222
Assigned for:					
Forest Development	858,021	-	-	-	858,021
Unassigned	-	-	(18,221)	-	(18,221)
Total Fund Balances	858,021	417,197	37,663	97,222	1,410,103
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 883,700</u>	<u>\$ 432,104</u>	<u>\$ 50,702</u>	<u>\$ 97,222</u>	<u>\$ 1,463,728</u>

**AITKIN COUNTY, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
DECEMBER 31, 2023**

	Debt Service Fund	Permanent Fund	
	Debt Service	Environmental	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 766,736	\$ 482,753	\$ 2,405,572
Taxes Receivable:			
Delinquent	17,349	-	17,349
Special Assessments Receivable:			
Delinquent	-	-	12,439
Due from Other Funds	-	-	295,206
	<u>-</u>	<u>-</u>	<u>295,206</u>
Total Assets	<u>\$ 784,085</u>	<u>\$ 482,753</u>	<u>\$ 2,730,566</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 9,236
Salaries Payable	-	-	16,292
Due to Other Funds	-	-	12,658
Due to Other Governments	-	-	3,000
	<u>-</u>	<u>-</u>	<u>3,000</u>
Total Liabilities	-	-	41,186
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received for Future Years	215	-	215
Unavailable Revenue	17,349	-	29,788
	<u>17,349</u>	<u>-</u>	<u>29,788</u>
Total Deferred Inflows of Resources	17,564	-	30,003
<b>FUND BALANCES</b>			
Nonspendable for:			
Environmental Uses	-	482,753	482,753
Restricted for:			
Debt Service	766,521	-	766,521
Unorganized Road, Bridge, and Fire	-	-	417,197
Ditch Maintenance and Repairs	-	-	55,884
Committed for:			
Housing Aid	-	-	97,222
Assigned for:			
Forest Development	-	-	858,021
Unassigned	-	-	(18,221)
	<u>-</u>	<u>-</u>	<u>(18,221)</u>
Total Fund Balances	<u>766,521</u>	<u>482,753</u>	<u>2,659,377</u>
	<u>766,521</u>	<u>482,753</u>	<u>2,659,377</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 784,085</u>	<u>\$ 482,753</u>	<u>\$ 2,730,566</u>



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

	Special Revenue Funds				
	Forest Development	Unorganized Road, Bridge, and Fire	Ditch	Housing Trust	Total
<b>REVENUES</b>					
Taxes	\$ -	\$ 76,255	\$ -	\$ -	\$ 76,255
Intergovernmental	253,835	24,964	-	97,222	376,021
Investment Earnings	-	-	2,128	-	2,128
Miscellaneous	303,226	29,387	-	-	332,613
Total Revenues	557,061	130,606	2,128	97,222	787,017
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
General Government	-	2,849	-	-	2,849
Public Safety	-	34,767	-	-	34,767
Highways and Streets	-	12,057	-	-	12,057
Conservation of Natural Resources	900,329	-	599	-	900,928
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	900,329	49,673	599	-	950,601
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(343,268)	80,933	1,529	97,222	(163,584)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	229,624	38,079	-	-	267,703
Transfers Out	-	(127,006)	(480)	-	(127,486)
Total Other Financing Sources (Uses)	229,624	(88,927)	(480)	-	140,217
<b>NET CHANGE IN FUND BALANCE</b>	(113,644)	(7,994)	1,049	97,222	(23,367)
Fund Balance - Beginning of Year	971,665	425,191	36,614	-	1,433,470
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 858,021</u>	<u>\$ 417,197</u>	<u>\$ 37,663</u>	<u>\$ 97,222</u>	<u>\$ 1,410,103</u>

**AITKIN COUNTY, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2023**

	Debt Service Fund	Permanent Fund	
	Debt Service	Environmental	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 712,248	\$ -	\$ 788,503
Intergovernmental	43,475	-	419,496
Investment Earnings	-	24,934	27,062
Miscellaneous	-	-	332,613
Total Revenues	<u>755,723</u>	<u>24,934</u>	<u>1,567,674</u>
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
General Government	-	-	2,849
Public Safety	-	-	34,767
Highways and Streets	-	-	12,057
Conservation of Natural Resources	-	-	900,928
Debt Service:			
Principal	405,000	-	405,000
Interest	297,088	-	297,088
Total Expenditures	<u>702,088</u>	<u>-</u>	<u>1,652,689</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	53,635	24,934	(85,015)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	267,703
Transfers Out	-	-	(127,486)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>140,217</u>
<b>NET CHANGE IN FUND BALANCE</b>	53,635	24,934	55,202
Fund Balance - Beginning of Year	<u>712,886</u>	<u>457,819</u>	<u>2,604,175</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 766,521</u>	<u>\$ 482,753</u>	<u>\$ 2,659,377</u>

