

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 11, 2024

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code) and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

New Issue

Rating Application Made: S&P Global Ratings

CLAY COUNTY, MINNESOTA

\$6,450,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2024A

PROPOSAL OPENING: January 22, 2024, 12:00 P.M. (Noon), C.T.

CONSIDERATION: January 23, 2024, 8:30 A.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$6,450,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 373.40 and Chapter 475, as amended, by Clay County, Minnesota (the "County"), for the purpose of financing various County facilities identified in the Capital Improvement Plan, dated December 12, 2023. The Bonds will be general obligations of the County for which the County will pledge its full faith and credit and taxing powers. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: February 8, 2024

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$310,000	2031	\$385,000	2036	\$480,000
2027	325,000	2032	405,000	2037	505,000
2028	340,000	2033	420,000	2038	525,000
2029	355,000	2034	440,000	2039	550,000
2030	370,000	2035	460,000	2040	580,000

***MATURITY ADJUSTMENTS:** The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$6,372,600.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$129,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Dorsey & Whitney LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).



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This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the County to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the County and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the County, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the County for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the County is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the County nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the County which indicates that the County does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CLAY COUNTY BOARD OF COMMISSIONERS

		<u>Term Expires</u>
David Ebinger	Chair	January 2025
Kevin Campbell	Vice Chair	January 2027
Frank Gross	Commissioner	January 2025
Paul Krabbenhoft	Commissioner	January 2025
Jenny Mongeau	Commissioner	January 2027

ADMINISTRATION

Stephen Larson, County Administrator

Lori Johnson, County Auditor-Treasurer

Brian J. Melton, County Attorney

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Clay County, Minnesota (the "County") and the issuance of its \$6,450,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution").

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the County's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of February 8, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The County has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the County, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Section 373.40 and Chapter 475, as amended, by the County, for the purpose of financing various County facilities identified in the Capital Improvement Plan, dated December 12, 2023, including the construction of a new Department of Motor Vehicles facility. The County intends to use unspent proceeds from the County's General Obligation Capital Improvement Plan Bonds, Series 2017B (the "Series 2017B") to finance project identified in the Capital Improvement Plan.

Minnesota Statutes, Section 373.40, allows counties to plan for and finance the acquisition and betterment of public lands, buildings, and other improvements within the county, including financing county highway improvements. Annual principal and interest payments on general obligation capital improvement bonds are limited to 0.12% of the County's estimated market value. The estimated market value of the County for taxes collectible in 2023 is \$8,094,493,300. This results in a maximum annual debt service allowable of \$9,713,392 for general obligation capital improvement bonds outstanding at any time.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$6,450,000	
Unspent Series 2017B Proceeds	<u>506,082</u>	
Total Sources		\$6,956,082
Uses		
Total Underwriter's Discount (1.200%)	\$77,400	
Costs of Issuance	85,000	
Capitalized Interest	290,303	
Deposit to Construction Fund	6,500,000	
Rounding Amount	<u>3,379</u>	
Total Uses		\$6,956,082

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the County for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount. In accordance with Minnesota Statutes, the County will levy each year an amount not less than 105% of the debt service requirements on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the County is required to levy an ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

General obligation debt of the County, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The County has requested an underlying rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the County nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the County shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future.

In the Award Resolution, the County will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the County are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the County to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the County believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The County has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the County.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the County.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The County has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of the Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of the Bond proceeds and other amounts. The County has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that OID on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued OID, if any), the purchaser may be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds.

The Bonds are "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the County in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the County, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the County under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the County for the fiscal year ended December 31, 2022 have been audited by the Office of the State Auditor, St. Paul, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the County, the ultimate payment of which rests in the County's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the County in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the County, the taxable value of property within the County, and the ability of the County to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the County and to the Bonds. The County can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the County or the taxing authority of the County.

Ratings; Interest Rates: In the future, the County's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the County to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the County to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the County, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the County may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The County is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the County will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the County and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the County, including the duration of the outbreak and measures taken to address the outbreak.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2020/21	2021/22	2022/23
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2022/23 Economic Market Value	<u><u>\$9,771,472,603¹</u></u>
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2022/23 Assessor's Estimated Market Value

Real Estate	\$8,017,850,900
Personal Property	<u>76,642,400</u>
Total Valuation	<u><u>\$8,094,493,300</u></u>

2022/23 Net Tax Capacity

Real Estate	\$80,996,686
Personal Property	<u>1,506,672</u>
Net Tax Capacity	\$82,503,358
Less: Captured Tax Increment Tax Capacity ²	(1,308,194)
Power Line Adjustment ³	<u>(51,552)</u>
Taxable Net Tax Capacity	<u><u>\$81,143,612</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the County is about 83.67% of the actual selling prices of property most recently sold in the County. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the County of \$9,771,472,603.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the County.

³ Ten percent of the net tax capacity of certain high voltage transmission lines is removed when setting local tax rates. However, taxes are paid on the full value of these lines. The taxes attributable to 10% of value of these lines are used to fund a power line credit. Certain property owners receive a credit when the high voltage transmission line runs over their property.

2022/23 NET TAX CAPACITY BY CLASSIFICATION

	2022/23 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$34,368,519	41.66%
Agricultural	20,009,442	24.25%
Commercial/industrial	14,212,311	17.23%
Public utility	114,102	0.14%
Non-homestead residential	12,016,996	14.57%
Commercial & residential seasonal/rec.	275,316	0.33%
Personal property	<u>1,506,672</u>	<u>1.83%</u>
Total	<u><u>\$82,503,358</u></u>	<u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2018/19	\$6,844,524,600	\$6,501,187,700	\$68,989,246	\$67,464,265	1.84%
2019/20	6,979,776,700	6,627,580,000	70,362,571	68,947,610	1.98%
2020/21	7,125,258,700	6,771,009,100	72,037,529	70,641,581	2.08%
2021/22	7,283,134,700	6,930,073,000	73,916,901	72,528,429	2.22%
2022/23	8,094,493,300	7,760,545,800	82,503,358	81,143,612	11.14%

¹ Net Tax Capacity includes tax increment and power line values.

² Taxable Net Tax Capacity does not include tax increment or power line values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2022/23 Net Tax Capacity	Percent of County's Total Net Tax Capacity
Burlington Northern	Railroad	\$993,367	1.20%
Xcel Energy	Utility	546,589	0.66%
American Crystal Sugar Co.	Commercial	528,139	0.64%
Spring Prairie Hutterian & Bretheren Inc.	Residential	425,101	0.52%
Busch Agri Resources Inc.	Commercial	352,333	0.43%
Oberg LLC	Agricultural	344,531	0.42%
Meridian Mortgage LLC	Residential	311,083	0.38%
Sanford Medical Center Fargo	Commercial	299,616	0.36%
West Central Ag Services	Commercial	282,347	0.34%
Menard Inc.	Commercial	<u>264,772</u>	<u>0.32%</u>
Total		\$4,347,878	5.27%

County's Total 2022/23 Net Tax Capacity \$82,503,358

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by the County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes	\$1,310,000
Total G.O. debt secured by taxes (includes the Bonds)*	53,925,000
Total G.O. debt secured by utility revenues	9,360,000
Total General Obligation Debt*	<u><u>\$64,595,000</u></u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The County has no record of default in the payment of principal and interest on its debt.

¹ Outstanding debt is as of the dated date of the Bonds.

FUTURE FINANCING

The County has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (is defined under Minnesota Statutes, Section 475.51, subd. 4) to mean the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the County; and (9) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2022/23 Assessor's Estimated Market Value	\$8,094,493,300
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$242,834,799
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	<u>(53,925,000)</u>
Unused Debt Limit*	<u><u>\$188,909,799</u></u>

*Preliminary, subject to change.

Clay County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 02/08/2024)

Watershed Improvement Bonds Series 2019A								
Dated	05/09/2019							
Amount	\$1,720,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	14,996	0	14,996	14,996	1,310,000	.00%	2024
2025	105,000	28,943	105,000	28,943	133,943	1,205,000	8.02%	2025
2026	110,000	26,793	110,000	26,793	136,793	1,095,000	16.41%	2026
2027	110,000	24,565	110,000	24,565	134,565	985,000	24.81%	2027
2028	115,000	22,230	115,000	22,230	137,230	870,000	33.59%	2028
2029	115,000	19,786	115,000	19,786	134,786	755,000	42.37%	2029
2030	120,000	17,230	120,000	17,230	137,230	635,000	51.53%	2030
2031	120,000	14,530	120,000	14,530	134,530	515,000	60.69%	2031
2032	125,000	11,650	125,000	11,650	136,650	390,000	70.23%	2032
2033	125,000	8,588	125,000	8,588	133,588	265,000	79.77%	2033
2034	130,000	5,335	130,000	5,335	135,335	135,000	89.69%	2034
2035	135,000	1,823	135,000	1,823	136,823	0	100.00%	2035
	1,310,000	196,468	1,310,000	196,468	1,506,468			

Clay County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/08/2024)

	Jail Bonds Series 2016A		Jail Bonds Series 2017A		Capital Improvement Plan Bonds Series 2017B		Jail Bonds Series 2018A		Capital Improvement Plan Bonds Series 2021A	
Dated	04/28/2016		01/05/2017		11/30/2017		06/07/2018		09/30/2021	
Amount	\$9,770,000		\$26,380,000		\$15,440,000		\$7,495,000		\$3,185,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	70,950	0	405,300	0	195,000	0	102,631	0	30,500
2025	480,000	137,100	1,365,000	776,475	810,000	377,850	315,000	198,963	445,000	54,325
2026	485,000	127,450	1,435,000	706,475	835,000	344,825	330,000	186,063	460,000	40,750
2027	500,000	117,600	1,500,000	640,600	875,000	302,075	340,000	172,663	475,000	26,725
2028	525,000	107,350	1,545,000	579,700	920,000	266,400	355,000	160,538	485,000	14,750
2029	535,000	96,750	1,610,000	516,600	945,000	238,425	365,000	149,738	495,000	4,950
2030	545,000	85,950	1,675,000	450,900	975,000	209,625	375,000	138,638		
2031	555,000	74,811	1,740,000	382,600	1,005,000	179,925	385,000	127,238		
2032	565,000	63,190	1,815,000	311,500	1,035,000	149,325	400,000	114,963		
2033	580,000	50,878	1,880,000	243,475	1,065,000	117,825	410,000	101,800		
2034	590,000	37,565	1,950,000	177,625	1,100,000	85,350	425,000	88,231		
2035	605,000	23,221	2,015,000	108,238	1,130,000	51,900	440,000	74,175		
2036	620,000	7,905	2,085,000	36,488	1,165,000	17,475	455,000	59,063		
2037							470,000	42,875		
2038							485,000	26,163		
2039							505,000	8,838		
2040										
	6,585,000	1,000,720	20,615,000	5,335,975	11,860,000	2,536,000	6,055,000	1,752,575	2,360,000	172,000

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Clay County, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 02/08/2024)

Capital Improvement Plan Bonds
Series 2024A

Dated	02/08/2024							
Amount	\$6,450,000*							
Maturity	02/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	0	0	804,381	804,381	53,925,000	.00%	2024
2025	0	438,333	3,415,000	1,983,046	5,398,046	50,510,000	6.33%	2025
2026	310,000	289,008	3,855,000	1,694,570	5,549,570	46,655,000	13.48%	2026
2027	325,000	274,643	4,015,000	1,534,305	5,549,305	42,640,000	20.93%	2027
2028	340,000	259,765	4,170,000	1,388,503	5,558,503	38,470,000	28.66%	2028
2029	355,000	244,390	4,305,000	1,250,853	5,555,853	34,165,000	36.64%	2029
2030	370,000	228,440	3,940,000	1,113,553	5,053,553	30,225,000	43.95%	2030
2031	385,000	211,830	4,070,000	976,404	5,046,404	26,155,000	51.50%	2031
2032	405,000	194,349	4,220,000	833,326	5,053,326	21,935,000	59.32%	2032
2033	420,000	175,993	4,355,000	689,970	5,044,970	17,580,000	67.40%	2033
2034	440,000	156,858	4,505,000	545,629	5,050,629	13,075,000	75.75%	2034
2035	460,000	136,603	4,650,000	394,136	5,044,136	8,425,000	84.38%	2035
2036	480,000	115,098	4,805,000	236,028	5,041,028	3,620,000	93.29%	2036
2037	505,000	92,190	975,000	135,065	1,110,065	2,645,000	95.10%	2037
2038	525,000	67,854	1,010,000	94,016	1,104,016	1,635,000	96.97%	2038
2039	550,000	42,048	1,055,000	50,885	1,105,885	580,000	98.92%	2039
2040	580,000	14,355	580,000	14,355	594,355	0	100.00%	2040
	6,450,000	2,941,753	53,925,000	13,739,023	67,664,023			

* Preliminary, subject to change.

Clay County, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 02/08/2024)

Solid Waste Revenue Bonds
Series 2021B

Dated	09/30/2021							
Amount	\$10,130,000							
Maturity	08/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	385,000	131,675	385,000	131,675	516,675	8,975,000	4.11%	2024
2025	400,000	247,950	400,000	247,950	647,950	8,575,000	8.39%	2025
2026	415,000	231,950	415,000	231,950	646,950	8,160,000	12.82%	2026
2027	435,000	215,350	435,000	215,350	650,350	7,725,000	17.47%	2027
2028	450,000	197,950	450,000	197,950	647,950	7,275,000	22.28%	2028
2029	470,000	179,950	470,000	179,950	649,950	6,805,000	27.30%	2029
2030	485,000	161,150	485,000	161,150	646,150	6,320,000	32.48%	2030
2031	505,000	141,750	505,000	141,750	646,750	5,815,000	37.87%	2031
2032	525,000	121,550	525,000	121,550	646,550	5,290,000	43.48%	2032
2033	540,000	105,800	540,000	105,800	645,800	4,750,000	49.25%	2033
2034	555,000	95,000	555,000	95,000	650,000	4,195,000	55.18%	2034
2035	565,000	83,900	565,000	83,900	648,900	3,630,000	61.22%	2035
2036	575,000	72,600	575,000	72,600	647,600	3,055,000	67.36%	2036
2037	585,000	61,100	585,000	61,100	646,100	2,470,000	73.61%	2037
2038	600,000	49,400	600,000	49,400	649,400	1,870,000	80.02%	2038
2039	610,000	37,400	610,000	37,400	647,400	1,260,000	86.54%	2039
2040	625,000	25,200	625,000	25,200	650,200	635,000	93.22%	2040
2041	635,000	12,700	635,000	12,700	647,700	0	100.00%	2041
	9,360,000	2,172,375	9,360,000	2,172,375	11,532,375			

UNDERLYING DEBT¹

Taxing District	2022/23 Taxable Net Tax Capacity	% In County	Total G.O. Debt ²	County's Proportionate Share
Cities of:				
Barnesville	\$2,118,819	100.0000%	\$6,550,000	\$6,550,000
Dilworth	5,011,771	100.0000%	20,860,000	20,860,000
Glyndon	1,223,322	100.0000%	8,690,000	8,690,000
Hawley	1,979,499	100.0000%	4,864,000	4,864,000
Hitterdal	118,497	100.0000%	35,000	35,000
Moorhead	39,158,888	100.0000%	143,155,000	143,155,000
Sabin	513,615	100.0000%	165,000	165,000
School Districts of: ³				
I.S.D. No. 146 (Barnesville Public Schools)	10,208,591	73.4475%	24,375,000	17,902,828
I.S.D. No. 150 (Hawley Public Schools)	6,844,344	100.0000%	62,120,000	62,120,000
I.S.D. No. 152 (Moorhead Area Public Schools)	49,065,007	100.0000%	186,530,000	186,530,000
I.S.D. No. 548 (Pelican Rapids Public Schools)	26,611,250	1.2413%	19,305,000	239,633
I.S.D. No. 914 (Ulen-Hitterdal Public School)	4,696,953	70.3909%	2,720,000	1,914,632
I.S.D. No. 2164 (Dilworth-Glyndon-Felton Public Schools)	12,680,353	100.0000%	38,950,667	38,950,667
I.S.D. No. 2889 (Lake Park Audubon)	18,776,274	2.1094%	27,670,000	583,671
I.S.D. No. 2910 (Ada-Borup-West)	14,451,648	7.0812%	12,145,000	860,012
County's Share of Total Underlying Debt				<u><u>\$493,420,443</u></u>

¹ Underlying debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$9,771,472,603	Debt/ Per Capita 67,814 ¹
Direct G.O. Debt Secured By:			
Special Assessments & Taxes	\$1,310,000		
Taxes*	53,925,000		
Utility Revenues	9,360,000		
Total General Obligation Debt*	\$64,595,000		
Less: G.O. Debt Paid Entirely from Revenues ²	(9,360,000)		
Tax Supported General Obligation Debt*	\$55,235,000	0.57%	\$814.51
County's Share of Total Underlying Debt	\$493,420,443	5.05%	\$7,276.09
Total*	\$548,655,443	5.61%	\$8,090.59

*Preliminary, subject to change.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ³	Total Collected Following Year	Collected to Date	% Collected
2018/19	\$28,837,836	\$28,480,446	\$28,827,544	99.96%
2019/20	30,914,076	30,558,807	30,872,533	99.87%
2020/21	32,364,077	32,044,208	32,318,563	99.86%
2021/22	34,075,344	33,782,803	33,959,188	99.66%
2022/23	36,510,130	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.⁴ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ Estimated 2022 population.

² Debt service on the County's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

³ This reflects the Final Levy Certification of the County after all adjustments have been made.

⁴ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES

	2018/19	2019/20	2020/21	2021/22	2022/23
Clay County	48.764%	51.180%	52.322%	53.521%	50.292%
City of Barnesville	54.128%	54.388%	53.886%	55.230%	51.255%
City of Comstock	22.990%	23.096%	23.169%	21.524%	19.264%
City of Dilworth	48.776%	50.835%	50.348%	50.939%	49.575%
City of Felton	29.458%	28.723%	30.136%	29.319%	28.261%
City of Georgetown	38.642%	38.538%	38.891%	38.664%	32.351%
City of Glyndon	61.017%	54.320%	54.362%	56.127%	49.094%
City of Hawley	39.831%	40.612%	41.489%	42.623%	40.450%
City of Hitterdal	40.410%	17.962%	19.960%	45.690%	42.195%
City of Moorhead	43.477%	44.862%	44.931%	47.148%	48.454%
City of Sabin	45.178%	43.912%	44.185%	43.216%	39.471%
City of Ulen	36.988%	41.750%	44.644%	47.215%	46.812%
Town of Oakport ¹	9.159%	9.488%	9.648%	9.670%	7.893%
I.S.D. No. 146 (Barnesville Public Schools)	5.743%	29.060%	28.607%	29.193%	26.662%
I.S.D. No. 150 (Hawley)	26.774%	26.617%	28.030%	28.174%	51.654%
I.S.D. No. 152 (Moorhead Public Schools)	30.220%	35.151%	37.633%	35.819%	31.962%
I.S.D. No. 548 (Pelican Rapids)	14.786%	15.471%	14.666%	14.488%	11.449%
I.S.D. No. 914 (Ulen-Hitterdal)	17.866%	17.894%	20.239%	14.466%	9.023%
I.S.D. No. 2164 (Dilworth-Glyndon-Felton)	17.158%	31.922%	30.081%	28.849%	25.902%
I.S.D. No. 2527 (Norman County West)	9.360%	3.651%	5.220%	N/A ²	N/A ²
I.S.D. No. 2854 (Ada-Borup)	13.287%	21.537%	20.835%	N/A ²	N/A ²
I.S.D. No. 2889 (Lake Park-Audubon)	13.318%	13.312%	13.197%	17.246%	14.333%
I.S.D. No. 2910 (Ada-Borup-West)	N/A	N/A	N/A	18.232%	13.515%
Buffalo/Red River Watershed District	1.675%	1.694%	1.838%	1.905%	1.741%
Clay County HRA	0.563%	0.326%	N/A	N/A	N/A
Moorhead EDA	1.291%	1.462%	1.435%	1.399%	1.449%
Wild Rice Watershed District	6.337%	4.987%	5.018%	4.959%	4.476%

Continued on next page

¹ Representative town rate.