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
FOREST DEVELOPMENT SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Licenses and Permits	\$ 200	\$ 200	\$ -	\$ (200)
Intergovernmental	178,000	178,000	253,835	75,835
Miscellaneous	273,500	273,500	303,226	29,726
Total Revenues	451,700	451,700	557,061	105,361
<b>EXPENDITURES</b>				
Current:				
Conservation of Natural Resources:				
Reforestation	355,813	355,813	441,971	(86,158)
Forest Road	-	-	20	(20)
Land Surveying	460,856	460,856	458,338	2,518
Total Expenditures	816,669	816,669	900,329	(83,660)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(364,969)	(364,969)	(343,268)	21,701
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	462,812	462,812	229,624	(233,188)
Transfers Out	(231,406)	(231,406)	-	231,406
Total Other Financing Sources (Uses)	231,406	231,406	229,624	(1,782)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (133,563)</u>	<u>\$ (133,563)</u>	(113,644)	<u>\$ 19,919</u>
Fund Balance - Beginning of Year			971,665	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 858,021</u>	

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
UNORGANIZED ROAD, BRIDGE, AND FIRE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 80,700	\$ 80,700	\$ 76,255	\$ (4,445)
Intergovernmental	-	-	24,964	24,964
Miscellaneous	-	-	29,387	29,387
Total Revenues	80,700	80,700	130,606	49,906
<b>EXPENDITURES</b>				
Current:				
General Government:				
Other General Government	2,700	2,700	2,849	(149)
Public Safety:				
Emergency Services	32,000	32,000	34,767	(2,767)
Highways and Streets:				
Other Highways and Streets	46,000	46,000	12,057	33,943
Total Expenditures	80,700	80,700	49,673	31,027
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	80,933	80,933
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	38,079	38,079
Transfers Out	-	-	(127,006)	(127,006)
Total Other Financing Sources (Uses)	-	-	(88,927)	(88,927)
<b>NET CHANGE IN FUND BALANCE</b>	\$ -	\$ -	(7,994)	\$ (7,994)
Fund Balance - Beginning of Year			425,191	
<b>FUND BALANCE - END OF YEAR</b>			\$ 417,197	

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Taxes	\$ 746,566	\$ 746,566	\$ 712,248	\$ (34,318)
Intergovernmental	-	-	43,475	43,475
Total Revenues	746,566	746,566	755,723	9,157
<b>EXPENDITURES</b>				
Debt Service:				
Principal	405,000	405,000	405,000	-
Interest	297,090	297,090	297,088	2
Total Debt Service	702,090	702,090	702,088	2
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 44,476</u>	<u>\$ 44,476</u>	53,635	<u>\$ 9,159</u>
Fund Balance - Beginning of Year			712,886	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 766,521</u>	

**AITKIN COUNTY, MINNESOTA  
BUDGETARY COMPARISON SCHEDULE  
ENVIRONMENTAL PERMANENT FUND  
YEAR ENDED DECEMBER 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Investment Earnings	\$ 13,600	\$ 13,600	\$ 24,934	\$ 11,334
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(13,600)	(13,600)	-	13,600
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	24,934	<u>\$ 24,934</u>
Fund Balance - Beginning of Year			<u>457,819</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 482,753</u>	

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## **FIDUCIARY FUNDS**



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**AITKIN COUNTY, MINNESOTA  
DESCRIPTION OF FUNDS – FIDUCIARY FUNDS  
DECEMBER 31, 2023**

The Taxes and Penalties Fund is used to account for the inflows of tax collections and the disbursement of taxes during the settlement process for municipalities within the County.

The County Triad Fund is used to account for funds of a group whose mission is to make communities safer for seniors.

The State Revenue Fund is used to account for the collection of fees on behalf of the state.

The License Center Fund is used to account for the collection of license fees on behalf of the state.

The Estate Recoveries Fund is used to hold the State's portion of estates from deceased parties within the County until such a time they can be analyzed and disbursed appropriately.

The Jail Canteen Fund is used to account for deposits and withdrawals made by inmates of the Aitkin County Jail.

The Child Abuse Prevention Council Fund is used to account for the financial resources of an unrelated council attempting to bring awareness to child abuse in the County.

The Collaborative Fund is used to account for an interagency agreement between the County and school districts for the purpose of planning and coordination of family services within the County.

The VCET Fund is used to account for the activity of the Aitkin-Itasca-Mille Lacs Drug Task Force joint powers agreement that the County is the fiscal host for.

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS**  
**DECEMBER 31, 2023**

	Custodial Funds				
	Taxes and Penalties	County Triad	State Revenue	License Center	Estate Recoveries
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 758,337	\$ 4,687	\$ 183,590	\$ 41,582	\$ 29,268
Due from Other Governments	-	-	-	-	-
Taxes for Other Governments	349,046	-	42,030	-	-
Total Assets	1,107,383	4,687	225,620	41,582	29,268
<b>LIABILITIES</b>					
Due to Other Governments	755,281	-	176,482	41,582	29,268
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Collected for Subsequent Period	2,627	-	-	-	-
<b>NET POSITION</b>					
Restricted for:					
Individuals, Organizations, and Other Governments	\$ 349,475	\$ 4,687	\$ 49,138	\$ -	\$ -

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2023**

	Custodial Funds				Total Custodial Funds
	Jail Canteen	Child Abuse Prevention Council	Collaborative	VCET	
<b>ASSETS</b>					
Cash and Pooled Investments	\$ 66,574	\$ 21,427	\$ 70,386	\$ 51,693	\$ 1,227,544
Due from Other Governments	-	-	19,951	-	19,951
Taxes for Other Governments	-	-	-	-	391,076
Total Assets	66,574	21,427	90,337	51,693	1,638,571
<b>LIABILITIES</b>					
Due to Other Governments	-	-	-	-	1,002,613
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes Collected for Subsequent Period	-	-	-	-	2,627
<b>NET POSITION</b>					
Restricted for:					
Individuals, Organizations, and Other Governments	\$ 66,574	\$ 21,427	\$ 90,337	\$ 51,693	\$ 633,331

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	Custodial Funds				
	Taxes and Penalties	County Triad	State Revenue	License Center	Estate Recoveries
<b>ADDITIONS</b>					
Contributions - Individuals	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Property Tax Collections for Other Governments	13,336,145	-	-	-	-
Fee Collections for Other Governments and Organizations	-	-	-	-	-
License and Fees Collected for State Recoveries	-	-	4,771,148	4,416,941	-
Miscellaneous	-	-	385	-	192,423
Total Additions	13,336,145	-	4,771,533	4,416,941	192,423
<b>DEDUCTIONS</b>					
Beneficiary Payments to Individuals	-	-	-	-	-
Payments of Property Tax to Other Governments	13,367,291	-	-	-	-
Payments to State	-	-	4,772,276	4,416,941	192,423
Payments to Other Entities	-	-	-	-	-
Miscellaneous	-	1,131	-	-	-
Total Deductions	13,367,291	1,131	4,772,276	4,416,941	192,423
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	(31,146)	(1,131)	(743)	-	-
Fiduciary Net Position - Beginning of Year	380,621	5,818	49,881	-	-
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 349,475</u>	<u>\$ 4,687</u>	<u>\$ 49,138</u>	<u>\$ -</u>	<u>\$ -</u>

**AITKIN COUNTY, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –**  
**CUSTODIAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