² In 2021, former I.S.D. Nos. 2527 and 2854 were consolidated into I.S.D. 2910 (Ada-Borup-West).

TAX CAPACITY RATES - CONTINUED

	2018/19	2019/20	2020/21	2021/22	2022/23
<i>Referendum Market Value Rates:</i>					
I.S.D. No. 146 (Barnesville Public Schools)	0.19206%	0.19640%	2.07410%	0.20296%	0.19078%
I.S.D. No. 150 (Hawley)	0.16486%	0.17402%	0.15344%	0.13770%	0.13716%
I.S.D. No. 152 (Moorhead Public Schools)	0.17882%	0.18995%	0.15344%	0.17018%	0.17655%
I.S.D. No. 548 (Pelican Rapids)	0.11776%	0.15413%	0.14513%	0.14030%	0.11636%
I.S.D. No. 914 (Ulen-Hitterdal)	0.42625%	0.40572%	0.56282%	0.44250%	0.38822%
I.S.D. No. 2164 (Dilworth-Glyndon-Felton)	0.18376%	0.14223%	0.17120%	0.18000%	0.15889%
I.S.D. No. 2527 (Norman County West)	0.33680%	0.32326%	0.27817%	N/A ¹	N/A ¹
I.S.D. No. 2854 (Ada-Borup)	0.14214%	0.18140%	0.16764%	N/A ¹	N/A ¹
I.S.D. No. 2889 (Lake Park-Audubon)	0.14285%	0.13777%	0.13294%	0.12193%	0.09739%
I.S.D. No. 2910 (Ada-Borup-West)	N/A	N/A	N/A	0.16427%	0.16209%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by the County.

THE ISSUER

COUNTY GOVERNMENT

The County was organized as a municipality in 1857, and is governed by an elected five-member Board of County Commissioners. Decisions are made by a majority vote of a quorum. The County Administrator is appointed by the Board, and the County Auditor-Treasurer is elected.

EMPLOYEES; PENSIONS; UNIONS

The County has 490 full-time, 147 part-time, and four (4) seasonal employees. All full-time and certain part-time employees of the County are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

¹ In 2021, former I.S.D. Nos. 2527 and 2854 were consolidated into I.S.D. 2910 (Ada-Borup-West).

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
LELS Deputies	December 31, 2025
LELS Jailers	December 31, 2025
49ers Highway Maintenance	December 31, 2025
Teamsters Assistant County Attorneys	December 31, 2025
Juvenile Counselors	December 31, 2025
Social Workers	December 31, 2025
Case Aides	December 31, 2025
Detox	December 31, 2025
Lieutenants	December 31, 2025
Correctional Sergeants	December 31, 2025

POST EMPLOYMENT BENEFITS

The County has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The County's most recent actuarial study shows a total OPEB liability of \$1,983,003 as of January 1, 2022. The County has been funding these obligations on a pay-as-you-go basis.

Source: The County's most recent actuarial study.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the County or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (as of December 15, 2023)

Fund	Total Cash and Investments
General Revenue	\$21,243,195
Road and Bridge	5,260,600
Social Services	12,009,556
Americana Estates Special Assessments	41,946
County Building Improvements	75,836
Ditch Funds	474,702
Opioid Settlement	101,612
Gravel Removal Tax Reserve	918,311
County Building Major Improvements	72,958
Jail/Law Enforcement Construction	2,506,082
Debt Retirement-Law Enforcement Expand	5,112,111
County Projects Debt Retirement	82,454
Joint Highway Facility Debt Service	211,996
Courthouse Remodeling Debt Service	359,756
Internal Service	6,514,066
Public Health	439,628
Solid Waste Management	5,947,571
Partnership4Health	106,577
Family Service Center Operating Fund	1,054,174
Regional Juvenile Center	4,469,691
Forfeited Tax State	36,223
Taxes and Penalties	1,360,824
Custodial Funds	<u>203,766</u>
 Total Funds on Hand	 <u><u>\$68,603,636</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the County's General Fund. These summaries are not purported to be the complete audited financial statements of the County, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the County. Copies of the complete statements are available upon request. Appendix A includes the 2022 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Adopted Budget ¹	2024 Adopted Budget ²
Revenues					
Property taxes	\$18,962,743	\$19,896,512	\$21,133,745	\$24,762,604	\$25,872,337
Licenses and permits	132,139	162,704	118,249	55,360	55,250
Intergovernmental	14,929,836	6,831,858	7,525,779	4,123,204	4,995,666
Charges for services	1,239,931	1,395,418	1,265,787	1,425,126	1,477,226
Fine and forfeitures	88,333	85,133	96,562	5,000	5,000
Investment earnings	613,333	(193,341)	(3,567,761)	321,043	400,000
Miscellaneous	704,936	981,220	1,251,578	1,107,533	1,542,627
Total Revenues	\$36,671,251	\$29,159,504	\$27,823,939	\$31,799,870	\$34,348,106
Expenditures					
Current:					
General government	\$15,889,705	\$13,272,512	\$12,886,267	\$13,575,771	\$14,684,795
Public safety	13,118,314	13,933,969	13,987,204	15,379,790	16,245,852
Culture and recreation	502,169	502,169	514,350	586,716	655,882
Conservation of natural resources	598,250	609,500	615,305	765,908	697,743
Economic development	707,760	618,226	625,185	712,483	757,407
Capital outlay	2,215,798	1,144,261	416,849	0	0
Total Expenditures	\$33,031,996	\$30,080,637	\$29,045,160	\$31,020,668	\$33,041,679
Excess of revenues over (under) expenditures	\$3,639,255	(\$921,133)	(\$1,221,221)	\$779,202	\$1,306,427
Other Financing Sources (Uses)					
Sale of capital asset	\$0	\$0	\$660,013	\$0	\$0
Transfers in	120,000	310,242	120,000	120,000	120,000
Transfers (out)**	(2,107,205)	(2,352,484)	(1,485,164)	(1,899,202)	(1,926,427)
Total Other Financing Sources (Uses)	(1,987,205)	(2,042,242)	(705,151)	(1,779,202)	(1,806,427)
Net changes in Fund Balances	\$1,652,050	(\$2,963,375)³	(\$1,926,372)⁴	(\$1,000,000)	(\$500,000)
General Fund Balance January 1	\$12,061,744	\$13,713,794	\$10,750,419	\$8,824,047	\$7,824,047
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$13,713,794	\$10,750,419	\$8,824,047	\$7,824,047	\$7,324,047
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$2,796,892	\$2,211,598	\$3,206,522		
Restricted	2,804,219	2,039,666	\$2,346,634		
Assigned	0	0	400,000		
Unassigned	8,112,683	6,499,155	2,870,891		
Total	\$13,713,794	\$10,750,419	\$8,824,047		

** Note: The large transfers-out every year are for budgeted expenditures to the Public Health Fund.

¹ The 2023 budget was adopted on December 20, 2022.

² The 2024 budget was adopted on December 19, 2023.

³ The negative change in the 2021 general fund balance after net transfers was due to a planned adjustment at year-end to use revenues over expenditures in prior years to reduce the 2021 tax levy and the planned purchase of a storage building because of the sale of an existing County facility.

⁴ The negative change in the 2022 general fund balance after net transfers was due to a paper loss in the value of investments in 2022 which will vary from year-to-year until maturity.

GENERAL INFORMATION

LOCATION

The County, with a 2020 U.S. Census population of 65,318 and a 2022 population estimate of 67,814, is located adjacent to the City of Fargo, North Dakota and approximately 240 miles northwest of the Minneapolis-St. Paul, Minnesota metropolitan area. The City of Moorhead, Minnesota is the county seat of the County.

LARGER EMPLOYERS¹

Larger employers in the County include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 152 (Moorhead Public Schools)	Elementary and secondary education	1,320
Minnesota State University-Moorhead	Public University	671
City of Moorhead	Municipal government and services	634
The County	County government and services	641
Concordia College	Public University	500
Creative Care/CCRI	Disability support services	500
American Crystal Sugar	Cane sugar manufacturer	400
Eventide Senior Living	Assisted living and nursing care facilities	364
Walmart Supercenter	Discount retail store	240
West Central AG Services	Grain elevators	200

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

U.S. CENSUS DATA

Population Trend: The County

2010 U.S. Census population	58,999
2020 U.S. Census population	65,318
Percent of Change 2010 - 2020	10.71%

2022 State Demographer Population Estimate	67,814
--	--------

Income and Age Statistics

	The County	State of Minnesota	United States
2022 per capita income	\$45,529	\$44,947	\$41,261
2022 median household income	\$81,386	\$84,313	\$75,149
2022 median family income	\$101,349	\$107,072	\$92,646
2022 median gross rent	\$938	\$1,178	\$1,268
2022 median value owner occupied units	\$249,300	\$286,800	\$281,900
2022 median age	35.1 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
County % of 2022 per capita income	101.29%	110.34%
County % of 2022 median family income	94.66%	109.39%

Housing Statistics

	<u>The County</u>		
	2020	2022	Percent of Change
All Housing Units	24,931	25,564	2.54%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Clay County	Clay County	State of Minnesota
2019	35,154	3.1%	3.3%
2020	35,138	4.4%	6.3%
2021	35,761	3.0%	3.8%
2022	36,777	2.2%	2.7%
2023, November	37,138	1.2%	1.9%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the County's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The County has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the County requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the County since the date of the financial statements, in connection with the issuance of the Bonds, the County represents that there have been no material adverse change in the financial position or results of operations of the County, nor has the County incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

Clay County Moorhead, MN



Annual Financial Report



*For Period Ending
December 31, 2022*

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

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INTRODUCTORY SECTION

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

ORGANIZATION
December 31, 2022

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

* Chair

** Vice Chair

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

**** Highway Engineer was appointed June 12, 2022, for one year, ending May 2023.
Subsequent appointments would be four-year terms.

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FINANCIAL SECTION

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Independent Auditor's Report

Board of County Commissioners
Clay County
Moorhead, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of December 31, 2022, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.D.17 to the financial statements, in 2022, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern

for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Budgetary Comparison Schedules for the General Fund, the Road and Bridge Special Revenue Fund, and the Social Services Special Revenue Fund; Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits; PERA retirement plan schedules; and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County's basic financial statements. The combining nonmajor governmental fund financial statements; Budgetary Comparison Schedules for the County Building Special Revenue Fund, Courthouse Expansion Debt Service Fund, Law Enforcement Expansion Debt Service Fund; combining fiduciary fund financial statements; Schedule of Intergovernmental Revenue; and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

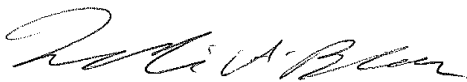
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, 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.



Julie Blaha
State Auditor



Chad Struss, CPA
Deputy State Auditor

December 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Unaudited)**

The financial management of Clay County offers readers of Clay County's financial statements this narrative overview and analysis of the financial activities of Clay County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Clay County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2022) by \$162,643,186 (net position). Of this amount, \$32,946,580 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental activities' total net position is \$128,996,157, of which Clay County has invested \$108,482,187 in net investment in capital assets; \$6,945,779 is restricted to specific purposes/uses by Clay County.
- Business-type activities have total net position of \$33,647,029. Net investment in capital assets, represents \$13,640,383 of the total.
- The net cost of Clay County's governmental activities for the year ended December 31, 2022, was \$42,658,601. General property tax revenue and other general revenue sources totaled \$45,437,411.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how Clay County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

- County Improvement,
- Jail/Law Enforcement Construction.

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

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

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

Fiduciary funds. Fiduciary funds (trust and custodial funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statement because the resources of those funds are not available to support Clay County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit 10 and Statement of Changes in Fiduciary Net Position on Exhibit 11.

Notes to the Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Clay County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$162,643,186 at the close of the most recent fiscal year, which is an increase of \$10,769,276.

Net investment in capital assets of \$122,122,570 (land, buildings, machinery and equipment, infrastructure, improvements other than buildings, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (75 percent). Clay County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Clay County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Clay County's combined net position for the year ended December 31, 2022, was \$162,643,186. Clay County's analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of Clay County's governmental and business-type activities.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 69,888,665	\$ 59,452,194	\$ 26,823,468	\$ 31,087,944	\$ 96,712,133	\$ 90,540,138
Capital assets	155,715,771	151,099,614	40,118,187	24,791,144	195,833,958	175,890,758
Total Assets	\$ 225,604,436	\$ 210,551,808	\$ 66,941,655	\$ 55,879,088	\$ 292,546,091	\$ 266,430,896
Deferred outflows of resources						
OPEB	\$ 241,180	\$ 264,774	\$ 80,717	\$ 88,900	\$ 321,897	\$ 353,674
Deferred pension outflows	16,569,300	13,043,483	4,223,464	3,903,963	20,792,764	16,947,446
Total Deferred Outflows of Resources	\$ 16,810,480	\$ 13,308,257	\$ 4,304,181	\$ 3,992,863	\$ 21,114,661	\$ 17,301,120
Liabilities						
Long-term liabilities outstanding	\$ 89,163,861	\$ 70,242,888	\$ 32,927,227	\$ 27,398,533	\$ 122,091,088	\$ 97,641,421
Other liabilities	17,467,042	11,642,325	4,172,194	2,294,864	21,639,236	13,937,189
Total Liabilities	\$ 106,630,903	\$ 81,885,213	\$ 37,099,421	\$ 29,693,397	\$ 143,730,324	\$ 111,578,610
Deferred inflows of resources						
OPEB	\$ 58,085	\$ 19,874	\$ 19,305	\$ 6,052	\$ 77,390	\$ 25,926
Prepaid property taxes	22,428	33,949	-	-	22,428	33,949
Deferred lease inflows	6,222,285	-	292,264	-	6,514,549	-
Deferred pension inflows	485,058	15,703,682	187,817	4,515,939	672,875	20,219,621
Total Deferred Inflows of Resources	\$ 6,787,856	\$ 15,757,505	\$ 499,386	\$ 4,521,991	\$ 7,287,242	\$ 20,279,496
Net Position						
Net investments in capital assets	\$ 108,482,187	\$ 103,528,462	\$ 13,640,383	\$ 11,994,073	\$ 122,122,570	\$ 115,522,535
Restricted	6,945,779	6,268,072	628,257	542,592	7,574,036	6,810,664
Unrestricted	13,568,191	16,420,813	19,378,389	13,119,898	32,946,580	29,540,711
Total Net Position, as reported	\$ 128,996,157	\$ 126,217,347	\$ 33,647,029	\$ 25,656,563	\$ 162,643,186	\$ 151,873,910

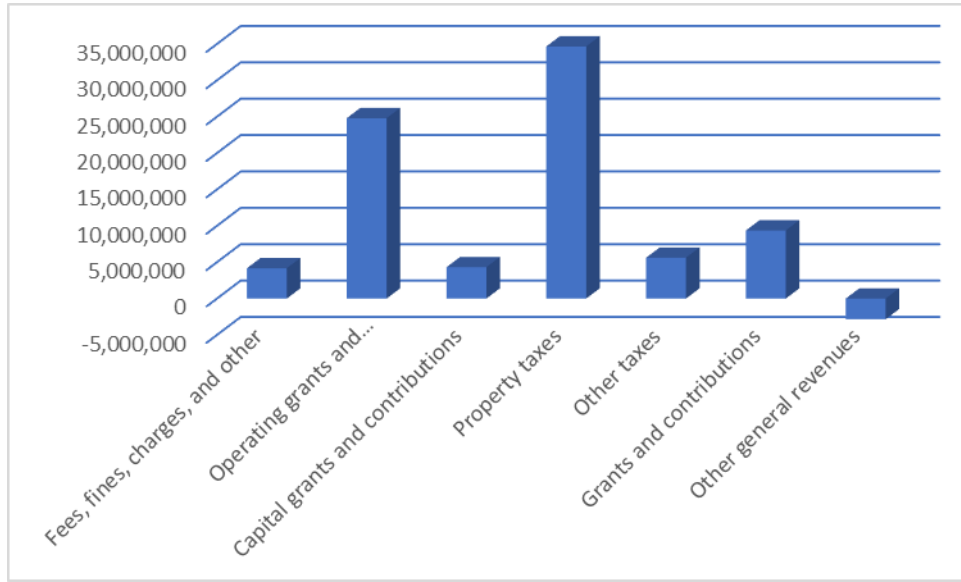
Clay County's total net position for the year ended December 31, 2022, total \$162,643,186. The governmental activities unrestricted net position totaling \$13,568,191 is available to Clay County to finance day-to-day operations of governmental activities. The remaining unrestricted net position totaling \$19,378,389 is available to finance the day-to-day operations of the business-type activities of the County.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Fees, fines, charges, and other	\$ 4,171,534	\$ 3,770,645	\$ 15,801,889	\$ 14,491,847	\$ 19,973,423	\$ 18,262,492
Operating grants and contributions	24,795,029	23,584,739	11,401,362	4,100,111	36,196,391	27,684,850
Capital grants and contributions	4,311,521	845,063	833,708	80,950	5,145,229	926,013
General revenues						
Property taxes	34,661,472	33,069,265	-	-	34,661,472	33,069,265
Other taxes	5,617,571	4,915,983	-	-	5,617,571	4,915,983
Grants and contributions	9,366,769	8,659,608	29,247	8,856	9,396,016	8,668,464
Other general revenues	(2,843,237)	503,012	7,718	(263)	(2,835,519)	502,749
Total Revenues	\$ 80,080,659	\$ 75,348,315	\$ 28,073,924	\$ 18,681,501	\$ 108,154,583	\$ 94,029,816
Expenses						
Program expenses						
General government	\$ 14,542,525	\$ 13,544,628	\$ -	\$ -	\$ 14,542,525	\$ 13,544,628
Public safety	16,173,464	13,368,132	-	-	16,173,464	13,368,132
Highways and streets	13,490,429	11,167,660	-	-	13,490,429	11,167,660
Human services	27,885,113	23,494,230	-	-	27,885,113	23,494,230
Health	409,397	-	-	-	409,397	-
Culture and recreation	514,350	502,169	-	-	514,350	502,169
Conservation of natural resources	634,751	643,820	-	-	634,751	643,820
Economic development	625,185	618,226	-	-	625,185	618,226
Interest	1,661,471	1,681,809	-	-	1,661,471	1,681,809
Family service	-	-	1,935,296	1,573,678	1,935,296	1,573,678
Public health	-	-	7,366,700	6,809,753	7,366,700	6,809,753
Solid waste	-	-	3,983,242	4,006,644	3,983,242	4,006,644
Juvenile center	-	-	8,163,384	6,713,583	8,163,384	6,713,583
Total Expenses	\$ 75,936,685	\$ 65,020,674	\$ 21,448,622	\$ 19,103,658	\$ 97,385,307	\$ 84,124,332
Excess (Deficiency)						
Before Transfers	\$ 4,143,974	\$ 10,327,641	\$ 6,625,302	\$ (422,157)	\$ 10,769,276	\$ 9,905,484
Transfers	(1,365,164)	(1,529,996)	1,365,164	1,529,996	-	-
Change in Net Position	\$ 2,778,810	\$ 8,797,645	\$ 7,990,466	\$ 1,107,839	\$ 10,769,276	\$ 9,905,484
Net Position – January 1,	126,217,347	117,419,702	25,656,563	24,548,724	151,873,910	141,968,426
Net Position – December 31	\$ 128,996,157	\$ 126,217,347	\$ 33,647,029	\$ 25,656,563	\$ 162,643,186	\$ 151,873,910

Clay County's total revenues for the year ended December 31, 2022, were \$108,154,583. The total cost of Clay County programs and services for the year ended December 31, 2022, was \$97,385,307. The net position for Clay County's governmental activities increased by \$2,778,810 and increased by \$7,990,466 for the business-type activities.

Revenues by Source - Governmental Activities



Governmental Activities

Revenues for Clay County's governmental activities for the year ended December 31, 2022, were \$80,080,659 (Table 2). Clay County's costs for all governmental activities for the year ended December 31, 2022, were \$75,936,685 (Table 2). As shown in Clay County's Statement of Activities, the amount that Clay County taxpayers ultimately financed for these governmental activities through local property taxation was \$34,661,472, because \$4,171,534 of the costs were paid by those who directly benefited from the programs, and \$29,106,550 was paid by other governments and organizations that subsidized certain programs with grants and contributions.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Program Expenses				
General government	\$ 14,542,525	\$ 13,544,628	\$ 12,215,894	\$ 11,711,732
Public safety	16,173,464	13,368,132	14,688,756	11,880,678
Highways and streets	13,490,429	11,167,660	(1,685,463)	1,561,201
Human services	27,885,113	23,494,230	14,180,679	8,527,079
Interest and fiscal charges	1,661,471	1,681,809	1,661,471	1,681,809
All others	2,183,683	1,764,215	1,597,264	1,457,728
Total Program Expenses	<u>\$ 75,936,685</u>	<u>\$ 65,020,674</u>	<u>\$ 42,658,601</u>	<u>\$ 36,820,227</u>

Business-Type Activities

Revenues of Clay County's business-type activities (Table 2) for the year ended December 31, 2022, were \$28,073,924. Expenses of Clay County's business-type activities (Table 2) for the year ended December 31, 2022, were \$21,448,622.

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

As of the end of 2022, Clay County's governmental funds reported combined ending fund balances of \$35,339,013, which is below last year's total of \$37,772,895. Included in this year's total fund balance is Clay County's General Fund balance of \$8,824,047.

GENERAL FUND BUDGETARY HIGHLIGHTS

In Clay County's General Fund, the actual revenues were less than the expected revenues by \$2,163,449, primarily due to investment earnings. Total actual expenditures in Clay County's General Fund were more than the budgeted expenditures by \$158,936, primarily due to unallocated general government expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Clay County's investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounted to \$195,833,958 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure, leased equipment, and construction in progress. The total increase in the Clay County investment in capital assets for the current fiscal year was \$19,943,200, or 11 percent (see Table 4).

The major capital asset event during the current fiscal year included the construction of the Resource Recovery Center, resulting in an increase in construction in progress of \$14,017,893.

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

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,940,321	\$ 3,889,090	\$ 1,454,643	\$ 991,055	\$ 5,394,964	\$ 4,880,145
Construction in progress	1,394,671	1,312,981	21,248,124	6,309,840	22,642,795	7,622,821
Land improvements	1,481,953	1,604,836	321,510	336,997	1,803,463	1,941,833
Buildings	54,974,644	56,325,443	12,495,963	13,295,397	67,470,607	69,620,840
Machinery, furniture, and equipment	6,600,534	7,582,426	877,939	530,179	7,478,473	8,112,605
Infrastructure	87,155,129	80,366,156	1,881,971	1,433,925	89,037,100	81,800,081
Leases equipment	168,519	18,682	-	-	168,519	18,682
Landfill	-	-	1,838,037	1,893,751	1,838,037	1,893,751
Totals	\$ 155,715,771	\$ 151,099,614	\$ 40,118,187	\$ 24,791,144	\$ 195,833,958	\$ 175,890,758

Long-Term Debt

At the end of 2022, Clay County had total bonded debt outstanding of \$65,170,000. This is a decrease of \$3,255,000 from the start of the year (see Table 5).

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 48,785,000	\$ 51,350,000	\$ 16,385,000	\$ 17,075,000	\$ 65,170,000	\$ 68,425,000

Clay County's general obligation bonds are rated an A2. These ratings have been assigned by a national rating agency to Clay County's debt. The state limits the amount of debt that the counties can issue to three percent of the market value of all taxable property in Clay County. Clay County's outstanding net debt is significantly below this \$142,561,501 state-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Clay County's average unemployment rate for 2022 and 2021 is 2.2 percent and 3.6 percent, respectively. The unemployment rate for the first six months of 2023 averaged 2.5 percent. This compares consistent to the state's average unemployment rate for 2022 of 2.7 percent and favorably the national average rate of 3.6 percent. This information was taken from the Minnesota Department of Employment and Economic Development website for Clay County unemployment statistics.
- With limited financial resources and the desire by the Clay County Board of Commissioners to minimize the increase in local property taxation, the prioritization and review of programs

and services will be extremely important as future budgets are developed and efforts are made to control expenditures.

- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Clay County programs and services will influence the development of future budgets.

All of these factors were considered in preparing Clay County's governmental budget for the 2023 fiscal year.

On December 20, 2022, the Clay County Board of Commissioners approved the 2023 budget. The overall budget decrease was 5.05 percent, for a total budget of \$105,150,569. It also included a 3.99 percent property tax levy increase for a total levy of \$40,539,278.

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and pooled investments	\$ 46,363,241	\$ 18,510,879	\$ 64,874,120
Investments	1,022,033	1,429,736	2,451,769
Taxes receivable delinquent	449,347	-	449,347
Special assessments receivable			
Delinquent	49	36,665	36,714
Liens	455,473	-	455,473
Accounts receivable - net	410,149	369,050	779,199
Accrued interest receivable	125,948	5,114	131,062
Internal balances	1,220,838	(1,220,838)	-
Due from other governments	11,471,138	2,908,975	14,380,113
Leases receivable	310,787	123,652	434,439
Inventories	645,009	-	645,009
Prepaid items	196,619	66,974	263,593
Restricted assets			
Permanently restricted			
Investments	-	4,392,938	4,392,938
Accrued interest receivable	-	31,130	31,130
Advance to other governments	-	-	-
Leases receivable	6,018,034	169,193	6,187,227
Long-term receivables	1,200,000	-	1,200,000
Capital assets			
Non-depreciable or amortizable	5,334,992	22,702,767	28,037,759
Depreciable and amortizable - net of accumulated depreciation and amortization	150,380,779	17,415,420	167,796,199
Total Assets	\$ 225,604,436	\$ 66,941,655	\$ 292,546,091
<u>Deferred Outflows of Resources</u>			
Deferred other postemployment benefits outflows	\$ 241,180	\$ 80,717	\$ 321,897
Deferred pension outflows	16,569,300	4,223,464	20,792,764
Total Deferred Outflows of Resources	\$ 16,810,480	\$ 4,304,181	\$ 21,114,661

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 1
(Continued)**

**STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	\$ 1,265,872	\$ 581,359	\$ 1,847,231
Salaries payable	805,342	256,421	1,061,763
Contracts payable	1,280,523	2,233,951	3,514,474
Due to other governments	2,030,305	613,091	2,643,396
Accrued interest payable	688,238	208,922	897,160
Unearned revenue	11,396,762	278,450	11,675,212
Long-term liabilities			
Due within one year	3,867,338	960,786	4,828,124
Due in more than one year	50,344,126	22,163,094	72,507,220
Other postemployment benefits liability	1,673,807	309,196	1,983,003
Net pension liability	33,278,590	9,494,151	42,772,741
Total Liabilities	\$ 106,630,903	\$ 37,099,421	\$ 143,730,324
<u>Deferred Inflows of Resources</u>			
Prepaid property taxes	\$ 22,428	\$ -	\$ 22,428
Deferred other postemployment benefits inflows	58,085	19,305	77,390
Deferred lease inflows	6,222,285	292,264	6,514,549
Deferred pension inflows	485,058	187,817	672,875
Total Deferred Inflows of Resources	\$ 6,787,856	\$ 499,386	\$ 7,287,242
<u>Net Position</u>			
Net investment in capital assets	\$ 108,482,187	\$ 13,640,383	\$ 122,122,570
Restricted for			
General government	1,108,069	-	1,108,069
Public safety	512,422	-	512,422
Highways and streets	3,987,046	-	3,987,046
Health	-	19,564	19,564
Conservation of natural resources	709,928	-	709,928
Capital projects	-	608,693	608,693
Debt service	612,099	-	612,099
Other purposes	16,215	-	16,215
Unrestricted	13,568,191	19,378,389	32,946,580
Total Net Position	\$ 128,996,157	\$ 33,647,029	\$ 162,643,186

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
<u>Functions/Programs</u>		
Governmental activities		
General government	\$ 14,542,525	\$ 1,846,720
Public safety	16,173,464	537,813
Highways and streets	13,490,429	887,861
Human services	27,885,113	899,090
Health	409,397	-
Culture and recreation	514,350	-
Conservation of natural resources	634,751	50
Economic development	625,185	-
Interest and fiscal charges	1,661,471	-
Total governmental activities	\$ 75,936,685	\$ 4,171,534
Business-type activities		
Family Service Center	\$ 1,935,296	\$ 1,457,839
Public Health	7,366,700	2,738,403
Solid Waste Management	3,983,242	4,146,498
Juvenile Center	8,163,384	7,459,149
Total business-type activities	\$ 21,448,622	\$ 15,801,889
Total	\$ 97,385,307	\$ 19,973,423

General Revenues

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

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning

Net Position - Ending

EXHIBIT 2

Program Revenues		Net (Expense) Revenue and Change in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 446,990	\$ 32,921	\$ (12,215,894)	\$ -	\$ (12,215,894)
946,895	-	(14,688,756)	-	(14,688,756)
10,009,431	4,278,600	1,685,463	-	1,685,463
12,805,344	-	(14,180,679)	-	(14,180,679)
409,397	-	-	-	-
-	-	(514,350)	-	(514,350)
176,972	-	(457,729)	-	(457,729)
-	-	(625,185)	-	(625,185)
-	-	(1,661,471)	-	(1,661,471)
\$ 24,795,029	\$ 4,311,521	\$ (42,658,601)	\$ -	\$ (42,658,601)
\$ -	\$ 833,708	\$ -	\$ 356,251	\$ 356,251
3,430,909	-	-	(1,197,388)	(1,197,388)
7,635,349	-	-	7,798,605	7,798,605
335,104	-	-	(369,131)	(369,131)
\$ 11,401,362	\$ 833,708	\$ -	\$ 6,588,337	\$ 6,588,337
\$ 36,196,391	\$ 5,145,229	\$ (42,658,601)	\$ 6,588,337	\$ (36,070,264)
		\$ 34,661,472	\$ -	\$ 34,661,472
		385,530	-	385,530
		86,409	-	86,409
		4,618,297	-	4,618,297
		527,335	-	527,335
		9,366,769	29,247	9,396,016
		94,341	-	94,341
		(3,514,648)	7,718	(3,506,930)
		372,747	-	372,747
		204,323	-	204,323
		(1,365,164)	1,365,164	-
		\$ 45,437,411	\$ 1,402,129	\$ 46,839,540
		\$ 2,778,810	\$ 7,990,466	\$ 10,769,276
		126,217,347	25,656,563	151,873,910
		\$ 128,996,157	\$ 33,647,029	\$ 162,643,186

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and pooled investments	\$ 18,193,432	\$ 3,486,488	\$ 10,156,661	\$ 10,006,978	\$ 41,843,559
Petty cash and change funds	9,175	-	1,700	-	10,875
Investments	22,033	1,000,000	-	-	1,022,033
Taxes receivable delinquent	267,481	44,829	130,384	6,653	449,347
Special assessments					
Delinquent	-	-	-	49	49
Liens	-	-	-	455,473	455,473
Accounts receivable net	100,888	126,409	175,819	7,033	410,149
Accrued interest receivable	122,322	3,626	-	-	125,948
Due from other funds	463,379	50,000	119,644	467,227	1,100,250
Due from other governments	180,845	7,879,081	2,505,653	904,840	11,470,419
Leases receivable	6,328,821	-	-	-	6,328,821
Prepaid items	161,522	1,996	6,070	-	169,588
Advance to other funds	1,845,000	-	-	-	1,845,000
Long-term receivables	1,200,000	-	-	-	1,200,000
Inventories	-	645,009	-	-	645,009
Total Assets	<u>\$ 28,894,898</u>	<u>\$ 13,237,438</u>	<u>\$ 13,095,931</u>	<u>\$ 11,848,253</u>	<u>\$ 67,076,520</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 563,611	\$ 161,086	\$ 504,885	\$ 24,670	\$ 1,254,252
Salaries payable	475,742	96,594	233,006	-	805,342
Contracts payable	82,000	1,093,333	-	105,190	1,280,523
Due to other funds	345,420	57,930	672,129	469,508	1,544,987
Due to other governments	670,746	980,763	298,012	3,868	1,953,389
Unearned revenue	11,392,073	-	4,689	-	11,396,762
Advance from other funds	-	229,796	-	-	229,796
Total Liabilities	<u>\$ 13,529,592</u>	<u>\$ 2,619,502</u>	<u>\$ 1,712,721</u>	<u>\$ 603,236</u>	<u>\$ 18,465,051</u>
Deferred Inflows of Resources					
Unavailable revenue	\$ 305,540	\$ 5,453,152	\$ 267,421	\$ 1,001,630	\$ 7,027,743
Prepaid property taxes	13,434	2,327	6,369	298	22,428
Deferred lease inflows	6,222,285	-	-	-	6,222,285
Total Deferred Inflows of Resources	<u>\$ 6,541,259</u>	<u>\$ 5,455,479</u>	<u>\$ 273,790</u>	<u>\$ 1,001,928</u>	<u>\$ 13,272,456</u>

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

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 3
(Continued)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances					
Nonspendable					
Inventories	\$ -	\$ 645,009	\$ -	\$ -	\$ 645,009
Prepaid items	161,522	1,996	6,070	-	169,588
Long-term receivables	1,200,000	-	-	-	1,200,000
Advances to other funds	1,845,000	-	-	-	1,845,000
Restricted for					
Debt service	-	-	-	6,079,754	6,079,754
Law library	21,561	-	-	-	21,561
Capital projects	-	-	-	3,191,404	3,191,404
Gravel pit restoration	-	-	-	918,311	918,311
County state-aid					
highway system	-	35,620	-	-	35,620
Real estate tax shortfall	22,033	-	-	-	22,033
Administering the carrying					
of weapons	338,857	-	-	-	338,857
Missing heirs	16,215	-	-	-	16,215
K-9	10,412	-	-	-	10,412
DARE Program	39,388	-	-	-	39,388
Posse	8,117	-	-	-	8,117
Veteran's affairs	562	-	-	-	562
Law enforcement	96,625	-	-	-	96,625
Prosecutorial purposes	254,518	-	-	-	254,518
General government	445,500	-	-	-	445,500
Recorder's technology					
equipment	225,940	-	-	-	225,940
Recorder's enhancements	137,955	-	-	-	137,955
Correctional services	19,023	-	-	-	19,023
Aquatic invasive species	56,125	-	-	-	56,125
Riparian aid	653,803	-	-	-	653,803
Wheelage tax - for highway					
purposes	-	1,063,064	-	-	1,063,064
Assigned for					
Road and bridge	-	3,416,768	-	-	3,416,768
Human services	-	-	11,103,350	-	11,103,350
Health insurance	400,000	-	-	-	400,000
County building projects	-	-	-	53,620	53,620
Unassigned	2,870,891	-	-	-	2,870,891
Total Fund Balances	\$ 8,824,047	\$ 5,162,457	\$ 11,109,420	\$ 10,243,089	\$ 35,339,013
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,894,898	\$ 13,237,438	\$ 13,095,931	\$ 11,848,253	\$ 67,076,520

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

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 4

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION--GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Fund balances - total governmental funds (Exhibit 3)	\$ 35,339,013
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	155,715,771
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Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.	16,569,300
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Deferred outflows of resources resulting from OPEB obligations are not available resources and, therefore, are not reported in the governmental funds.	241,180
--	---------

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	7,027,743
---	-----------

Internal service funds are used by management to charge the cost of management of fleet maintenance. The assets and liabilities that are included in governmental activities in the statement of net position are:

Total internal services net position	\$ 9,526,246	
Long-term liabilities of the Internal Service Fund	170,688	
Net position representing capital assets included above	<u>(5,198,679)</u>	4,498,255

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	\$ (50,984,435)	
Leases	(170,688)	
Compensated absences	(3,056,341)	
Accrued interest payable	(688,101)	
Other postemployment benefits liability	(1,673,807)	
Net pension liability	<u>(33,278,590)</u>	(89,851,962)

Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(485,058)
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Deferred inflows of resources resulting from OPEB obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(58,085)</u>
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Net Position of Governmental Activities (Exhibit 1)	<u>\$ 128,996,157</u>
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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues					
Taxes	\$ 21,133,745	\$ 4,277,505	\$ 9,942,640	\$ 5,075,194	\$ 40,429,084
Special assessments	-	-	-	111,582	111,582
Licenses and permits	118,249	121,690	-	-	239,939
Intergovernmental	7,525,779	13,763,113	15,611,440	57,329	36,957,661
Charges for services	1,265,787	649,443	-	-	1,915,230
Fines and forfeits	96,562	-	15,695	-	112,257
Investment earnings	(3,567,761)	12,716	-	-	(3,555,045)
Miscellaneous	1,251,578	99,680	908,149	409,397	2,668,804
Total Revenues	\$ 27,823,939	\$ 18,924,147	\$ 26,477,924	\$ 5,653,502	\$ 78,879,512
Expenditures					
Current					
General government	\$ 12,886,267	\$ -	\$ -	\$ -	\$ 12,886,267
Public safety	13,987,204	-	-	7,500	13,994,704
Highways and streets	-	19,467,748	-	-	19,467,748
Human services	-	-	24,860,858	-	24,860,858
Health	-	-	-	409,397	409,397
Culture and recreation	204,585	-	-	-	204,585
Conservation of natural resources	615,305	-	-	4,934	620,239
Economic development	625,185	-	-	-	625,185
Intergovernmental					
Highways and streets	-	876,381	-	-	876,381
Culture and recreation	309,765	-	-	-	309,765
Capital outlay					
General government	395,710	-	-	550,235	945,945
Highways and streets	21,139	-	-	1,271,351	1,292,490
Debt service					
Principal	-	-	-	2,565,000	2,565,000
Interest	-	-	-	1,680,008	1,680,008
Administrative (fiscal charges)	-	-	-	1,425	1,425
Total Expenditures	\$ 29,045,160	\$ 20,344,129	\$ 24,860,858	\$ 6,489,850	\$ 80,739,997
Excess of Revenues Over (Under) Expenditures	\$ (1,221,221)	\$ (1,419,982)	\$ 1,617,066	\$ (836,348)	\$ (1,860,485)
Other Financing Sources (Uses)					
Transfers in	\$ 120,000	\$ -	\$ -	\$ -	\$ 120,000
Transfers out	(1,485,164)	-	-	-	(1,485,164)
Proceeds from the sale of assets	660,013	-	-	-	660,013
Total Other Financing Sources (Uses)	\$ (705,151)	\$ -	\$ -	\$ -	\$ (705,151)
Net Change in Fund Balance	\$ (1,926,372)	\$ (1,419,982)	\$ 1,617,066	\$ (836,348)	\$ (2,565,636)
Fund Balance - January 1	10,750,419	6,450,685	9,492,354	11,079,437	37,772,895
Increase (decrease) in inventories	-	131,754	-	-	131,754
Fund Balance - December 31	\$ 8,824,047	\$ 5,162,457	\$ 11,109,420	\$ 10,243,089	\$ 35,339,013

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

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 6

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Net change in fund balances - total governmental funds (Exhibit 5) **\$ (2,565,636)**

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

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

Unavailable revenue - December 31	\$ 7,027,743	
Unavailable revenue - January 1	<u>(8,022,622)</u>	(994,879)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for general capital assets and infrastructure	\$ 12,372,143	
Net book value of assets sold	(679,407)	
Current year depreciation and amortization	<u>(6,392,915)</u>	5,299,821

Capital contributions of the internal service fund which are recognized in the governmental activities.	32,921
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Principal repayments	
General obligation bonds	2,565,000