	Custodial Funds				Total Custodial Funds
	Jail Canteen	Child Abuse Prevention Council	Collaborative	VCET	
<b>ADDITIONS</b>					
Contributions - Individuals	\$ 153,799	\$ -	\$ -	\$ 86,994	\$ 240,793
Intergovernmental	-	-	65,940	-	65,940
Property Tax Collections for Other Governments	-	-	-	-	13,336,145
Fee Collections for Other Governments and Organizations	-	9,611	-	-	9,611
License and Fees Collected for State	-	-	-	-	9,188,089
Recoveries	-	-	-	-	192,423
Miscellaneous	-	-	-	-	385
Total Additions	153,799	9,611	65,940	86,994	23,033,386
<b>DEDUCTIONS</b>					
Beneficiary Payments to Individuals	137,759	-	-	67,816	205,575
Payments of Property Tax to Other Governments	-	-	-	-	13,367,291
Payments to State	-	-	-	-	9,381,640
Payments to Other Entities	-	7,233	65,795	-	73,028
Miscellaneous	-	-	-	-	1,131
Total Deductions	137,759	7,233	65,795	67,816	23,028,665
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	16,040	2,378	145	19,178	4,721
Fiduciary Net Position - Beginning of Year	50,534	19,049	90,192	32,515	628,610
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u>\$ 66,574</u>	<u>\$ 21,427</u>	<u>\$ 90,337</u>	<u>\$ 51,693</u>	<u>\$ 633,331</u>

## **OTHER SCHEDULES**

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
YEAR ENDED DECEMBER 31, 2023**

	Governmental Funds	Enterprise Fund	Total Primary Government
<b>APPROPRIATIONS AND SHARED REVENUE</b>			
State:			
Highway Users Tax	\$ 7,415,704	\$ -	\$ 7,415,704
PERA Rate Reimbursement	44,880	-	44,880
Disparity Reduction Aid	10,539	-	10,539
Police Aid	205,992	-	205,992
Public Safety Aid	518,898	-	518,898
County Program Aid	827,057	-	827,057
Market Value Credit	205,590	-	205,590
SCORE	72,460	-	72,460
Out of Home Placement	31,487	-	31,487
Riparian Aid	40,000	-	40,000
Taconite Credit	611,608	-	611,608
Enhanced 911	178,580	-	178,580
Next Generation 911	44,628	-	44,628
Housing Aid	97,222	-	97,222
Local Homeless Aid	22,675	-	22,675
Aquatic Invasive Species	269,610	-	269,610
Total Appropriations and Shared Revenue	10,596,930	-	10,596,930
<b>REIMBURSEMENT FOR SERVICES</b>			
State:			
Minnesota Department of Human Services	799,909	-	799,909
<b>PAYMENTS</b>			
Local:			
Payments in Lieu of Taxes	1,604,977	-	1,604,977
<b>GRANTS</b>			
State:			
Minnesota Department/Board of:			
Employment and Economic Development	64,800	-	64,800
Corrections	619,921	-	619,921
Public Safety	322,323	-	322,323
Trial Courts	64,570	-	64,570
Health	169,506	-	169,506
Natural Resources	1,207,750	-	1,207,750
Human Services	847,769	-	847,769
Peace Officers Board	19,194	-	19,194
Pollution Control	36,000	-	36,000
Secretary of State	6,028	-	6,028
Veterans Affairs	10,000	-	10,000
Water and Soil Resources	203,797	-	203,797
Total State	3,571,658	-	3,571,658



**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

	Governmental Funds	Enterprise Fund	Total Primary Government
<b>GRANTS (CONTINUED)</b>			
Federal:			
U.S. Department of:			
Agriculture	\$ 315,816	\$ 3,261	\$ 319,077
Education	2,100	-	2,100
Justice	45,526	-	45,526
Transportation	2,758,156	-	2,758,156
Health and Human Services	1,601,618	-	1,601,618
Housing and Urban Development	4,068,015	-	4,068,015
Homeland Security	35,711	-	35,711
Total Federal	<u>8,826,942</u>	<u>3,261</u>	<u>8,830,203</u>
 Total State and Federal Grants	 <u>12,398,600</u>	 <u>3,261</u>	 <u>12,401,861</u>
 Total Intergovernmental Revenue	 <u><u>\$ 25,400,416</u></u>	 <u><u>\$ 3,261</u></u>	 <u><u>\$ 25,403,677</u></u>