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT 6
(Continued)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES--GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Change in accrued interest payable	\$ 20,504	
Amortization of premiums and discounts	186,319	
Change in compensated absences	18,839	
Change in other postemployment benefits liability	(9,026)	
Change in deferred other post employment benefits inflows	(38,211)	
Change in inventories	131,754	
Change in net pension liability	(21,554,607)	
Change in net pension asset	(208,155)	
Change in deferred pension outflows	3,525,817	
Change in other post employment benefits outflows	(23,594)	
Change in deferred pension inflows	<u>15,218,624</u>	(2,731,736)

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

Governmental activities share of net income before transfers	<u>1,173,319</u>
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Change in Net Position of Governmental Activities (Exhibit 2)	<u><u>\$ 2,778,810</u></u>
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PROPRIETARY FUNDS

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Family Service Center	Business-Type Juvenile Center
<u>Assets</u>		
Current assets		
Cash and pooled investments	\$ 1,222,926	\$ 4,421,940
Petty cash and change funds	300	-
Investments	-	149,787
Special assessments		
Delinquent	-	-
Accounts receivable - net	3,314	47,093
Accrued interest receivable	117	356
Leases receivable	123,652	-
Due from other funds	66	208,228
Due from other governments	1,855	1,260,379
Prepaid items	-	47,259
Total current assets	\$ 1,352,230	\$ 6,135,042
Restricted assets		
Investments	\$ -	\$ -
Accrued interest receivable	-	-
Total restricted assets	\$ -	\$ -
Noncurrent assets		
Advance to other funds	\$ -	\$ -
Leases receivable	169,193	-
Capital assets		
Nondepreciable or amortizable	592,731	-
Depreciable and amortizable - net of accumulated depreciation and amortization	2,140,187	10,092,564
Total noncurrent assets	\$ 2,902,111	\$ 10,092,564
Total Assets	\$ 4,254,341	\$ 16,227,606
Deferred Outflows of Resources		
Deferred pension outflows	\$ 141,216	\$ 2,369,764
Deferred other postemployment benefits outflows	5,289	27,724
Total deferred outflows of resources	\$ 146,505	\$ 2,397,488

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

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EXHIBIT 7

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 4,362,085	\$ 8,502,758	\$ 18,509,709	\$ 4,508,807
170	700	1,170	-
-	1,279,949	1,429,736	-
-	36,665	36,665	-
219,348	99,295	369,050	-
-	4,641	5,114	-
-	-	123,652	-
1,151,847	22	1,360,163	73,455
437,219	729,173	2,428,626	719
1,924	17,791	66,974	27,031
\$ 6,172,593	\$ 10,670,994	\$ 24,330,859	\$ 4,610,012
\$ -	\$ 4,392,938	\$ 4,392,938	\$ -
-	31,130	31,130	-
\$ -	\$ 4,424,068	\$ 4,424,068	\$ -
\$ -	\$ 229,796	\$ 229,796	\$ -
-	-	169,193	-
568,160	21,541,876	22,702,767	-
11,800	5,170,869	17,415,420	5,198,679
\$ 579,960	\$ 26,942,541	\$ 40,517,176	\$ 5,198,679
\$ 6,752,553	\$ 42,037,603	\$ 69,272,103	\$ 9,808,691
\$ 1,506,435	\$ 206,049	\$ 4,223,464	\$ -
42,156	5,548	80,717	-
\$ 1,548,591	\$ 211,597	\$ 4,304,181	\$ -

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Family Service Center	Business-Type Juvenile Center
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 141,812	\$ 254,411
Salaries payable	10,860	126,181
Contracts payable	-	-
Due to other funds	147	20,434
Due to other governments	3,256	-
Accrued interest payable	-	93,026
Unearned revenue	5,118	-
General obligation bonds payable - current	-	295,000
Leases payable - current	-	-
Compensated absences payable - current	22,375	104,552
Total current liabilities	\$ 183,568	\$ 893,604
Noncurrent liabilities		
Advance from other funds	\$ 1,495,000	\$ 350,000
General obligation bonds payable - long-term	-	6,360,000
Unamortized premiums on G.O. bonds	-	167,394
Leases payable - long-term	-	-
Estimated liability for landfill closure/postclosure	-	-
Net pension liability	424,387	3,924,695
Other postemployment benefits liability	14,299	113,996
Compensated absences payable - long-term	34,974	104,981
Total noncurrent liabilities	\$ 1,968,660	\$ 11,021,066
Total Liabilities	\$ 2,152,228	\$ 11,914,670
Deferred Inflows of Resources		
Deferred pension inflows	\$ 6,166	\$ 107,682
Deferred other postemployment benefits inflows	796	6,341
Deferred lease inflows	292,264	-
Total deferred inflows of resources	\$ 299,226	\$ 114,023
<u>Net Position</u>		
Net Position		
Net investment in capital assets	\$ 2,820,103	\$ 3,270,170
Restricted for		
Capital projects	-	608,693
Health	-	-
Unrestricted	(870,711)	2,717,538
Total Net Position	\$ 1,949,392	\$ 6,596,401

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

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EXHIBIT 7
(Continued)

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 135,556	\$ 49,580	\$ 581,359	\$ 11,620
104,739	14,641	256,421	-
-	2,233,951	2,233,951	-
582,128	200	602,909	100,000
201,930	290,444	495,630	-
-	115,896	208,922	137
273,332	-	278,450	-
-	370,000	665,000	-
-	-	-	46,939
149,688	19,171	295,786	-
\$ 1,447,373	\$ 3,093,883	\$ 5,618,428	\$ 158,696
\$ -	\$ -	\$ 1,845,000	\$ -
-	9,360,000	15,720,000	-
-	838,415	1,005,809	-
-	-	-	123,749
-	4,881,172	4,881,172	-
4,523,467	621,602	9,494,151	-
159,011	21,890	309,196	-
365,304	50,854	556,113	-
\$ 5,047,782	\$ 15,773,933	\$ 33,811,441	\$ 123,749
\$ 6,495,155	\$ 18,867,816	\$ 39,429,869	\$ 282,445
\$ 64,731	\$ 9,238	\$ 187,817	\$ -
10,723	1,445	19,305	-
-	-	292,264	-
\$ 75,454	\$ 10,683	\$ 499,386	\$ -
\$ 488,892	\$ 7,061,218	\$ 13,640,383	\$ 5,027,991
-	-	608,693	-
19,564	-	19,564	-
1,222,079	16,309,483	19,378,389	4,498,255
\$ 1,730,535	\$ 23,370,701	\$ 33,647,029	\$ 9,526,246

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Family Service Center	Business-Type Juvenile Center
Operating Revenues		
Charges for services	\$ 44,150	\$ 7,152,104
Licenses and permits	-	-
Rents	1,103,691	-
Miscellaneous	309,998	307,045
Total Operating Revenues	\$ 1,457,839	\$ 7,459,149
Operating Expenses		
Personal services	\$ 620,261	\$ 5,902,264
Other services and charges	882,050	1,225,392
Supplies	68,171	323,819
Depreciation	364,388	497,854
Amortization	-	-
Landfill closure and postclosure costs	-	-
Total Operating Expenses	\$ 1,934,870	\$ 7,949,329
Operating Income (Loss)	\$ (477,031)	\$ (490,180)
Nonoperating Revenues (Expenses)		
Special assessments	\$ -	\$ -
Intergovernmental	1,859	339,949
Interest income (Loss)	-	(13,183)
Gain (loss) on sale/disposal of capital assets	(426)	-
Interest expense	-	(214,055)
Total Nonoperating Revenues (Expenses)	\$ 1,433	\$ 112,711
Income (Loss) Before Contributions and Transfers	\$ (475,598)	\$ (377,469)
Capital contributions	424,311	-
Transfers in	-	-
Transfers out	-	-
Change in net position	\$ (51,287)	\$ (377,469)
Net Position - January 1	2,000,679	6,973,870
Net Position - December 31	\$ 1,949,392	\$ 6,596,401

EXHIBIT 8

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 2,734,341	\$ 2,676,084	\$ 12,606,679	\$ 2,671,218
-	911	911	-
-	-	1,103,691	-
4,062	35,251	656,356	2,566
\$ 2,738,403	\$ 2,712,246	\$ 14,367,637	\$ 2,673,784
\$ 6,500,172	\$ 816,194	\$ 13,838,891	\$ -
705,210	1,449,549	4,262,201	-
136,185	708,916	1,237,091	183,428
10,720	472,139	1,345,101	1,377,294
-	-	-	29,836
-	313,696	313,696	-
\$ 7,352,287	\$ 3,760,494	\$ 20,996,980	\$ 1,590,558
\$ (4,613,884)	\$ (1,048,248)	\$ (6,629,343)	\$ 1,083,226
\$ -	\$ 1,434,252	\$ 1,434,252	\$ -
3,450,728	7,651,961	11,444,497	-
-	7,013	(6,170)	-
(14,413)	20,666	5,827	90,635
-	(243,414)	(457,469)	(542)
\$ 3,436,315	\$ 8,870,478	\$ 12,420,937	\$ 90,093
\$ (1,177,569)	\$ 7,822,230	\$ 5,791,594	\$ 1,173,319
409,397	-	833,708	32,921
1,485,164	-	1,485,164	-
-	(120,000)	(120,000)	-
\$ 716,992	\$ 7,702,230	\$ 7,990,466	\$ 1,206,240
1,013,543	15,668,471	25,656,563	8,320,006
\$ 1,730,535	\$ 23,370,701	\$ 33,647,029	\$ 9,526,246

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
Increase (Decrease) in Cash and Cash Equivalents**

	Family Service Center	Business-Type Juvenile Center
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 1,187,131	\$ 7,218,397
Payments to suppliers	(891,595)	(1,390,397)
Payments to employees	(280,570)	(4,915,933)
Net cash provided by (used in) operating activities	\$ 14,966	\$ 912,067
Cash Flows from Noncapital Financing Activities		
Special assessments	\$ -	\$ -
Intergovernmental	1,859	298,857
Advance to other funds	-	-
Transfers in	-	-
Transfers out	-	-
Net cash provided by (used in) noncapital financing activities	\$ 1,859	\$ 298,857
Cash Flows from Capital and Related Financing Activities		
Principal paid on installment purchase	\$ -	\$ -
Interest paid on long-term debt	-	(228,088)
Proceeds from the sale of capital assets	-	-
Purchases of capital assets	-	(290,000)
Net cash provided by (used in) capital and related financing activities	\$ -	\$ (518,088)
Cash Flows from Investing Activities		
Purchase of investments	\$ -	\$ -
Investment earnings received	-	835
Net cash provided by (used in) investing activities	\$ -	\$ 835
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 16,825	\$ 693,671
Cash and Cash Equivalents at January 1	1,206,401	3,728,269
Cash and Cash Equivalents at December 31	\$ 1,223,226	\$ 4,421,940

EXHIBIT 9

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 3,323,452	\$ 2,729,481	\$ 14,458,461	\$ 2,753,882
(1,337,485)	(1,916,691)	(5,536,168)	(228,216)
(6,071,139)	(781,366)	(12,049,008)	-
\$ (4,085,172)	\$ 31,424	\$ (3,126,715)	\$ 2,525,666
\$ -	\$ 1,431,522	\$ 1,431,522	\$ -
3,631,423	7,102,889	11,035,028	-
-	50,000	50,000	-
1,485,164	-	1,485,164	-
-	(120,000)	(120,000)	-
\$ 5,116,587	\$ 8,464,411	\$ 13,881,714	\$ -
\$ -	\$ (400,000)	\$ (400,000)	\$ (20,877)
-	(246,418)	(474,506)	(405)
-	32,246	32,246	147,312
(173,958)	(14,559,218)	(15,023,176)	(574,878)
\$ (173,958)	\$ (15,173,390)	\$ (15,865,436)	\$ (448,848)
\$ -	\$ (200,198)	\$ (200,198)	\$ -
-	43,280	44,115	-
\$ -	\$ (156,918)	\$ (156,083)	\$ -
\$ 857,457	\$ (6,834,473)	\$ (5,266,520)	\$ 2,076,818
3,504,798	15,337,931	23,777,399	2,431,989
\$ 4,362,255	\$ 8,503,458	\$ 18,510,879	\$ 4,508,807

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
Increase (Decrease) in Cash and Cash Equivalents**

	Family Service Center	Business-Type Juvenile Center
Cash and Cash Equivalents - Exhibit 7		
Cash and pooled investments	\$ 1,222,926	\$ 4,421,940
Petty cash and change funds	300	-
Total Cash and Cash Equivalents	<u>\$ 1,223,226</u>	<u>\$ 4,421,940</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	<u>\$ (477,031)</u>	<u>\$ (490,180)</u>
 Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	\$ 364,388	\$ 497,854
Amortization expense	-	-
(Increase) decrease in accounts receivable	1,223	(26,803)
(Increase) decrease in accrued interest receivable	(117)	-
(Increase) decrease in allowance for uncollectible accounts receivable	-	-
(Increase) decrease in OPEB outflows	409	2,796
(Increase) decrease in due from other governments	(399)	(152,051)
(Increase) decrease in due from other funds	59,071	(18,674)
(Increase) decrease in prepaid items	-	(46,964)
(Increase) decrease in lease receivable - current	(123,652)	-
(Increase) decrease in lease receivable - noncurrent	(169,193)	-
(Increase) decrease in deferred pension outflows	48,727	(941,696)
(Increase) decrease in net pension asset	-	134,599
Increase (decrease) in accounts payable	58,685	184,561
Increase (decrease) in salaries payable	643	26,223
Increase (decrease) in compensated absences - current	5,787	16,850
Increase (decrease) in compensated absences - long-term	6,584	15,711
Increase (decrease) in due to other funds	(21,430)	(33,853)
Increase (decrease) in due to other governments	2,495	-
Increase (decrease) in contracts payable	-	-
Increase (decrease) in unearned revenue	(18,684)	-
Increase (decrease) in net OPEB liability	157	1,070
Increase (decrease) in landfill closure and postclosure payable	-	-
Increase (decrease) in deferred pension inflows	(209,079)	(1,602,555)
Increase (decrease) in OPEB inflows	663	4,528
Increase (decrease) in lease inflows	292,264	-
Increase (decrease) in net pension liability	193,455	3,340,651
Total adjustments	<u>\$ 491,997</u>	<u>\$ 1,402,247</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 14,966</u>	<u>\$ 912,067</u>
 Non-Cash Investing, Capital, and Financing Activities		
Capital assets acquired on account	<u>\$ 424,311</u>	<u>\$ -</u>

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

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EXHIBIT 9
(Continued)

Activities - Enterprise Funds			Governmental Activities Internal Service Fund
Public Health	Solid Waste Management	Totals	
\$ 4,362,085	\$ 8,502,758	\$ 18,509,709	\$ 4,508,807
170	700	1,170	-
<u>\$ 4,362,255</u>	<u>\$ 8,503,458</u>	<u>\$ 18,510,879</u>	<u>\$ 4,508,807</u>
<u>\$ (4,613,884)</u>	<u>\$ (1,048,248)</u>	<u>\$ (6,629,343)</u>	<u>\$ 1,083,226</u>
\$ 10,720	\$ 472,139	\$ 1,345,101	\$ 1,377,294
-	-	-	29,836
60,391	(19,563)	15,248	-
-	-	(117)	-
(3,778)	-	(3,778)	-
4,364	614	8,183	-
(32,471)	36,940	(147,981)	8,614
(504,856)	(22)	(464,481)	(72,702)
(50)	(17,591)	(64,605)	(11,093)
-	-	(123,652)	-
-	-	(169,193)	-
495,705	77,763	(319,501)	-
-	-	134,599	-
82,714	4,041	330,001	10,491
4,710	881	32,457	-
2,847	(1,864)	23,620	-
19,022	(7,480)	33,837	-
375,160	(619)	319,258	100,000
110,893	25,219	138,607	-
-	230,123	230,123	-
9,430	-	(9,254)	-
1,670	235	3,132	-
-	313,696	313,696	-
(2,204,108)	(312,380)	(4,328,122)	-
7,068	994	13,253	-
-	-	292,264	-
2,089,281	276,546	5,899,933	-
<u>\$ 528,712</u>	<u>\$ 1,079,672</u>	<u>\$ 3,502,628</u>	<u>\$ 1,442,440</u>
<u>\$ (4,085,172)</u>	<u>\$ 31,424</u>	<u>\$ (3,126,715)</u>	<u>\$ 2,525,666</u>
<u>\$ 409,397</u>	<u>\$ -</u>	<u>\$ 833,708</u>	<u>\$ 32,921</u>

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

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FIDUCIARY FUNDS

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 10

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 2,949,182
Taxes receivable, for other governments	1,145,413
Accounts receivable, net	296,292
Due from other funds	194,377
Due from other governments	<u>1,015,638</u>
Total Assets	<u>\$ 5,600,902</u>
<u>Liabilities</u>	
Accounts payable	\$ 86,754
Due to other funds	480,349
Due to other governments	<u>2,493,491</u>
Total Liabilities	<u>\$ 3,060,594</u>
<u>Deferred Inflows of Resources</u>	
Prepaid taxes	<u>\$ 31,942</u>
<u>Net Position</u>	
Restricted for Individuals, organizations, other governments	<u><u>\$ 2,508,366</u></u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT 11

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Funds</u>
Additions	
Contributions:	
Individuals	\$ 1,024,406
Investment earnings:	
Interest, dividends, other	4,992
Property tax collections for other governments	66,780,841
License and fees collected for State	189,863
Miscellaneous	<u>11,631,516</u>
Total Additions	<u>\$ 79,631,618</u>
Deductions	
Payments of property tax to other governments	\$ 67,260,256
Payments to state	826,103
Distributions to participants	202,429
Administrative expense	15,250
Payments to other entities	<u>11,494,235</u>
Total Deductions	<u>\$ 79,798,273</u>
Change in net position	\$ (166,655)
Net Position – January 1	<u>2,675,021</u>
Net Position – December 31	<u><u>\$ 2,508,366</u></u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as of and for the year ended December 31, 2022. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

Clay County was established March 8, 1862, and organized April 14, 1872; it has the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

Joint Ventures

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

B. Basic Financial Statements

1. Government-Wide Statements

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

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

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

2. Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

The Road and Bridge Special Revenue Fund is used to account for revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

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

The County reports the following major enterprise funds:

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Clay County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual.

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

Issuances of long-term debt and acquisitions under leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed, unless the County Board takes specific action to appropriate those unrestricted resources.

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

1. Cash and Cash Equivalents

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

2. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2022. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. The entity reports negative pooled investment earnings for 2022 of \$(3,953,121), due to a decrease in the market value of investments.

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

3. Receivables and Payables

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

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

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

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

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid taxes at

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

4. Special Assessments Receivable

Special assessments receivable consist of delinquent special assessments payable in the years 2013 through 2022. No allowances for special assessments are shown because such amounts are not expected to be material.

5. Inventories and Prepaid Items

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

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

6. Restricted Assets

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

7. Long-Term Receivable

Clay County and the City of Moorhead established the Moorhead-Clay County Joint Powers Authority (MCCJPA) on July 1, 2019. The purpose of the agreement is to allow the member entities to work collaboratively to maximize efficiencies with respect to the acquisition of project properties. Financing is provided by Metro Flood Diversion Authority and the State of Minnesota. Clay County has contributed \$1,200,000 in the form of a long-term receivable, to cover expenses incurred but not yet reimbursed.

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8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value entry price at the date of donation. Computer software has a threshold of \$50,000 and is included in the category of Machinery and Equipment.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Right-to-use leased assets are recorded at present value of the payments expected to be made during the lease term plus any amounts paid or lease incentives received from the lessor at or before the commencement of the lease term and any initial direct costs necessary to place the lease asset into service. Leased assets are amortized over the shorter of the lease term or the life of the leased asset.

The County landfill is depreciated based on capacity.

9. Compensated Absences

The liability for compensated absences reported in financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when

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incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both the current and noncurrent portion of compensated absences. The current portion consists of an amount based on the vacation each employee accrues in one year.

10. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pension Plan

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

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12. Deferred Outflows/Inflows of Resources and Unearned Revenue

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

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

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

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13. Classification of Net Position

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

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

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

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

14. Classification of Fund Balances

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

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

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

Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - amounts the County intends to use for specific purposes that do not

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meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor-Treasurer, who has been delegated that authority by Board resolution.

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

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

15. Minimum Fund Balance

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

16. Use of Estimates

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

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17. Change in Accounting Principles

During the year ended December 31, 2022, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 87, *Leases*, which establishes criteria for accounting and financial reporting for leases. The implementation of this statement resulted in changing the presentation of the government-wide financial statements by increasing the beginning balances of the right-to-use capital assets and decreasing the beginning balances of the depreciated capital assets by \$129,848.

2. Stewardship, Compliance, and Accountability

A. Excess of Expenditures Over Budget

The following is the nonmajor fund with expenditures in excess of budget for the year ended December 31, 2022.

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Law Enforcement Expansion Debt Service Fund	\$ 3,735,375	\$ 3,726,450	\$ 8,925

B. Tax Abatements

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

Two-year Property Tax Abatement Program

To promote new residential construction within the County, the County offers a property tax abatement (rebate) program to individuals constructing new residential homes in Clay County (only where the city participates), pursuant to Minnesota Statutes §§ 469.1813 – 469.1815. The property taxes are paid when due and the county/city/school district tax capacity taxes are subsequently rebated to the homeowner in December. This rebate is available for the first two years of property taxes. At December 31, 2022, the amount of taxes abated for this program was \$419,819.

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3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

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

Governmental and business-type activities totals	
Cash and pooled investments	\$ 64,874,120
Investments	2,451,769
Permanently restricted assets	
Investments	4,392,938
Statement of fiduciary net position	
Cash and pooled investments	
Custodial funds	<u>2,949,182</u>
 Total Cash and Investments	 \$ <u>74,668,009</u>

a. Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2022, the County's deposits were not exposed to custodial credit risk.

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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. The County does not have a policy for interest rate risk.

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Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a policy to minimize investment custodial credit risk. At December 31, 2022, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

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

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The following table presents the County's deposit and investment balances at December 31, 2022, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. Government agency securities					
Federal Home Loan Mortgage Corp.	AAA	Moody's		05/26/27	969,610
Federal Home Loan Mortgage Corp.	AAA	Moody's		06/23/27	965,030
Federal Home Loan Mortgage Corp.	AAA	Moody's		06/23/27	966,330
Federal Home Loan Mortgage Corp.	AAA	Moody's		06/30/27	967,300
Total Federal Home Loan Mortgage Corp			6%		\$ 3,868,270
Federal Home Loan Bank	AAA	Moody's		06/13/25	962,930
Federal Home Loan Bank	AAA	Moody's		07/14/25	978,010
Federal Home Loan Bank	AAA	Moody's		10/14/25	904,120
Federal Home Loan Bank	AAA	Moody's		01/27/26	892,660
Federal Home Loan Bank	AAA	Moody's		02/24/26	1,778,360
Federal Home Loan Bank	AAA	Moody's		02/26/26	888,570
Federal Home Loan Bank	AAA	Moody's		03/16/26	892,200
Federal Home Loan Bank	AAA	Moody's		03/16/26	669,150
Federal Home Loan Bank	AAA	Moody's		03/17/26	902,200
Federal Home Loan Bank	AAA	Moody's		03/30/26	903,170
Federal Home Loan Bank	AAA	Moody's		03/30/26	900,400
Federal Home Loan Bank	AAA	Moody's		03/30/26	451,685
Federal Home Loan Bank	AAA	Moody's		04/14/26	904,320
Federal Home Loan Bank	AAA	Moody's		04/28/26	917,640
Federal Home Loan Bank	AAA	Moody's		04/29/26	914,950
Federal Home Loan Bank	AAA	Moody's		05/12/26	680,662
Federal Home Loan Bank	AAA	Moody's		05/12/26	675,315
Federal Home Loan Bank	AAA	Moody's		05/27/26	907,500
Federal Home Loan Bank	AAA	Moody's		05/27/26	376,612
Federal Home Loan Bank	AAA	Moody's		06/15/26	2,267,250
Federal Home Loan Bank	AAA	Moody's		06/30/26	1,103,713
Federal Home Loan Bank	AAA	Moody's		06/30/26	1,114,038
Federal Home Loan Bank	AAA	Moody's		07/28/26	542,655
Federal Home Loan Bank	AAA	Moody's		08/26/26	448,305
Federal Home Loan Bank	AAA	Moody's		09/09/26	875,620
Federal Home Loan Bank	AAA	Moody's		09/23/26	1,078,128
Federal Home Loan Bank	AAA	Moody's		09/30/26	891,830
Federal Home Loan Bank	AAA	Moody's		10/13/26	1,237,796
Federal Home Loan Bank	AAA	Moody's		10/28/26	897,350
Federal Home Loan Bank	AAA	Moody's		10/28/26	1,079,040
Federal Home Loan Bank	AAA	Moody's		10/28/26	903,670
Federal Home Loan Bank	AAA	Moody's		10/28/26	679,410
Federal Home Loan Bank	AAA	Moody's		11/23/26	907,520
Federal Home Loan Bank	AAA	Moody's		11/23/26	907,520
Federal Home Loan Bank	AAA	Moody's		11/24/26	906,350
Federal Home Loan Bank	AAA	Moody's		12/21/26	1,790,320
Federal Home Loan Bank	AAA	Moody's		12/30/26	909,030
Federal Home Loan Bank	AAA	Moody's		05/19/27	1,911,780
Federal Home Loan Bank	AAA	Moody's		07/12/27	1,069,392

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Investment Type	Credit Risk		Concentration Risk Over 5 Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
Federal Home Loan Bank	AAA	Moody's		07/12/27	978,830
Federal Home Loan Bank	AAA	Moody's		01/28/28	1,301,565
Federal Home Loan Bank	AAA	Moody's		08/25/28	867,490
Total Federal Home Loan Bank			60%		\$ 41,169,056
Investment pools					
MAGIC Fund - General Revenue					\$ 14,742,543
MAGIC Fund - Solid Waste Long-Term					2,819,743
MAGIC Fund - Solid Waste Management					1,279,949
MAGIC Fund - Road and Bridge					1,000,000
Total investment pools	N/R	N/A	N/A	N/A	\$ 19,842,235
Negotiable certificates of deposit					\$ 3,554,134
Repurchase Agreement					\$ 29,903
Total investments					\$ 68,463,598
Deposits					6,192,366
Change funds					12,045
Total Cash and Investments					\$ 74,668,009
N/A - Not Applicable					
N/R - Not Rated					

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

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At December 31, 2022, the County had the following recurring fair value measurements.

	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Agencies	\$ 45,037,326	\$ -	\$ 45,037,326	\$ -
Negotiable certificates of deposit	3,554,134	-	3,554,134	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 48,591,460</u>	<u>\$ -</u>	<u>\$ 48,591,460</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Repurchase agreement	\$ 29,903			
MAGIC Portfolio	<u>19,842,235</u>			
Total Investments Measured at the NAV	<u>\$ 68,463,598</u>			

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

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

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

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

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2. Receivables

Receivables as of December 31, 2022, for the County's governmental activities and business-type activities are as follows:

	Total Receivables	Less: Allowance for Uncollectibles	Total Receivables - Net	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes	\$ 449,347	\$ -	\$ 449,347	\$ -
Special assessments	455,522	-	455,522	423,743
Accounts	832,878	(422,729)	410,149	-
Accrued interest receivable	125,948	-	125,948	-
Due from other governments	11,471,138	-	11,471,138	495,860
Long-term receivable	1,200,000	-	1,200,000	1,200,000
Lease receivable	6,328,821	-	6,328,821	310,787
Total Receivables	\$ 20,863,654	\$ (422,729)	\$ 20,440,925	\$ 2,430,390
Business-Type Activities				
Special assessments	\$ 36,665	\$ -	\$ 36,665	\$ -
Accounts	616,686	(247,636)	369,050	-
Accrued interest receivable	5,114	-	5,114	-
Due from other governments	2,908,975	-	2,908,975	-
Lease receivable	292,845	-	292,845	123,652
Total Receivables	\$ 3,860,285	\$ (247,636)	\$ 3,612,649	\$ 123,652

Leases

The County has entered into lease agreements as a lessor and as of December 31, 2022, there are six active lease receivable agreements for land and buildings. Fixed annual lease receipts range between \$1,000 and \$375,000 and extend to periods ending December 31, 2022, through December 31, 2038. During 2022, the General Fund and the Family Service Center Enterprise Fund received a total of principal and interest payments of \$405,821 and \$94,979, respectively.

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3. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

Governmental Activities

	Beginning Balance, as Restated*	Increase	Decrease/ Adjustment	Ending Balance
Capital assets not depreciated				
Land	\$ 3,889,090	\$ 81,810	\$ 30,579	\$ 3,940,321
Construction in progress	1,312,981	1,205,118	1,123,428	1,394,671
Total capital assets not depreciated	\$ 5,202,071	\$ 1,286,928	\$ 1,154,007	\$ 5,334,992
Capital assets depreciated				
Land improvements	\$ 2,019,618	\$ -	\$ 79,860	\$ 1,939,758
Buildings	65,173,001	807,039	1,320,475	64,659,565
Machinery, furniture, and equipment	15,402,769	786,133	561,578	15,627,324
Infrastructure	155,697,259	11,264,556	-	166,961,815
Total capital assets depreciated	\$ 238,292,647	\$ 12,857,728	\$ 1,961,913	\$ 249,188,462
Less: accumulated depreciation for				
Land improvements	\$ 414,782	\$ 81,622	\$ 38,599	\$ 457,805
Buildings	8,847,558	1,519,692	682,329	9,684,921
Machinery, furniture, and equipment	7,820,343	1,693,312	486,865	9,026,790
Infrastructure	75,331,103	4,475,583	-	79,806,686
Total accumulated depreciation	\$ 92,413,786	\$ 7,770,209	\$ 1,207,793	\$ 98,976,202
Total capital assets depreciated, net	\$ 145,878,861	\$ 5,087,519	\$ 754,120	\$ 150,212,260
Capital assets amortized				
Leased equipment	\$ 129,848	\$ 164,227	\$ 95,720	\$ 198,355
Less: accumulated amortization for				
Leased equipment **	\$ 111,166	\$ 29,836	\$ 111,166	\$ 29,836
Total capital assets amortized, net	\$ 18,682	\$ 134,391	\$ (15,446)	\$ 168,519
Governmental Activities Capital Assets, Net	\$ 151,099,614	\$ 6,508,838	\$ 1,892,681	\$ 155,715,771

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

**Due to a difference in beginning valuations of leased assets with the implementation of GASB 87, the decrease in amortization is more than the decrease in the cost of the assets.

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Business-Type Activities

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 991,055	\$ 463,588	\$ -	\$ 1,454,643
Construction in progress	6,309,840	14,938,284	-	21,248,124
Total capital assets not depreciated	\$ 7,300,895	\$ 15,401,872	\$ -	\$ 22,702,767
Capital assets depreciated				
Buildings	\$ 25,484,031	\$ 72,080	\$ 25,615	\$ 25,530,496
Landfill	10,743,488	28,259	-	10,771,747
Improvements other than building	631,603	-	-	631,603
Machinery, furniture, and equipment	2,114,109	616,394	528,659	2,201,844
Infrastructure	2,909,715	579,957	-	3,489,672
Total capital assets depreciated	\$ 41,882,946	\$ 1,296,690	\$ 554,274	\$ 42,625,362
Less: accumulated depreciation for				
Buildings	\$ 12,188,634	\$ 871,088	\$ 25,189	\$ 13,034,533
Landfill	8,849,737	83,973	-	8,933,710
Improvements other than building	294,606	15,487	-	310,093
Machinery, furniture, and equipment	1,583,930	242,642	502,667	1,323,905
Infrastructure	1,475,790	131,911	-	1,607,701
Total accumulated depreciation	\$ 24,392,697	\$ 1,345,101	\$ 527,856	\$ 25,209,942
Total capital assets depreciated, net	\$ 17,490,249	\$ (48,411)	\$ 26,418	\$ 17,415,420
Business-Type Activities				
Capital Assets, Net	\$ 24,791,144	\$ 15,353,461	\$ 26,418	\$ 40,118,187

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

Governmental Activities	
General government	\$ 563,014
Public safety	1,161,491
Conservation	38,933
Highways and streets, including depreciation of infrastructure assets	4,622,143
Human Services	7,334
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,407,130
Total Depreciation and Amortization Expense - Governmental Activities	\$ 7,800,045
Business-Type Activities	
Family Service Center	\$ 364,388
Juvenile Center	497,854
Public Health	10,720
Solid Waste	472,139
Total Depreciation Expense - Business-Type Activities	\$ 1,345,101

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B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2022, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Road and Bridge	\$ 100
	Social Services	352,297
	Joint Highway	60,111
	Public Health	90
	Solid Waste	200
	Family Service Center	147
	Juvenile Center	434
	Internal Service	50,000
Total due to General Fund		\$ 463,379
Road & Bridge	Internal Service	\$ 50,000
Social Services	General Fund	\$ 64,464
	Public Health	55,180
Total due to Social Services		\$ 119,644
Opioid Settlement	Public Health	\$ 409,397
Gravel Removal Tax Reserve	Road and Bridge	\$ 57,830
Family Service Center	Social Services	\$ 66
Juvenile Center	General Fund	\$ 67,033
	Social Services	141,195
Total due to Juvenile Center Fund		\$ 208,228
Public Health	General Fund	\$ 161,101
	Social Services	101,000
	Opioid Settlement	409,397
	Fiduciary Funds	480,349
Total due to Public Health Fund		\$ 1,151,847
Solid Waste Management	General Fund	\$ 22
Internal Service Fund	General Fund	\$ 52,800
	Social Services	655
	Juvenile Center	20,000
Total due to Internal Service Fund		\$ 73,455

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Receivable Fund	Payable Fund	Amount
Fiduciary Funds	Social Services	\$ 76,916
	Public Health	117,461
Total due to Fiduciary Funds		\$ 194,377
Total Due To/From Other Funds		\$ 2,728,245

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

2. Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General	Family Service Center	\$ 1,495,000
	Juvenile Center	350,000
Total General Fund		\$ 1,845,000
Solid Waste Management	Road and Bridge	\$ 229,796
Total Advances From/To Other Funds		\$ 2,074,796

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

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following:

Transfers to General Fund from Solid Waste Management Enterprise Fund	\$ 120,000	To transfer funds as a reimbursement of services
Transfers to Public Health Enterprise Fund from General Fund	1,485,164	Budgeted transfer
Total Interfund Transfers	\$ 1,605,164	

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C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2022, were as follows:

	Governmental Activities	Business-Type Activities
Accounts	\$ 1,265,872	\$ 581,359
Salaries	805,342	256,421
Contracts	1,280,523	2,233,951
Due to other governments	2,030,305	613,091
Total Payables	<u>\$ 5,382,042</u>	<u>\$ 3,684,822</u>

2. Construction and Other Significant Commitments

The County has active construction projects and other commitments as of December 31, 2022. The projects and commitments include the following:

	Spent-to-Date	Remaining Commitment
Resource Recovery Campus Project – Solid Waste Enterprise Fund	\$ 18,828,918	\$ 310,427
Generator – General Fund	21,000	324,000
Air Handler – General Fund	82,000	121,500
Total Commitments	<u>\$ 18,931,918</u>	<u>\$ 755,927</u>

3. Unearned Revenue

Unearned revenue as of December 31, 2022, was as follows:

	Governmental Activities	Business-Type Activities
Charges for services	\$ -	\$ 267,909
Grants	11,392,073	6,784
Rent	-	3,757
Miscellaneous	4,689	-
Total Unearned Revenue	<u>\$ 11,396,762</u>	<u>\$ 278,450</u>

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4. Leases

The County leases machinery and automotive equipment for various terms under long-term, non-cancelable lease agreements. These leases expire at various dates through 2027. These leases have been recorded at the present value of their future minimum lease payments as of the inception date. All lease payments are paid by the Internal Service Fund.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022, were as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 46,939	\$ 4,465
2024	29,922	3,617
2025	41,345	2,556
2026	16,154	1,491
2027	<u>36,328</u>	<u>913</u>
Total governmental activities lease payments	<u>\$ 170,688</u>	<u>\$ 13,042</u>

5. Long-Term Debt

Governmental Activities

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

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Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
General obligation bonds					
2016 G.O. Jail Bonds	2036	\$425,000 - \$620,000	1.982	9,770,000	7,545,000
2017 G.O. Jail Bonds	2036	\$115,000 - \$2,085,000	3.248	26,380,000	23,155,000
2017 G.O. Capital Improvement Bonds	2036	\$375,000 - \$1,165,000	2.698	15,440,000	13,380,000
2019 G.O. Watershed Improvement Bonds	2035	\$100,000 - \$135,000	2.439	1,720,000	1,520,000
2021 G.O. Capital Improvement Bonds	2029	\$390,000 - \$495,000	0.853	3,185,000	3,185,000
Total general obligation bonds				<u>\$ 56,495,000</u>	<u>\$ 48,785,000</u>
Add: unamortized premiums					<u>2,199,435</u>
Total General Obligation Bonds, Net					<u>\$ 50,984,435</u>

Business-Type Activities

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

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2022
General obligation bonds					
2018 G.O. Jail Bonds	2039	\$270,000- \$505,000	3.147	\$ 7,495,000	\$ 6,655,000
2021 G.O. Solid Waste Revenue Bonds	2041	\$370,000- \$635,000	1.671	10,130,000	9,730,000
				<u>\$ 17,625,000</u>	<u>\$ 16,385,000</u>
Add: unamortized premiums					<u>1,005,809</u>
Total General Obligation Bonds, Net					<u>\$ 17,390,809</u>

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6. Debt Service Requirements

Debt service requirements at December 31, 2022, were as follows:

Governmental Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2023	\$ 2,955,000	\$ 1,596,393
2024	3,100,000	1,487,418
2025	3,205,000	1,374,692
2026	3,325,000	1,246,292
2027	3,460,000	1,111,564
2028 – 2032	17,565,000	3,818,178
2033 – 2037	15,175,000	973,689
Total	<u>\$ 48,785,000</u>	<u>\$ 11,608,226</u>

Business-Type Activities

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2023	\$ 665,000	\$ 496,988
2024	690,000	473,188
2025	715,000	446,912
2026	745,000	418,012
2027	775,000	388,012
2028 – 2032	4,315,000	1,493,463
2033 – 2037	5,020,000	784,544
2038 – 2041	3,460,000	159,700
Total	<u>\$ 16,385,000</u>	<u>\$ 4,660,819</u>

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7. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 51,350,000	\$ -	\$ 2,565,000	\$ 48,785,000	\$ 2,955,000
Add: deferred amounts for issuance premiums	2,385,754	-	186,319	2,199,435	-
Total bonds payable	\$ 53,735,754	\$ -	\$ 2,751,319	\$ 50,984,435	\$ 2,955,000
Leases payable	19,221	172,344	20,877	170,688	46,939
Compensated absences	3,099,149	2,146,077	2,188,885	3,056,341	865,399
Governmental Activities Long-Term Liabilities	<u>\$ 56,854,124</u>	<u>\$ 2,318,421</u>	<u>\$ 4,961,081</u>	<u>\$ 54,211,464</u>	<u>\$ 3,867,338</u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 17,075,000	\$ -	\$ 690,000	\$ 16,385,000	\$ 665,000
Add: deferred amounts for issuance discounts	1,061,333	-	55,524	1,005,809	-
Total bonds payable	\$ 18,136,333	\$ -	\$ 745,524	\$ 17,390,809	\$ 665,000
Estimated liability for landfill closure/postclosure	4,567,476	313,696	-	4,881,172	-
Compensated absences	794,442	729,568	672,111	851,899	295,786
Business-Type Activities Long-Term Liabilities	<u>\$ 23,498,251</u>	<u>\$ 1,043,264</u>	<u>\$ 1,417,635</u>	<u>\$ 23,123,880</u>	<u>\$ 960,786</u>

Long-term liabilities for internal service funds are included as part of the above totals based upon their activity. For internal service funds, \$170,688 of lease purchases payable are included in the amounts for the governmental activities at year-end. Annual liquidation of the lease liability is reported in the Internal Service Fund.