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET BY DITCH  
DITCH SPECIAL REVENUE FUND  
DECEMBER 31, 2023**

		Assets		
		Cash	Special Assessments Receivable	Due from Other Ditches
				Total
County Ditches:				
5	\$	(440)	\$ -	\$ -
20		(143)	-	(143)
23		(965)	-	(965)
24		-	369	1,500
28		(185)	-	(185)
29		80	-	80
30		28,478	1,294	11,861
34		-	978	-
36		2,755	1,208	-
37		(3,446)	8,427	-
42		(425)	-	-
43		-	-	-
66		1,279	-	-
Judicial Ditch:				
2		11,275	163	-
Total	\$	38,263	\$ 12,439	\$ 13,361
				\$ 64,063

**AITKIN COUNTY, MINNESOTA  
BALANCE SHEET BY DITCH  
DITCH SPECIAL REVENUE FUND (CONTINUED)  
DECEMBER 31, 2023**

	Liabilities			Deferred Inflows of Resources	Fund Balances	Total Liabilities, Deferred Inflows of Resources, and Fund Balance
	Due to Other Ditches	Due to Other Funds	Total	Unavailable Revenue	Restricted/ (Unassigned)	
County Ditches:						
5	\$ 7,250	\$ 600	\$ 7,850	\$ -	\$ (8,290)	\$ (440)
20	-	-	-	-	(143)	(143)
23	-	-	-	-	(965)	(965)
24	-	-	-	369	1,500	1,869
28	1,287	-	1,287	-	(1,472)	(185)
29	-	-	-	-	80	80
30	-	-	-	1,294	40,339	41,633
34	65	-	65	978	(65)	978
36	65	-	65	1,208	2,690	3,963
37	2,173	-	2,173	8,427	(5,619)	4,981
42	935	-	935	-	(1,360)	(425)
43	76	-	76	-	(76)	-
66	1,510	-	1,510	-	(231)	1,279
Judicial Ditch:						
2	-	-	-	163	11,275	11,438
Total	<u>\$ 13,361</u>	<u>\$ 600</u>	<u>\$ 13,961</u>	<u>\$ 12,439</u>	<u>\$ 37,663</u>	<u>\$ 64,063</u>

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**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Department of Agriculture</b>				
Passed Through Minnesota Department of Education: Special Milk Program for Children (Part of Child Nutrition Cluster)	10.556	SERVS2023	\$ 3,261	\$ -
Passed Through Aitkin-Itasca-Koochiching Community Health Services Board: WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	83,521	-
Passed Through Minnesota Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	232MN101S2514	222,125	-
Passed Through Minnesota Department of Agriculture: WIC Farmers' Market Nutrition Program (FMNP)	10.572	B046G35	125	-
Total Department of Agriculture			309,032	-
<b>Department of Housing and Urban Development</b>				
Passed Through Minnesota Department of Employment and Economic Development, Business and Community Division: COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-20-DW-27-0001	4,341,870	4,341,870
<b>Department of Justice</b>				
Passed Through Minnesota Department of Public Safety: Crime Victim Assistance	16.575	F-CVS-2022-AITKINAO	31,734	-
<b>Department of Transportation</b>				
Passed Through Minnesota Department of Transportation: Highway Planning and Construction	20.205	103001	2,786,480	-
Passed Through Minnesota Department of Public Safety and the City of Aitkin: State and Community Highway Safety (Part of Highway Safety Cluster)	20.600	F-SAFE23-2023-	1,506	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-SAFE23-2023-	419	-
National Priority Safety Programs (Part of Highway Safety Cluster)	20.616	F-SAFE23-2023-	419	-
Total Department of Transportation			2,788,824	-
<b>Department of Health and Human Services</b>				
Passed Through Aitkin-Itasca-Koochiching Community Health Services Board: Public Health Emergency Preparedness	93.069	NU90TP922026	12,361	-
COVID-19 Immunization Cooperative Agreements	93.268	NH23IP922628	19,022	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508	23,277	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$204,957)	93.558	2301MNTANF	48,488	-
Medical Assistance Program (Part of Medicaid Cluster) (Total Medical Assistance Program 93.778 \$704,396)	93.778	2305MN5ADM	12,628	-
Maternal and Child Health Services Block Grant to the States	93.994	B0447426	13,959	-