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

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business-type activities, compensated absences are liquidated by the enterprise funds.

8. Deferred Inflows - Unavailable Revenue

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

	Taxes	Special Assessments	Grants and Allotments	Other	Total
Major governmental funds					
General	\$ 211,249	\$ -	\$ -	\$ 6,330,010	\$ 6,541,259
Road and Bridge	35,482	-	4,433,619	986,378	5,455,479
Social Services	102,982	-	43,487	127,321	273,790
Nonmajor governmental funds					
Ditch	-	996,411	-	-	996,411
County Building	656	-	-	-	656
Joint Highway Facility	798	-	-	-	798
Law Enforcement Expansion	102	-	-	-	102
County Projects	980	-	-	-	980
Courthouse Expansion	2,981	-	-	-	2,981
Total	<u>\$ 355,230</u>	<u>\$ 996,411</u>	<u>\$ 4,477,106</u>	<u>\$ 7,443,709</u>	<u>\$ 13,272,456</u>

D. Other Postemployment Benefits (OPEB)

Plan Description

Clay County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

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

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

Retirees or spouses currently receiving benefit payments	12
Active plan participants	<u>466</u>
Total	<u><u>478</u></u>

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Total OPEB Liability

The County's total OPEB liability of \$1,983,003 was measured as of January 1, 2022, and was determined by an actuarial valuation as of that date. For governmental activities, the OPEB liability is liquidated through the General Fund and other governmental funds that have personal services. For the business-type activities, the OPEB liability is liquidated by the enterprise funds.

The total OPEB liability in the fiscal year-end December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00 percent
Salary increases	Service graded table
Health care cost trend	6.50 percent, grading to 5 percent over 6 years and then to 4 percent over the next 48 years

The current year discount rate is 2.00 percent, which is a change from the prior year rate of 2.90 percent. For the current valuation, the discount rate was developed by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date.

Mortality rates used are recent tables developed and recommended by the Society of Actuaries and are based on Pub-2010 Public Retirement Plans Headcount-Weighted mortality tables (General, Safety) with MP-2020 generational improvements scale. The current year discount rate is 2.00 percent based on the estimated yield of 20-Year AA-rated municipal bonds.

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Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2022	\$ 1,970,845
Changes for the year	
Service cost	\$ 180,275
Interest	41,595
Assumption changes	(20,327)
Differences between expected and actual experience	(45,898)
Benefit payments	(143,487)
Net change	\$ 12,158
Balance at December 31, 2022	\$ 1,983,003

OPEB Liability Sensitivity

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

	<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	1.0%	\$ 2,125,021
Current	2.0	1,983,003
1% Increase	3.0	1,849,443

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

	<u>Health Care Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease	5.50% Decreasing to 4.00%	\$ 1,783,683
Current	6.50% Decreasing to 5.00%	1,983,003
1% Increase	7.50% Decreasing to 6.00%	2,220,404

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

For the year ended December 31, 2022, the County recognized OPEB expense of \$12,158. The County reported \$77,390 in deferred inflows of resources resulting from changes in actuarial assumptions, and \$321,897 in deferred outflows of resources resulting changes in actuarial assumptions, differences between expected and actual experience and from County contributions subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022.

There are subsidized payments of \$144,826 made subsequent to the measurement date included in deferred outflows of resources that will be recognized as a reduction of the OPEB liability for the year ended December 31, 2022.

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

<u>Year Ended December 31</u>	<u>OPEB Expense Amount</u>
2023	\$ 18,355
2024	18,355
2025	18,357
2026	24,837
2027	24,831
Thereafter	(5,054)

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2022:

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

E. Defined Benefit Pension Plans

1. Plan Description

All full-time and certain part-time employees of Clay County are covered by defined benefit pension plans administered by the Public Employees Retirement

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Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

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

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are

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established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In

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

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2021.

In 2022, the County was required to contribute the following percentages of annual covered salary:

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

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The County's contributions for the year ended December 31, 2022, to the pension plans were:

General Employees Plan	\$ 1,793,764
Police and Fire Plan	525,484
Correctional Plan	406,300

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

4. Pension Costs

General Employees Plan

At December 31, 2022, the County reported a liability of \$24,963,944 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.3152 percent. It was 0.3144 percent measured as of June 30, 2021. The County recognized pension expense of \$4,009,711 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County's recognized an additional \$80,130 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

County's proportionate share of the net pension liability	\$ 24,963,944
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>732,002</u>
Total	<u>\$ 24,695,946</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 208,517	\$ 264,077
Changes in actuarial assumptions	5,635,885	93,094
Difference between projected and actual investment earnings	376,743	-
Changes in proportion	1,135,358	-
Contributions paid to PERA subsequent to the measurement date	960,717	-
Total	<u>\$ 8,317,220</u>	<u>\$ 357,171</u>

The \$960,717 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2023	\$ 2,888,763
2024	2,631,891
2025	(778,936)
2026	2,257,614

Police and Fire Plan

At December 31, 2022, the County reported a liability of \$10,865,958 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 0.2497 percent. It was

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0.2451 percent measured as of June 30, 2021. The County recognized pension expense of \$892,929 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation.

Legislation requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional \$22,473 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

County's proportionate share of the net pension liability	\$ 10,865,958
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>474,670</u>
Total	<u>\$ 11,340,628</u>

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$22,473 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 657,694	\$ -
Changes in actuarial assumptions	6,354,540	63,218
Difference between projected and actual investment earnings	189,777	-
Changes in proportion	74,405	18,535
Contributions paid to PERA subsequent to the measurement date	280,943	-
Total	<u>\$ 7,557,359</u>	<u>\$ 81,753</u>

The \$280,943 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2023	\$ 1,390,175
2024	1,391,330
2025	1,257,774
2026	2,245,395
2027	909,989

Correctional Plan

At December 31, 2022, the County reported a liability of \$6,942,839 for its proportionate share of the Correctional Plan's net pension asset. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the County's proportion was 2.0887 percent. It was 2.0864 percent measured as of June 30, 2021. The County recognized pension expense of \$2,452,077 for its proportionate share of the Correctional Plan's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 224,146
Changes in actuarial assumptions	4,494,802	9,553
Difference between projected and actual investment earnings	178,746	-
Changes in proportion	24,202	252
Contributions paid to PERA subsequent to the measurement date	220,435	-
Total	<u>\$ 4,918,185</u>	<u>\$ 233,951</u>

The \$220,435 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2023	\$ 1,818,221
2024	1,880,360
2025	207,457
2026	557,761

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2022, was \$7,354,717.

5. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

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	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	6.50%	6.50%	6.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan per year through December 31, 2054, and 1.50 percent per year thereafter. For the Police and Fire Plan, cost-of-living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2022, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated July 12, 2022, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

6. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the

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General Employees Plan in 2022, which remained consistent with 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Plan and Correctional Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060, and June 30, 2061, respectively. Beginning in fiscal year ended June 30, 2061, for the Police and Fire Plan and June 30, 2062, for the Correctional Plan, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent, based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index. An equivalent single discount rate of 5.40 percent for the Police and Fire Plan and 5.42 percent for the Correctional Plan was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits to the point of asset depletion and 3.69 percent thereafter.

7. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2022:

General Employees Plan

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

Police and Fire Plan

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

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Correctional Plan

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

8. Pension Liability Sensitivity

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

	Proportionate Share of the					
	General Employees Retirement Plan		Public Employees Police and Fire Plan		Public Employees Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 39,431,857	4.40%	\$ 16,444,233	4.42%	\$ 12,229,464
Current	6.50	24,963,944	5.40	10,865,958	5.42	6,942,839
1% Increase	7.50	13,098,023	6.40	6,356,256	6.42	2,786,368

9. Pension Plan Fiduciary Net Position

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

F. Defined Contribution Plan

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

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

Total contributions by dollar amount and percentage of covered payroll made by Clay County during the year ended December 31, 2022, were:

	<u>Employee</u>	<u>Employer</u>
Contribution amount	\$ 11,777	\$ 11,777
Percentage of covered payroll	5%	5%

4. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,881,172 landfill closure and postclosure care liability at December 31, 2022, represents the cumulative amount reported to date based on the use of 52 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,657,012 as the remaining estimated capacity is filled and the date the landfill is expected to be filled to capacity (2076) due to a change in accounting estimates. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain, and adopt a contingency action plan at the landfill were acquired as of December 31, 2022. Actual cost may be higher due to inflation, changes in technology, or changes in state or federal laws and regulations affecting landfills.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements and, at December 31, 2022, investments of \$4,392,938 are held for these purposes. These are reported as restricted assets on the statement of net position.

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Clay County expects that future inflation costs will be paid from investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

5. Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2021 and 2022. 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.

6. Conduit Debt

The County has issued revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of educational facilities deemed to be in the public interest. The bonds are secured by the property financed through a series of loan agreements and are payable solely from the revenue of the entity. The County is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. Bonds issued and outstanding as of December 31, 2022, are as follows:

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<u>Entity</u>	<u>Series</u>	<u>Principal Issued</u>	<u>Outstanding</u>
Minnesota State University Moorhead	2001	\$ 3,940,000	\$ 1,792,111
Eventide	2017	1,214,900	537,441
Eventide	2019	8,000,000	7,686,954

7. Summary of Significant Contingencies and Other Items

A. Contingent Liabilities

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

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

B. Joint Ventures

Prairie Lakes Municipal Solid Waste Authority

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

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

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In the event of dissolution of the Prairie Lakes Municipal Solid Waste Authority Joint Powers Board, all assets and liabilities of the Board shall be distributed and/or retired based on the contracted debt obligation of each of the parties of the agreement providing such entity is a party to the agreement at the time of the discharge of assets and liabilities. In 2022, the County contributed \$289,488 to the Perham Resource Recovery Facility. Financial information can be obtained from its fiscal agent at 115 Tower Road North, Fergus Falls, Minnesota 56537.

Fargo-Moorhead Metropolitan Council of Governments

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

The primary source of revenues is federal grants administered by the North Dakota and Minnesota Departments of Transportation, the Federal Transit Administration, and member support on a per capita basis. During 2022, Clay County contributed \$15,464 to the Fargo-Moorhead Metropolitan Council of Governments.

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

As of December 31, 2022, the total net position of the Fargo-Moorhead Metropolitan Council of Governments are \$18,534. Complete financial statements for the Council may be obtained from its administrative office at Case Plaza, One 2nd Street North, Suite 232, Fargo, North Dakota 58102.

Clay County Joint Powers Collaborative

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

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and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self-esteem, and develop general employment skills.

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

In the event of a withdrawal from the Clay County Joint Powers Collaborative, the withdrawing party shall give a 90-day notice. The Board shall continue to exist if the Collaborative is terminated for the limited purpose of discharging the Collaborative's debts and liabilities, settling its affairs, and disposing of its property.

Financing is provided by state and federal grants and contributions from its member parties. Clay County, in an agent capacity, reports the cash transactions of the Clay County Joint Powers Collaborative as a custodial fund on its financial statements. During 2022, the County did not contribute any funds to the Collaborative.

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

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

Northwest Minnesota Regional Emergency Communication Board

The Northwest Minnesota Regional Emergency Communication Board (formerly known as the Northwest Minnesota Regional Radio Board) was formed in 2008, pursuant to the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39, and includes the City of Moorhead and the Counties of Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau; and the White Earth Reservation

The purpose of the Northwest Minnesota Regional Emergency Communications Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota and to enhance and improve interoperable public safety communications

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along with coordination of 911 and public safety broadband data services within the region.

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

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

The Northwest Minnesota Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Clay County's contribution for 2022 was \$3,500.

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

Partnership4Health Community Health Board

Partnership4Health Community Health Board was originally established July 1, 2014, by a joint powers agreement among Becker, Clay, Ottertail, and Wilkin Counties, pursuant to Minn. Stat. ch. 145A, and pursuant to Minn. Stat. § 471.59, for the purpose of transitioning grant contracts. The Community Health Board became operational as of January 1, 2015. The joint powers agreement remains in force until any single county provides a resolution of withdrawal, duly passed by its governing board, to the County Boards and the auditor of the other counties participating in the agreement, and the Commissioner of Health for the State of Minnesota, at least one year before the beginning of the calendar year in which it takes effect.

Partnership4Health's purpose is to engage in activities designed to protect and promote the health of the general population within a community health service area by emphasizing the prevention of disease, injury, disability, and preventable death through

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the promotion of effective coordination and use of community resources, and by extending health services into the community.

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

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

During 2022, Clay County did not contribute to Partnership4Health Community Health Board.

Moorhead-Clay County Joint Powers Authority

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

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

Financing is provided by budgeted funds from the Metro Flood Diversion Authority (DA) and the State of Minnesota. In the event that the County and City approved expenditures outside of budgeted funds and the Diversion Authority has not approved the increased budget the City and County will each pay fifty percent of the additional cost.

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

In the event of dissolution of the MCCJPA distribution of assets in the following manner: (a) Project Property acquired during the term of the MCCJPA shall be

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

During 2022, Clay County did not make contributions to the Moorhead-Clay County Joint Powers Authority.

C. Jointly-Governed Organizations

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

Western Area City/County Co-op

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

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

Agassiz Regional Library

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

Control of the Library is vested in the Agassiz Regional Library Board, which is composed of 23 members with staggered terms made up of the following: one member appointed by each Board of County Commissioners who may be a member of the Board of Commissioners; one member appointed by each participating city; and one additional member appointed by each county and city for each 6,000 of population or major percentage (85 percent) thereof. Clay County contributed \$309,765 to the Agassiz Regional Library during 2022.

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Red River Regional Dispatch Center

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

Minnesota Counties Computer Cooperative (MCCC)

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

Sentence to Service

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

D. Related Organizations

Clay County Housing and Redevelopment Authority

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

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Buffalo-Red River Watershed District

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

Wild Rice Watershed District

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

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

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A as a 501-C3 nonprofit corporation on February 10, 1961, and includes Becker, Clay, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high quality accessible mental health services.

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

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Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. Clay County paid \$1,642,388 in 2022 for services purchased through Lakeland Mental Health Center.

8. Opioid Settlement

Clay County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The county is expected to receive up to \$2,093,240 over the next 18 years. The majority of funds are intended for opioid abatement. The Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA) identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the County created a special revenue fund. Funds are restricted until expended. The MOA requires that the County recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the County does not record a receivable for the settlement. For the year ended December 31, 2022 the County received \$409,397 as part of the settlement.

REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT A-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 20,872,183	\$ 20,872,183	\$ 21,133,745	\$ 261,562
Licenses and permits	125,360	125,360	118,249	(7,111)
Intergovernmental	6,652,023	6,652,023	7,525,779	873,756
Charges for services	1,349,574	1,349,574	1,265,787	(83,787)
Fines and forfeits	5,000	5,000	96,562	91,562
Investment earnings	300,000	300,000	(3,567,761)	(3,867,761)
Miscellaneous	747,248	747,248	1,251,578	504,330
Total Revenues	\$ 30,051,388	\$ 30,051,388	\$ 27,823,939	\$ (2,227,449)
Expenditures				
Current				
General government				
Commissioners	\$ 387,341	\$ 387,341	\$ 383,757	\$ 3,584
Courts	200,000	200,000	175,750	24,250
Public defender	90,000	90,000	122,152	(32,152)
Law library	106,395	106,395	72,455	33,940
County administration	318,149	318,149	372,504	(54,355)
County auditor	947,832	947,832	923,674	24,158
License bureau	982,626	982,626	938,588	44,038
County treasurer	246,569	246,569	220,093	26,476
County assessor	546,982	546,982	533,288	13,694
Elections	209,239	209,239	289,056	(79,817)
Internal audit	82,000	82,000	136,838	(54,838)
Technology services	1,838,766	1,838,766	1,775,008	63,758
Personnel	392,784	392,784	382,217	10,567
Information services	517,183	517,183	494,993	22,190
Attorney	1,876,604	1,876,604	1,906,903	(30,299)
Victim witness	315,319	315,319	256,152	59,167
Unanticipated trial costs	30,000	30,000	30,000	-
Recorder	471,634	471,634	402,939	68,695
Surveyor	42,000	42,000	60,000	(18,000)
Planning and zoning	365,216	365,216	446,781	(81,565)
Government center	93,586	93,586	122,974	(29,388)
Maintenance	1,194,976	1,194,976	1,209,126	(14,150)
Veterans service officer	292,416	292,416	295,083	(2,667)
Unallocated	704,834	704,834	1,335,936	(631,102)
Total general government	\$ 12,252,451	\$ 12,252,451	\$ 12,886,267	\$ (633,816)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 5,638,500	\$ 5,638,500	\$ 5,647,159	\$ (8,659)
Safe and sober	13,423	13,423	8,675	4,748
US Marshals task force	-	-	3,940	(3,940)
Drug seizures	-	-	30,306	(30,306)
Snowmobile	5,353	5,353	2,527	2,826
Law enforcement grant	44,982	44,982	7,895	37,087
ATV	-	-	263	(263)
Coroner	105,000	105,000	120,915	(15,915)
E-911 system	146,520	146,520	148,352	(1,832)
Community corrections	6,486,455	6,486,455	5,930,677	555,778
Dispatchers	587,042	587,042	345,220	241,822
Probation and parole	842,575	842,575	730,924	111,651
Juvenile detention	763,592	763,592	873,155	(109,563)
Civil defense	112,011	112,011	137,196	(25,185)
Total public safety	\$ 14,745,453	\$ 14,745,453	\$ 13,987,204	\$ 758,249
Culture and recreation				
Historical society	\$ 204,585	\$ 204,585	\$ 204,585	\$ -
Conservation of natural resources				
County extension	\$ 334,097	\$ 334,097	\$ 283,533	\$ 50,564
Soil and water conservation	360,962	360,962	274,407	86,555
International coalition	1,281	1,281	1,281	-
Agricultural society/County fair	31,318	31,318	31,084	234
Valley water rescue	25,000	25,000	25,000	-
Total conservation of natural resources	\$ 752,658	\$ 752,658	\$ 615,305	\$ 137,353

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT A-1
(Continued)**

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Economic development				
Metropolitan Council	\$ 14,140	\$ 14,140	\$ 15,464	\$ (1,324)
Red River winter shows	900	900	900	-
West Central Council on Aging	8,194	8,194	8,194	-
Chamber of Commerce	7,150	7,150	1,655	5,495
County-wide incentive program	510,000	510,000	529,138	(19,138)
West Central MN Initiative	10,800	10,800	10,800	-
Pew Partnership	6,130	6,130	6,130	-
Riverkeepers	1,000	1,000	1,000	-
Rural Minnesota Counties Caucus	2,900	2,900	-	2,900
Senior coordination program	51,904	51,904	51,904	-
Group workcamp	8,194	8,194	-	8,194
Total economic development	\$ 621,312	\$ 621,312	\$ 625,185	\$ (3,873)
Intergovernmental				
Culture and recreation	\$ 309,765	\$ 309,765	\$ 309,765	\$ -
Capital outlay				
General government	\$ -	\$ -	\$ 395,710	\$ (395,710)
Highways and streets	-	-	21,139	(21,139)
Total Capital Outlay	\$ -	\$ -	\$ 416,849	\$ (416,849)
Total Expenditures	\$ 28,886,224	\$ 28,886,224	\$ 29,045,160	\$ (158,936)
Excess of Revenues Over (Under)				
Expenditures	\$ 1,165,164	\$ 1,165,164	\$ (1,221,221)	\$ (2,386,385)
Other Financing Sources (Uses)				
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Transfers out	(1,585,164)	(1,585,164)	(1,485,164)	100,000
Proceeds from sale of capital assets	-	-	660,013	660,013
Total Other Financing Sources (Uses)	\$ (1,465,164)	\$ (1,465,164)	\$ (705,151)	\$ 760,013
Net Change in Fund Balance	\$ (300,000)	\$ (300,000)	\$ (1,926,372)	\$ (1,626,372)
Fund Balance - January 1	10,750,419	10,750,419	10,750,419	-
Fund Balance - December 31	\$ 10,450,419	\$ 10,450,419	\$ 8,824,047	\$ (1,626,372)

The notes to the required supplementary information are an integral part of this schedule.

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 4,220,164	\$ 4,220,164	\$ 4,277,505	\$ 57,341
Licenses and permits	91,400	91,400	121,690	30,290
Intergovernmental	11,157,726	11,157,726	13,763,113	2,605,387
Charges for services	633,124	633,124	649,443	16,319
Investment earnings	-	-	12,716	12,716
Miscellaneous	140,000	140,000	99,680	(40,320)
Total Revenues	\$ 16,242,414	\$ 16,242,414	\$ 18,924,147	\$ 2,681,733
Expenditures				
Current				
Highways and streets				
Administration	\$ 775,120	\$ 775,120	\$ 599,183	\$ 175,937
Maintenance	3,844,425	3,844,425	3,834,972	9,453
Construction	8,808,802	8,808,802	12,432,194	(3,623,392)
Equipment, maintenance, and shop	2,227,296	2,227,296	2,601,399	(374,103)
Total highways and streets	\$ 15,655,643	\$ 15,655,643	\$ 19,467,748	\$ (3,812,105)
Intergovernmental				
Highways and streets	\$ 586,771	\$ 586,771	\$ 876,381	\$ (289,610)
Total Expenditures	\$ 16,242,414	\$ 16,242,414	\$ 20,344,129	\$ (4,101,715)
Net Change in Fund Balance	\$ -	\$ -	\$ (1,419,982)	\$ (1,419,982)
Fund Balance - January 1	6,450,685	6,450,685	6,450,685	-
Increase (decrease) in inventories	-	-	131,754	131,754
Fund Balance - December 31	\$ 6,450,685	\$ 6,450,685	\$ 5,162,457	\$ (1,288,228)

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,922,611	\$ 9,922,611	\$ 9,942,640	\$ 20,029
Intergovernmental	14,605,845	14,605,845	15,611,440	1,005,595
Fines and forfeits	-	-	15,695	15,695
Miscellaneous	815,334	815,334	908,149	92,815
Total Revenues	\$ 25,343,790	\$ 25,343,790	\$ 26,477,924	\$ 1,134,134
Expenditures				
Current				
Human services				
Income maintenance	\$ 6,798,841	\$ 6,798,841	\$ 6,447,981	\$ 350,860
Social services	18,544,949	18,544,949	18,412,877	132,072
Total Expenditures	\$ 25,343,790	\$ 25,343,790	\$ 24,860,858	\$ 482,932
Net Change in Fund Balance	\$ -	\$ -	\$ 1,617,066	\$ 1,617,066
Fund Balance - January 1	9,492,354	9,492,354	9,492,354	-
Fund Balance - December 31	\$ 9,492,354	\$ 9,492,354	\$ 11,109,420	\$ 1,617,066

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-4

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2022**

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-5

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2022**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Clay County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.3152%	\$ 24,963,944	\$ 732,002	\$ 25,695,946	\$ 23,606,800	105.75%	76.67%
2021	0.3144	13,426,289	410,010	13,836,299	22,632,600	59.32	87.00
2020	0.2890	17,326,871	534,278	17,861,149	20,606,120	84.09	79.06
2019	0.2638	14,584,911	453,314	15,038,225	18,664,733	78.14	80.23
2018	0.2740	15,200,397	498,622	15,699,019	18,565,693	81.87	75.53
2017	0.2767	17,664,345	222,111	17,886,456	17,825,413	99.10	75.90
2016	0.2697	21,898,302	285,977	22,184,279	16,715,453	131.01	68.91
2015	0.2710	14,044,626	N/A	14,044,626	15,926,030	88.19	78.19

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

The measurement date for each year is June 30.

N/A - Not Applicable

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-6

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2022**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	\$ 1,793,764	\$ 1,793,764	\$ -	\$ 23,916,853	7.50%
2021	1,731,380	1,731,380	-	23,085,067	7.50
2020	1,721,560	1,721,560	-	22,954,133	7.50
2019	1,436,905	1,436,905	-	19,158,733	7.50
2018	1,397,139	1,397,139	-	18,628,520	7.50
2017	1,368,808	1,368,808	-	18,250,773	7.50
2016	1,292,983	1,292,983	-	17,239,773	7.50
2015	1,222,172	1,222,172	-	16,295,627	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2022**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Clay County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.250%	\$ 10,865,958	\$ 474,670	\$ 11,340,628	\$ 3,033,136	358.24%	70.53%
2021	0.245	1,891,912	85,049	1,976,961	2,896,870	65.31	93.66
2020	0.240	3,163,457	74,539	3,237,996	2,706,176	116.90	87.19
2019	0.243	2,584,851	N/A	2,584,851	2,560,461	100.95	89.26
2018	0.244	2,595,459	N/A	2,595,459	2,566,006	101.15	88.84
2017	0.244	3,294,290	N/A	3,294,290	2,509,475	131.27	85.43
2016	0.252	10,113,198	N/A	10,113,198	2,423,586	417.28	63.88
2015	0.249	2,829,223	N/A	2,829,223	2,280,322	124.07	86.61

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-8

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE PLAN
DECEMBER 31, 2022**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	\$ 525,484	\$ 525,484	\$ -	\$ 2,968,836	17.70%
2021	533,836	533,836	-	3,016,023	17.70
2020	520,240	520,240	-	2,939,209	17.70
2019	440,870	440,870	-	2,601,003	16.95
2018	413,513	413,513	-	2,552,549	16.20
2017	411,828	411,828	-	2,542,148	16.20
2016	400,796	400,796	-	2,474,049	16.20
2015	380,304	380,304	-	2,347,556	16.20

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

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MOORHEAD, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2022**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	2.089%	\$ 6,942,839	\$ 4,588,343	151.31%	74.58%
2021	2.086%	(342,754)	4,613,246	-7.63	101.61
2020	1.933	524,365	4,205,109	12.47	96.67
2019	1.837	254,263	3,917,223	6.49	98.17
2018	1.492	245,455	2,898,926	8.47	97.64
2017	1.220	3,477,012	2,443,886	142.27	67.89
2016	1.210	4,420,299	2,279,749	193.89	58.16
2015	1.190	183,974	2,139,223	8.60	96.95

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The measurement date for each year is June 30.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT A-10

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL PLAN
DECEMBER 31, 2022**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2021	\$ 406,300	\$ 406,300	\$ -	\$ 4,643,429	8.75%
2021	408,052	408,052	-	4,663,451	8.75
2020	403,302	403,302	-	4,609,166	8.75
2019	349,289	349,289	-	3,991,874	8.75
2018	306,205	306,205	-	3,499,486	8.75
2017	228,722	228,722	-	2,613,966	8.75
2016	202,653	202,653	-	2,316,034	8.75
2015	196,852	196,852	-	2,249,737	8.75

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
The County's year-end is December 31.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Gravel Removal Tax Special Revenue Fund, Opioid Settlement Special Revenue Fund, County Improvement Capital Projects Fund, Jail/Law Enforcement Construction Capital Projects Fund, Americana Estates Debt Service Fund, Joint Highway Facility Debt Service Fund, County Projects Debt Service Fund and Ditch Debt Service Fund. All annual appropriations lapse at fiscal year-end.

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

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made no budgetary amendments.

2. Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following major funds had expenditures in excess of budget for the year ended December 31, 2022.

	<u>Expenditures</u>	<u>Final Budget</u>	<u>Excess</u>
General Fund	\$ 29,045,160	\$ 28,886,224	\$ 158,936
Special Revenue Fund			
Road and Bridge	\$ 20,344,129	\$ 16,242,414	\$ 4,101,715

3. Other Postemployment Benefits Funding Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits. See Note 3.D in the notes to the financial

**CLAY COUNTY
MOORHEAD, MINNESOTA**

statements for additional information regarding the County's other postemployment benefits.

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

2022

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

2021

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

2020

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

2019

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

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

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2022

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

**CLAY COUNTY
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- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.

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- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.

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- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- 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,

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2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively.

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Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

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- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

Public Employees Local Government Correctional Service Retirement Plan

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.

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- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

2020

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

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MP-2019.

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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2017

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to Scale MP-2016).
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 35 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016

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

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

DEBT SERVICE FUNDS

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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EXHIBIT B-1

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	Special Revenue (Exhibit B-3)	Debt Service (Exhibit B-5)	Capital Projects (Exhibit B-7)	Total (Exhibit 3)
<u>Assets</u>				
Cash and pooled investments	\$ 913,977	\$ 5,779,597	\$ 3,313,404	\$ 10,006,978
Taxes receivable delinquent	780	5,873	-	6,653
Special assessments receivable				
Delinquent	-	49	-	49
Liens	-	455,473	-	455,473
Accounts receivable	-	-	7,033	7,033
Due from other funds	467,227	-	-	467,227
Due from other governments	-	903,895	945	904,840
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,381,984</u>	<u>\$ 7,144,887</u>	<u>\$ 3,321,382</u>	<u>\$ 11,848,253</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 3,750	\$ 20,920	\$ 24,670
Contracts payable	-	-	105,190	105,190
Due to other funds	409,397	60,111	-	469,508
Due to other governments	-	-	3,868	3,868
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 409,397</u>	<u>\$ 63,861</u>	<u>\$ 129,978</u>	<u>\$ 603,236</u>
Deferred Inflows of Resources				
Unavailable revenue	\$ 631	\$ 1,000,999	\$ -	\$ 1,001,630
Prepaid property taxes	25	273	-	298
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>\$ 656</u>	<u>\$ 1,001,272</u>	<u>\$ -</u>	<u>\$ 1,001,928</u>
Fund Balances				
Restricted for				
Debt service	\$ -	\$ 6,079,754	\$ -	\$ 6,079,754
Capital projects	-	-	3,191,404	3,191,404
Gravel pit restoration	918,311	-	-	918,311
Assigned to				
County building projects	53,620	-	-	53,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>\$ 971,931</u>	<u>\$ 6,079,754</u>	<u>\$ 3,191,404</u>	<u>\$ 10,243,089</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,381,984</u>	<u>\$ 7,144,887</u>	<u>\$ 3,321,382</u>	<u>\$ 11,848,253</u>

**CLAY COUNTY
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EXHIBIT B-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Special Revenue (Exhibit B-4)	Debt Service (Exhibit B-6)	Capital Projects (Exhibit B-8)	Total (Exhibit 5)
Revenues				
Taxes	\$ 98,343	\$ 4,976,851	\$ -	\$ 5,075,194
Special assessments	-	111,582	-	111,582
Intergovernmental	10,012	47,317	-	57,329
Miscellaneous	409,397	-	-	409,397
Total Revenues	\$ 517,752	\$ 5,135,750	\$ -	\$ 5,653,502
Expenditures				
Current				
Public safety	\$ -	\$ 7,500	\$ -	\$ 7,500
Health	409,397	-	-	409,397
Conservation of natural resources	-	4,934	-	4,934
Capital outlay				
General government	-	-	550,235	550,235
Highways and streets	-	-	1,271,351	1,271,351
Debt service				
Principal	-	2,565,000	-	2,565,000
Interest	-	1,680,008	-	1,680,008
Administrative (fiscal) charges	-	1,425	-	1,425
Total Expenditures	\$ 409,397	\$ 4,258,867	\$ 1,821,586	\$ 6,489,850
Excess of Revenues Over (Under)				
Expenditures	\$ 108,355	\$ 876,883	\$ (1,821,586)	\$ (836,348)
Net Change in Fund Balance	\$ 108,355	\$ 876,883	\$ (1,821,586)	\$ (836,348)
Fund Balance - January 1	863,576	5,202,871	5,012,990	11,079,437
Fund Balance - December 31	\$ 971,931	\$ 6,079,754	\$ 3,191,404	\$ 10,243,089

**CLAY COUNTY
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EXHIBIT B-3

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2022**

	<u>County Building</u>	<u>Gravel Removal Tax Reserve</u>	<u>Opioid Settlement</u>	<u>Total (Exhibit B-1)</u>
<u>Assets</u>				
Cash and pooled investments	\$ 53,496	\$ 860,481	\$ -	\$ 913,977
Taxes receivable delinquent	780	-	-	780
Due from other funds	-	57,830	409,397	467,227
	<u>-</u>	<u>57,830</u>	<u>409,397</u>	<u>467,227</u>
Total Assets	<u>\$ 54,276</u>	<u>\$ 918,311</u>	<u>\$ 409,397</u>	<u>\$ 1,381,984</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Due to other funds	\$ -	\$ -	\$ 409,397	\$ 409,397
	<u>-</u>	<u>-</u>	<u>409,397</u>	<u>409,397</u>
Deferred Inflows of Resources				
Unavailable revenue	\$ 631	\$ -	\$ -	\$ 631
Prepaid property taxes	25	-	-	25
	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
Total Deferred Inflows of Resources	<u>\$ 656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656</u>
Fund Balances				
Restricted for				
Gravel pit restoration	\$ -	\$ 918,311	\$ -	\$ 918,311
Assigned to				
County building projects	53,620	-	-	53,620
	<u>53,620</u>	<u>-</u>	<u>-</u>	<u>53,620</u>
Total Fund Balances	<u>\$ 53,620</u>	<u>\$ 918,311</u>	<u>\$ -</u>	<u>\$ 971,931</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 54,276</u>	<u>\$ 918,311</u>	<u>\$ 409,397</u>	<u>\$ 1,381,984</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>County Building</u>	<u>Gravel Removal Tax Reserve</u>	<u>Opioid Settlement</u>	<u>Total (Exhibit B-2)</u>
Revenues				
Taxes	\$ 40,513	\$ 57,830	\$ -	\$ 98,343
Intergovernmental	10,012	-	-	10,012
Miscellaneous	-	-	409,397	409,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 50,525</u>	<u>\$ 57,830</u>	<u>\$ 409,397</u>	<u>\$ 517,752</u>
Expenditures				
Current				
Health	\$ -	\$ -	\$ 409,397	\$ 409,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 409,397</u>	<u>\$ 409,397</u>
Net Change in Fund Balance	\$ 50,525	\$ 57,830	\$ -	\$ 108,355
Fund Balance - January 1	<u>3,095</u>	<u>860,481</u>	<u>-</u>	<u>863,576</u>
Fund Balance - December 31	<u><u>\$ 53,620</u></u>	<u><u>\$ 918,311</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 971,931</u></u>

**CLAY COUNTY
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**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2022**

	<u>Americana Estates</u>	<u>County Projects</u>
<u>Assets</u>		
Cash and pooled investments	\$ 41,907	\$ 128,654
Taxes receivable delinquent	-	959
Special assessments		
Delinquent	-	-
Liens	-	-
Due from other governments	-	-
Total Assets	<u>\$ 41,907</u>	<u>\$ 129,613</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources		
Unavailable revenue	\$ -	\$ 707
Prepaid property taxes	-	273
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 980</u>
Fund Balances		
Restricted		
Restricted for debt service	\$ 41,907	\$ 128,633
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 41,907</u>	<u>\$ 129,613</u>

EXHIBIT B-5

Courthouse Expansion	Ditch	Joint Highway Facility	Law Enforcement Expansion	Total (Exhibit B-1)
\$ 357,448	\$ 486,966	\$ 271,841	\$ 4,492,781	\$ 5,779,597
3,979	-	814	121	5,873
-	49	-	-	49
-	455,473	-	-	455,473
-	540,938	-	362,957	903,895
\$ 361,427	\$ 1,483,426	\$ 272,655	\$ 4,855,859	\$ 7,144,887
\$ -	\$ -	\$ -	\$ 3,750	\$ 3,750
-	-	60,111	-	60,111
\$ -	\$ -	\$ 60,111	\$ 3,750	\$ 63,861
\$ 2,981	\$ 996,411	\$ 798	\$ 102	\$ 1,000,999
-	-	-	-	273
\$ 2,981	\$ 996,411	\$ 798	\$ 102	\$ 1,001,272
\$ 358,446	\$ 487,015	\$ 211,746	\$ 4,852,007	\$ 6,079,754
\$ 361,427	\$ 1,483,426	\$ 272,655	\$ 4,855,859	\$ 7,144,887

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Americana Estates</u>	<u>County Projects</u>
Revenues		
Taxes	\$ -	\$ 66,420
Special assessments	-	-
Intergovernmental	-	8,870
	<u> </u>	<u> </u>
Total Revenues	\$ -	\$ 75,290
Expenditures		
Current		
Public safety	\$ -	\$ -
Conservation of natural resources	-	-
Debt service		
Principal	-	-
Interest	-	71,697
Administrative (fiscal) charges	-	-
	<u> </u>	<u> </u>
Total Expenditures	\$ -	\$ 71,697
Net Change in Fund Balance	\$ -	\$ 3,593
Fund Balance - January 1	<u>41,907</u>	<u>125,040</u>
Fund Balance - December 31	<u>\$ 41,907</u>	<u>\$ 128,633</u>

EXHIBIT B-6

Courthouse Expansion	Ditch	Joint Highway Facility	Law Enforcement Expansion	Total (Exhibit B-2)
\$ 290,285	\$ -	\$ 1,803	\$ 4,618,343	\$ 4,976,851
-	111,582	-	-	111,582
38,447	-	-	-	47,317
\$ 328,732	\$ 111,582	\$ 1,803	\$ 4,618,343	\$ 5,135,750
\$ -	\$ -	\$ -	\$ 7,500	\$ 7,500
-	4,934	-	-	4,934
305,000	100,000	-	2,160,000	2,565,000
5,719	36,142	-	1,566,450	1,680,008
-	-	-	1,425	1,425
\$ 310,719	\$ 141,076	\$ -	\$ 3,735,375	\$ 4,258,867
\$ 18,013	\$ (29,494)	\$ 1,803	\$ 882,968	\$ 876,883
340,433	516,509	209,943	3,969,039	5,202,871
\$ 358,446	\$ 487,015	\$ 211,746	\$ 4,852,007	\$ 6,079,754

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-7

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2022**

	<u>County Improvement</u>	<u>Jail/Law Enforcement Construction</u>	<u>Total (Exhibit B-1)</u>
<u>Assets</u>			
Cash and pooled investments	\$ 807,322	\$ 2,506,082	\$ 3,313,404
Accounts receivable	7,033	-	7,033
Due from other governments	945	-	945
Total Assets	<u>\$ 815,300</u>	<u>\$ 2,506,082</u>	<u>\$ 3,321,382</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 20,920	\$ -	\$ 20,920
Contracts payable	105,190	-	105,190
Due to other governments	3,868	-	3,868
Total Liabilities	<u>\$ 129,978</u>	<u>\$ -</u>	<u>\$ 129,978</u>
Fund Balances			
Restricted			
Restricted for capital projects	685,322	2,506,082	3,191,404
Total Liabilities and Fund Balance	<u>\$ 815,300</u>	<u>\$ 2,506,082</u>	<u>\$ 3,321,382</u>

**CLAY COUNTY
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EXHIBIT B-8

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>County Improvement</u>	<u>Jail/Law Enforcement Construction</u>	<u>Total (Exhibit B-2)</u>
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
Capital outlay			
General government	\$ 550,235	\$ -	\$ 550,235
Highway and streets	1,271,351	-	1,271,351
Total Expenditures	\$ 1,821,586	\$ -	\$ 1,821,586
Net Change in Fund Balance	\$ (1,821,586)	\$ -	\$ (1,821,586)
Fund Balance - January 1	2,506,908	2,506,082	5,012,990
Fund Balance - December 31	\$ 685,322	\$ 2,506,082	\$ 3,191,404