*The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Section.*

**AITKIN COUNTY, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b>Department of Health and Human Services (Continued)</b>				
Passed Through Minnesota Department of Human Services:				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2201MNFPS	\$ 1,963	\$ -
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$204,957)	93.558	2301MNTANF	156,469	-
Child Support Enforcement	93.563	2301MNCSES	\$ 71,316	-
Child Support Enforcement		2301MNCES	303,170	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2301MNRCA	745	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2301MNCDF	3,021	-
Community-Based Child Abuse Prevention Grants	93.590	2202MNBCAP	5,255	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2201MNCWSS	3,115	-
Foster Care Title IV-E	93.658	2301MNFOS	80,144	-
Social Services Block Grant	93.667	2301MNSOSR	127,073	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	1,159	-
COVID-19 Elder Abuse Prevention Interventions Program	93.747	2101MNAPC6	3,062	-
Children's Health Insurance Program	93.767	2305MN5021	929	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2305MN5ADM	686,550	-
(Total Medical Assistance Program 93.778 \$704,396)		2305MN5MAP	5,218	-
Total Department of Health and Human Services			1,578,924	-
<b>Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources:				
Boating Safety Financial Assistance	97.012	R29CG70CBLA21	5,260	-
Passed Through Minnesota Department of Public Safety:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR4658 PW197 (686560)	11,232	-
		DR4722 PW303 (734526)	169,204	-
		DR4658 PW344 (741645)	20,147	-
Emergency Management Performance Grants	97.042	F-EMPG-2021-AITKINCO-	19,219	-
Total Department of Homeland Security			225,062	-
Total Expenditures of Federal Awards			\$ 9,275,446	\$ 4,341,870

Clusters of programs are groupings of closely related programs that share common compliance requirements.

Total Expenditures by Cluster are:

CCDF Cluster	\$ 3,021
Medicaid Cluster	704,396
SNAP Cluster	222,125
Highway Planning and Construction Cluster	2,786,480
Highway Safety Cluster	1,925
Child Nutrition Cluster	3,261

The Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of This Section.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2023**

**NOTE 1    REPORTING ENTITY**

The schedule of expenditures of federal awards (the Schedule) presents the federal award programs expended by Aitkin County. The County's reporting entity is defined in Note 1 to the financial statements.

**NOTE 2    BASIS OF PRESENTATION**

The accompanying Schedule includes the federal grant activity of Aitkin 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) from the Office of Management and Budget (OMB). Because the Schedule presents only a selected portion of the operations of Aitkin County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Aitkin County.

**NOTE 3    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the basis of accounting used by the individual funds of Aitkin County. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Aitkin County has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**AITKIN COUNTY, MINNESOTA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2023**

**NOTE 4 RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE**

Federal Grant Revenue Per Schedule of Intergovernmental Revenue	\$	8,830,203
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Grants Received More Than 60 Days After Year-End,  
Unavailable in 2023:

Highway Planning and Construction		30,668
MaryLee Allen Promoting Safe and Stable Families Program		491
Temporary Assistance for Needy Families		16,493
Stephanie Tubbs Jones Child Welfare Services Program		489
Children's Health Insurance Program		63
Disaster Grants - Public Assistance (Presidentially Declared Disaster)		189,351
COVID-19 Immunization Cooperative Agreements		10,968
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		5,389
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		273,855
WIC Special Supplemental Nutrition Program for Women, Infants, and Children		37,827

Grants Unavailable in 2022, Recognized as Revenue in 2023:

Crime Victim Assistance		(13,792)
MaryLee Allen Promoting Safe and Stable Families Program		(538)
Community-Based Child Abuse Prevention Grants		(560)
Stephanie Tubbs Jones Child Welfare Services Program		(958)
John H. Chafee Foster Care Program for Successful Transition to Adulthood		(158)
WIC Special Supplemental Nutrition Program for Women, Infants, and Children		(47,872)
Medical Assistance Program (Part of Medicaid Cluster)		(1,755)
Public Health Emergency Preparedness		(15,369)
Temporary Assistance for Needy Families		(11,028)
Maternal and Child Health Services Block Grant to the States		(9,369)
Special Education-Grants for Infants and Families		(2,100)
COVID-19 Immunization Cooperative Agreements		(13,450)
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		(3,402)

Expenditures Per Schedule of Expenditures of Federal Awards	\$	9,275,446
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**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*  
AND SINGLE AUDIT**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 15, 2024.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004 to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **Aitkin County's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Aitkin County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