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-9

**BUDGETARY COMPARISON SCHEDULE
COUNTY BUILDING SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 40,037	\$ 40,037	\$ 40,513	\$ 476
Intergovernmental	9,963	9,963	10,012	49
Total Revenues	\$ 50,000	\$ 50,000	\$ 50,525	\$ 525
Expenditures				
Current				
General government				
Other general government	\$ 50,000	\$ 50,000	-	\$ 50,000
Net Change in Fund Balance	\$ -	\$ -	\$ 50,525	\$ 50,525
Fund Balance - January 1	3,095	3,095	3,095	-
Fund Balance - December 31	\$ 3,095	\$ 3,095	\$ 53,620	\$ 50,525

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-10

**BUDGETARY COMPARISON SCHEDULE
COURTHOUSE EXPANSION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 288,203	\$ 288,203	\$ 290,285	\$ 2,082
Intergovernmental	38,052	38,052	38,447	395
Total Revenues	\$ 326,255	\$ 326,255	\$ 328,732	\$ 2,477
Expenditures				
Debt service				
Principal	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
Interest	5,719	5,719	5,719	-
Total Expenditures	\$ 310,719	\$ 310,719	\$ 310,719	\$ -
Net Change in Fund Balance	\$ 15,536	\$ 15,536	\$ 18,013	\$ 2,477
Fund Balance - January 1	340,433	340,433	340,433	-
Fund Balance - December 31	\$ 355,969	\$ 355,969	\$ 358,446	\$ 2,477

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT B-11

**BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT EXPANSION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 3,912,773	\$ 3,912,773	\$ 4,618,343	\$ 705,570
Expenditures				
Current				
Public safety				
Sheriff	\$ -	\$ -	\$ 7,500	\$ (7,500)
Debt service				
Principal	2,160,000	2,160,000	2,160,000	-
Interest	1,566,450	1,566,450	1,566,450	-
Administrative (fiscal) charges	-	-	1,425	(1,425)
Total Expenditures	\$ 3,726,450	\$ 3,726,450	\$ 3,735,375	\$ (8,925)
Net Change in Fund Balance	\$ 186,323	\$ 186,323	\$ 882,968	\$ 696,645
Fund Balance - January 1	3,969,039	3,969,039	3,969,039	-
Fund Balance - December 31	\$ 4,155,362	\$ 4,155,362	\$ 4,852,007	\$ 696,645

**CLAY COUNTY
MOORHEAD, MINNESOTA**

CUSTODIAL FUNDS

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

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

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

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

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

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

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

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2022**

	<u>Recoveries</u>	<u>Joint Powers Collaborative</u>	<u>State Revenue</u>
<u>Assets</u>			
Cash and pooled investments	\$ 203,766	\$ 768,829	\$ 11,335
Taxes receivable for other governments	-	-	-
Accounts receivable, net	198,303	500	-
Due from other funds	-	76,916	-
Due from other governments	160,602	-	-
Total Assets	<u>\$ 562,671</u>	<u>\$ 846,245</u>	<u>\$ 11,335</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 19,329	\$ -
Due to other funds	-	2,197	-
Due to other governments	364,368	-	11,335
Total Liabilities	<u>\$ 364,368</u>	<u>\$ 21,526</u>	<u>\$ 11,335</u>
<u>Deferred Inflows of Resources</u>			
Prepaid taxes	\$ -	\$ -	\$ -
<u>Net Position</u>			
Restricted for			
Individuals, organizations, other governments	<u>\$ 198,303</u>	<u>\$ 824,719</u>	<u>\$ -</u>

EXHIBIT C-1

FM Diversion Joint Powers - MCCJPA	Partnership- 4Health	Watershed Districts	Taxes and Penalties	Jail Inmate Fund	Total Custodial Funds
\$ 137,305	\$ 220,636	\$ -	\$ 1,602,585	\$ 4,726	\$ 2,949,182
-	-	-	1,145,413	-	1,145,413
96,963	-	-	-	526	296,292
-	117,461	-	-	-	194,377
-	855,036	-	-	-	1,015,638
\$ 234,268	\$ 1,193,133	\$ -	\$ 2,747,998	\$ 5,252	\$ 5,600,902
\$ 67,211	\$ -	\$ -	\$ -	\$ 214	\$ 86,754
-	478,152	-	-	-	480,349
-	547,145	-	1,570,643	-	2,493,491
\$ 67,211	\$ 1,025,297	\$ -	\$ 1,570,643	\$ 214	\$ 3,060,594
\$ -	\$ -	\$ -	\$ 31,942	\$ -	\$ 31,942
\$ 167,057	\$ 167,836	\$ -	\$ 1,145,413	\$ 5,038	\$ 2,508,366

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Recoveries</u>	<u>Joint Powers Collaborative</u>	<u>State Revenue</u>
Additions			
Contributions:			
Individuals	\$ 1,024,406	\$ -	\$ -
Investment earnings:			
Interest, dividends, other	-	4,992	-
Property tax collections for other governments	-	-	-
License and fees collected for state	-		189,863
Miscellaneous	-	330,163	-
	<u>-</u>	<u>330,163</u>	<u>-</u>
Total Additions	<u>\$ 1,024,406</u>	<u>\$ 335,155</u>	<u>\$ 189,863</u>
Deductions			
Payments of property tax to other governments	\$ -	\$ -	\$ 189,863
Payments to state	826,103	-	-
Distributions to participants	-	202,429	-
Administrative expense	-	15,250	-
Payments to other entities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>\$ 826,103</u>	<u>\$ 217,679</u>	<u>\$ 189,863</u>
Change in net position	<u>\$ 198,303</u>	<u>\$ 117,476</u>	<u>\$ -</u>
Net Position – January 1	<u>-</u>	<u>707,243</u>	<u>-</u>
Net Position – December 31	<u><u>\$ 198,303</u></u>	<u><u>\$ 824,719</u></u>	<u><u>\$ -</u></u>

EXHIBIT C-2

Custodial Funds					Total Custodial Funds
FM Diversion Joint Powers - MCCJPA	Partnership- 4Health	Watershed Districts	Taxes and Penalties	Jail Inmate Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024,406
-	-	-	-	-	4,992
-	-	-	66,780,841	-	66,780,841
-	-	-	-	-	189,863
5,485,184	4,375,072	1,181,182	-	259,915	11,631,516
\$ 5,485,184	\$ 4,375,072	\$ 1,181,182	\$ 66,780,841	\$ 259,915	\$ 79,631,618
\$ -	\$ -	\$ -	\$ 67,070,393	\$ -	\$ 67,260,256
-	-	-	-	-	826,103
-	-	-	-	-	202,429
-	-	-	-	-	15,250
5,658,178	4,391,109	1,181,182	-	263,766	11,494,235
\$ 5,658,178	\$ 4,391,109	\$ 1,181,182	\$ 67,070,393	\$ 263,766	\$ 79,798,273
\$ (172,994)	\$ (16,037)	\$ -	\$ (289,552)	\$ (3,851)	\$ (166,655)
340,051	183,873	-	1,434,965	8,889	2,675,021
\$ 167,057	\$ 167,836	\$ -	\$ 1,145,413	\$ 5,038	\$ 2,508,366

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OTHER SCHEDULES

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Funds	Enterprise Funds	Total All Funds
Appropriations and Shared Revenue			
State			
Highway users tax	\$ 9,424,847	\$ -	\$ 9,424,847
County program aid	3,935,730	-	3,935,730
Disparity reduction credit	4,239,750	-	4,239,750
Police aid	340,559	-	340,559
Aquatic invasive species aid	16,972	-	16,972
Riparian protection aid	160,000	-	160,000
Out-of-home placement aid	118,690	-	118,690
Local government aid	9,172	-	9,172
Market value credit	233,768	-	233,768
Disparity reduction aid	13,157	-	13,157
Pension contribution	58,434	29,247	87,681
SCORE	-	191,628	191,628
Total appropriations and shared revenue	\$ 18,551,079	\$ 220,875	\$ 18,771,954
Reimbursement for Services			
State			
Minnesota Department of Human Services	\$ 2,474,452	\$ 848,342	\$ 3,322,794
Payments			
Local			
Local	\$ -	\$ 34,041	\$ 34,041
Payments in lieu of taxes	94,341	-	94,341
Total payments	\$ 94,341	\$ 34,041	\$ 128,382
Grants			
State			
Minnesota Department/Board of			
Agriculture	\$ -	\$ 921	\$ 921
Corrections	146,969	-	146,969
Trial Courts	2,014	-	2,014
Public Safety	311,636	-	311,636
Secretary of State	17,095	-	17,095
Transportation	1,329,715	2,093	1,331,808
Education	-	2,335	2,335

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-1
(Continued)**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Funds	Enterprise Funds	Total All Funds
Grants			
State (Continued)			
Minnesota Department/Board of Health	-	969,755	969,755
Natural Resources	4,728	-	4,728
Human Services	3,727,750	117,283	3,845,033
Veterans Services	12,500	-	12,500
Water and Soil Resources	32,064	18,600	50,664
Pollution Control Agency	-	7,445,058	7,445,058
Peace Officer Standards and Training Board	36,533	-	36,533
Total state	\$ 5,621,004	\$ 8,556,045	\$ 14,177,049
Grants			
Federal			
Department of Agriculture	\$ 730,159	\$ 504,581	\$ 1,234,740
Justice	65,817	188,893	254,710
Transportation	2,174,259	-	2,174,259
Treasury	802,623	33,662	836,285
The Institute of Museum and Library Services	6,005	-	6,005
Education	-	2,100	2,100
Secretary of State	38,302	-	38,302
Health and Human Services	6,365,869	1,055,958	7,421,827
Homeland Security	33,751	-	33,751
Total federal	\$ 10,216,785	\$ 1,785,194	\$ 12,001,979
Total state and federal grants	\$ 15,837,789	\$ 10,341,239	\$ 26,179,028
Total Intergovernmental Revenue	\$ 36,957,661	\$ 11,444,497	\$ 48,402,158

**CLAY COUNTY
MOORHEAD, MINNESOTA**

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	Not Provided	\$ 49,012
National School Lunch Program	10.555	Not Provided	94,864
Passed Through Partnership4Health Community Health Board			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Not Provided	360,705
Passed Through Minnesota Department of Human Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	222MN101S2514	730,159
Total U.S. Department of Agriculture			\$ 1,234,740
U.S. Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607		\$ 511
Passed Through Minnesota Department of Public Safety			
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	F-CESF-2022- WCENTJUV-0274	4,482
Crime Victim Assistance	16.575	A-CVS-2022-CLAYAO- 152	65,306
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAGRE-2022- WCENTJUV-006	184,411
Total U.S. Department of Justice			\$ 254,710
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	1030014	\$ 3,550,400
Passed Through City of Moorhead, Minnesota			
Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC22-2022- MOORHDPD-00057	3,725
National Priority Safety Programs	20.616	A-ENFRC22-2022- MOORHDPD-00057	2,507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC22-2022- MOORHDPD-00057	2,627
Passed Through the Headwaters Regional Development Commission			
E-911 Grant Program	20.615	A-DECN-NGGIS-2019- NWECEB-4	10,000
Total U.S. Department of Transportation			\$ 3,569,259
U.S. Department of Treasury			
Direct			
Joint Law Enforcement Operation Task Force Project	21.U01		\$ 3,649
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		798,974
Passed Through Catholic Charities			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not Provided	33,662
(Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds 21.027 \$832,636)			
Total U.S. Department of Treasury			\$ 836,285
Institute of Museum and Library Services			
Passed Through Minnesota Department of Education			
COVID-19 - Grants to States	45.310	LS-250219-OLS-21	\$ 6,005

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Education			
Passed Through Partnership4Health Community Health Board Special Education - Grants for Infants and Families	84.181	Not Provided	\$ 2,100
U.S. Department of Election Assistance Commission			
Passed Through Office of the Minnesota Secretary of State 2018 HAVA Election Security Grants	90.404	Not Provided	\$ 38,302
U.S. Department of Health and Human Services			
Passed Through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	MRCSEG101005-04-00	\$ 643
Passed Through Partnership4Health Community Health Board Public Health Emergency Preparedness	93.069	Not Provided	\$ 72,646
Food and Drug Administration Research	93.103	Not Provided	40
Early Hearing Detection and Intervention	93.251	Not Provided	300
Immunization Cooperative Agreements	93.268	Not Provided	80,382
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Not Provided	193,889
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not Provided	29,057
State Physical Activity and Nutrition (SPAN)	93.439	Not Provided	17,667
Temporary Assistance for Needy Families	93.558	Not Provided	75,000
(Total Temporary Assistance for Needy Families 93.558 \$1,045,907)			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Provided	235,032
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	82,829
Passed Through Polk-Norman-Mahnomen Community Health Board Maternal, Infant and Early Childhood Home Visiting Grant	93.870	Not Provided	125,270
Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families	93.556	2101MNEPSS	6,785
Temporary Assistance for Needy Families	93.558	2201MNTANF	970,907
(Total Temporary Assistance for Needy Families 93.558 \$1,045,907)			
Child Support Enforcement	93.563	2201MNCSES	173,716
Child Support Enforcement	93.563	2201MNCES	1,221,853
(Total Child Support Enforcement 93.563 \$1,395,569)			
Refugee and Entrant Assistance - State Administered Programs CCDF Cluster	93.566	2201MNRCA	1,113
Child Care and Development Block Grant	93.575	2201MNCCDF	35,130
Community-Based Child Abuse Prevention Grants	93.590	2102MNBCAP	7,125
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101MNCWSS	7,753
Foster Care - Title IV-E	93.658	2201MNFOS	1,208,807
Social Services Block Grant	93.667	2201MNSOSR	372,079
Child Abuse and Neglect State Grants	93.669	2101MNNCAN	9,981
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILC	34,249
COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	7,810
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2101MNCILP	27,271
John H. Chafee Foster Care Program for Successful Transition to Adulthood (Total John H. Chafee Foster Care Program for Successful Transition to Adulthood 93.674 \$168,885)	93.674	2201MNCILP	99,555
Children's Health Insurance Program Medicaid Cluster	93.767	2205MN5021	3,785
Medical Assistance Program	93.778	2205MN5ADM	2,073,332
Medical Assistance Program	93.778	2205MN5MAP	22,028
(Total Medical Assistance Program 93.778 \$2,095,360)			
Total U.S. Department of Health and Human Services			\$ 7,196,034

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	F-EMPG-2020-CLAYCO- 3876	\$ 33,751
Total Federal Awards			\$ 13,171,186

The County did not pass on any federal awards through to subrecipients during the year ended December 31, 2022.

Totals by Cluster	
Total expenditures for Child Nutrition Cluster	\$ 143,876
Total expenditures for SNAP Cluster	730,159
Total expenditures for Highway Planning and Construction Cluster	3,550,400
Total expenditures for Highway Safety Cluster	6,232
Total expenditures for CCDF Cluster	35,130
Total expenditures for Medicaid Cluster	2,095,360

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay County.

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

3. De Minimis Cost Rate

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

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 12,001,979
Grants received more than 60 days after year-end, deferred in 2022	
Highway Planning and Construction (AL No. 20.205)	1,437,178
Promoting Safe and Stable Families (AL No. 93.556)	1,805
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	3,219
John H. Chafee Foster Care Program for Successful Transition to Adulthood (AL No. 93.674)	20,235
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	36,260
Deferred in 2021, recognized as revenue in 2022	
Highway Planning and Construction (AL No. 20.205)	(42,178)
Temporary Assistance for Needy Families (AL No. 93.558)	(248,359)
Community-Based Child Abuse Prevention Grants (AL No. 93.590)	(954)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	(36,260)
Children’s Health Insurance Program (AL No. 93.767)	(1,739)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 13,171,186</u>

FORM OF LEGAL OPINION

(See following pages)

FORM OF LEGAL OPINION

Clay County
Moorhead, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Capital Improvement Plan Bonds, Series 2024A
 Clay County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by Clay County, Minnesota (the “County”), of the obligations described above, dated, as originally issued, as of February [], 2024 (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the County in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the County, enforceable in accordance with their terms.
2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied on all taxable property in the County, but if necessary for payment thereof additional ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.
3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.
4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the County with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the County and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive

Dated this [] day of February, 2024.

Very truly yours,

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)**

(See following pages)

FORM OF CONTINUING DISCLOSURE COVENANTS

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the County hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The County is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the County fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The County will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the County, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2023, the following financial information and operating data in respect of the County (the Disclosure Information):
 - (A) the audited financial statements of the County for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “Valuations –

Current Property Valuations”, “Debt – Direct Debt,” “Tax Rates, Levies and Collections – Tax Levies and Collections,” “General Information – U.S. Census Data – Population Trend,” and “– Employment/Unemployment Data.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the County shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the County have materially changed or been discontinued, such Disclosure Information need no longer be provided if the County includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Disclosure Information and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the County shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events (each a “Material Fact”):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;
 - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (K) Rating changes;
 - (L) Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the County to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the County under subsection (d)(2);
 - (C) the termination of the obligations of the County under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the County.

(c) Manner of Disclosure.

- (1) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the County in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this section shall terminate and be without further effect as of any date on which the County delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the County from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Board filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that:
(i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the County agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.
- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX E

TERMS OF PROPOSAL

\$6,450,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2024A CLAY COUNTY, MINNESOTA

Proposals for the purchase of \$6,450,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds") of the Clay County, Minnesota (the "County") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the County, until 12:00 P.M. (Noon), Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 12:00 P.M. (Noon) Central Time, on January 22, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the Board of Commissioners for consideration for award by resolution at a meeting to be held at 8:30 A.M., Central Time on January 23, 2024. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Section 373.40 and Chapter 475, as amended, by the County, for the purpose of financing various County facilities identified in the Capital Improvement Plan, dated December 12, 2023. The Bonds will be general obligations of the County for which the County will pledge its full faith and credit and taxing powers.

DATES AND MATURITIES

The Bonds will be dated February 8, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$310,000	2031	\$385,000	2036	\$480,000
2027	325,000	2032	405,000	2037	505,000
2028	340,000	2033	420,000	2038	525,000
2029	355,000	2034	440,000	2039	550,000
2030	370,000	2035	460,000	2040	580,000

ADJUSTMENT OPTION

The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial Bonds and term Bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2026 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The County has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The County will pay the charges for Paying Agent services. The County reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the County, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the County. If only part of the Bonds having a common maturity date are called for redemption, then the County or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about February 8, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the County will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the County, threatened. Payment for the Bonds must be received by the County at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the County.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$6,372,600 plus accrued interest on the principal sum of \$6,450,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 12:00 P.M. (Noon) Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the County nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$129,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The County and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The County reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the County requested and received a rating on the Bonds from a rating agency, the County will pay that rating fee. Any rating agency fees not requested by the County are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The County will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the County will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the County requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the County to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the County shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the County advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the County at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the County advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the County confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the County a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the County pursuant hereto may be taken or received on behalf of the County by Ehlers & Associates, Inc.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Board of Commissioners

Clay County, Minnesota

PROPOSAL FORM

The Board of Commissioners
Clay County, Minnesota (the "County")

January 22, 2024

RE: \$6,450,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds")

DATED: February 8, 2024

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$6,372,600) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2026	_____ % due	2031	_____ % due	2036
_____ % due	2027	_____ % due	2032	_____ % due	2037
_____ % due	2028	_____ % due	2033	_____ % due	2038
_____ % due	2029	_____ % due	2034	_____ % due	2039
_____ % due	2030	_____ % due	2035	_____ % due	2040

The County reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$129,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The County reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the County may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the County as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about February 8, 2024.

This proposal is subject to the County's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the County with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from February 8, 2024 of the above proposal is \$_____ and the true interest cost (TIC) is ____%.

The foregoing offer is hereby accepted by and on behalf of the Board of Commissioners of Clay County, Minnesota, on January 22, 2024.

By: _____ By: _____
Title: _____ Title: _____