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



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 15, 2024



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

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

#### ***Opinion on Each Major Federal Program***

We have audited Aitkin County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Aitkin County's major federal programs for the year ended December 31, 2023. Aitkin County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Aitkin County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Aitkin County's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Aitkin County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Aitkin County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Aitkin County's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**


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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-005, to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Aitkin County's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Aitkin County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 15, 2024



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**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section I – Summary of Auditors' Results***

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***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
  - Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
3. Noncompliance material to financial statements noted?            yes     x     no

***Federal Awards***

1. Internal control over major federal programs:
  - Material weakness(es) identified?            yes     x     no
  - Significant deficiency(ies) identified?     x     yes            none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes     x     no

***Identification of Major Federal Programs***

**Assistance Listing Numbers**

20.205

14.228

**Name of Federal Program or Cluster**

Highway Planning and Construction

COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low risk auditee?

           yes     x     no

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section II – Financial Statement Findings***

---

**AUDIT ADJUSTMENTS (2023-001)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** As part of the audit, we proposed material audit adjustments to adjust accruals, adjust GASB 84 fiduciary activities, and to record conversion entries related to capital assets, compensated absences, net pension liability and other postemployment benefits liability.

**Criteria or Specific Requirement:** County management is responsible for establishing and maintaining internal controls for the proper recording of all the County's accounting transactions, including account coding and reporting of accruals and net position.

**Effect:** The design of the internal controls over recording transactions and year-end accruals could affect the ability of the County to detect or prevent errors, a misappropriation of assets, or fraudulent activity.

**Cause:** The County has a limited number of personnel.

**Repeat Finding:** Yes, 2022-001.

**Recommendation:** We recommend County management and financial personnel continue to increase their awareness and knowledge of all procedures and processes involved in recording transactions, accruals, and reclassifications and develop internal control policies to ensure proper recording of these items.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustments through learning about new GASB standards and reviewing work performed by department personnel.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section II – Financial Statement Findings (Continued)***

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**FINANCIAL REPORTING PROCESS (2023-002)**

**Type of Finding:** Material Weakness in Internal Control over Financial Reporting

**Condition:** The County Board and management of the County share the ultimate responsibility for the County's internal control system. The County does not have the expertise necessary to prepare the financial statements and related disclosures. As part of its internal control over the preparation of the financial statements, including disclosures, the County has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of GAAP and knowledge of the County activities and operation.

**Criteria or Specific Requirement:** Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Effect:** The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

**Cause:** The County has a limited number of personnel.

**Repeat Finding:** Yes, 2022-002.

**Recommendation:** We recommend the County continue to evaluate their internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will review the financial reporting requirements and undertake them if deemed cost beneficial.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section II – Financial Statement Findings (Continued)***

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**COMPUTER RISK MANAGEMENT (2023-003)**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:** The County has internal controls in place for its computer system. However, a formal risk assessment of existing controls over significant functions of the computer system has not been completed.

**Criteria or Specific Requirement:** The County's management is responsible for identifying and managing the risks associated with its computer system. Computer risk management suggests that a formal plan be developed to identify the risks associated with the County's information system and document the internal controls implemented to address the identified risks.

**Effect:** Unprotected risks could result in a loss or compromise of data that could negatively influence County operations.

**Cause:** County management and staff are aware of the various risks associated with the County's computer system. However, a formal plan to identify and manage those risks has not been developed.

**Repeat Finding:** Yes, 2022-003.

**Recommendation:** We recommend County management document the significant internal controls in its computer system. We further recommend a formal plan be developed that calls for assessing and monitoring significant internal controls on a regular basis, but no less than annually. The assessment of risks should be documented, and procedures implemented to address those risks found.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will perform a formal risk assessment over its computer system if deemed cost beneficial.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section II – Financial Statement Findings (Continued)***

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**SEGREGATION OF DUTIES (2023-004)**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition:** Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various County departments. Also, there is no reconciliation process over LLCC revenue. In addition, other areas do not have proper review due to limited personnel resulting in the lack of some controls.

**Criteria or Specific Requirement:** County management should be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

**Effect:** The design of the internal controls over financial reporting could affect the ability of the County to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the County's inability to prevent/detect misappropriation of County assets.

**Cause:** The County has a limited number of personnel within several County departments.

**Repeat Finding:** Yes, 2022-004.

**Recommendation:** We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement some oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will review the accounting functions and segregate them if deemed cost beneficial.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2023-005**

**Federal Agency:** U.S. Department of Housing and Urban Development

**Federal Program Name:** COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

**Assistance Listing Number:** 14.228

**Federal Award Identification Number and Year:** B-20-DW-27-0001, 2023

**Pass-Through Agency:** Minnesota Department of Employment and Economic Development, Business and Community Development Division

**Pass-Through Number:** B-20-DW-27-0001

**Compliance Requirement Affected:** Reporting

**Award Period:** Year Ended December 31, 2023

**Type of Finding:** Significant Deficiency in Internal Control over Compliance

**Criteria or Specific Requirement:** Recipients of \$150,000 or more of grant funds must submit a quarterly and annual report, no later than 7 days after the end of each calendar quarter and 15 days after the fiscal year end, respectively. Quarterly and annual reports must be in accordance with reporting requirements set forth in section 15011 of the CARES Act. The Grantee will monitor the activities of the sub-recipient according to 2 CFR §200.303 and 2 CFR §200.331 as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub-award; and that sub-award performance goals are achieved. This includes reviewing financial and programmatic reports required by the pass-through entity.

**Condition:** There was no oversight by County management of the reports being submitted by the subrecipient to the State.

**Questioned Costs:** None noted.

**Context:** For two of two quarterly reports and one of one annual reports tested, it was noted that there was no review by County management of the reports submitted by the subrecipient and the County received a copy of the report at the same time as the submission was completed.

**Cause:** Insufficient management oversight.

**Effect:** Ineligible costs could be reported.

**Repeat Finding:** No.

**Recommendation:** We recommend that the County reviews their policies to ensure reporting requirements are met including a review of the subrecipient reports prior to submission.

**Views of responsible officials:** There is no disagreement with the audit finding.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section IV – Items for Consideration – Minnesota Legal Compliance***

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**PUBLISHING OF CLAIMS (2023-006)**

**Condition:** The County is not publishing claims with the board minutes in accordance with state statutes.

**Criteria or Specific Requirement:** Minnesota Statutes §375.12 requires that when the County discloses the official proceedings of board meetings in the newspaper, “all claims exceeding \$2,000 and the total number of claims that did not exceed \$2,000” (their total dollar amount) be disclosed.

**Effect:** The County is not in compliance with Minnesota State Statutes.

**Cause:** Not known.

**Repeat Finding:** Yes, 2022-005.

**Recommendation:** We recommend the County publish the claims in the newspaper in accordance with state statutes.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will publish claims exceeding \$2,000 and publish a statement showing the total number of claims that did not exceed \$2,000 and their total dollar amount as deemed cost beneficial.



**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section IV – Items for Consideration – Minnesota Legal Compliance (Continued)***

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**DITCH SPECIAL REVENUE FUND (2023-007)**

**Condition:** During our testing, it was noted that nine out of 14 ditches had negative cash balances.

**Criteria or Specific Requirement:** Minnesota Statutes §103E.655 subd. 2 requires active ditch systems to maintain sufficient funds to pay for project costs.

**Effect:** The County is not in compliance with Minnesota State Statutes.

**Cause:** Ditch expenditures were necessary, and the levies were not sufficient to cover all costs.

**Repeat Finding:** Yes, 2022-006.

**Recommendation:** We recommend the County eliminate the ditch negative cash balances by borrowing from an eligible ditch system or fund with a surplus fund balance.

**Views of Responsible Officials and Planned Corrective Actions:** There is no disagreement with the audit finding. The County will review statutes and continue to monitor the individual ditch deficits and eliminate them when feasible and cost beneficial.

**AITKIN COUNTY, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

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***Section V – Previously Reported Item Resolved***

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None resolved in the current year.



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners  
Aitkin County  
Aitkin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aitkin County (the County), Minnesota as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 15, 2024.

In connection with our audit, we noted that Aitkin County failed to comply with provisions of the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as items 2023-006 and 2023-007. Also, in connection with our audit, nothing came to our attention that caused us to believe that Aitkin County failed to comply with the provisions of the depositories of public funds and public investments, contracting – bid laws, conflicts of interest, claims and disbursements, and public indebtedness sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Aitkin County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
August 15, 2024

