

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA**

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	17
STATEMENT OF ACTIVITIES	18
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	19
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	21
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	22
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	24
STATEMENT OF NET POSITION – INTERNAL SERVICE FUND	25
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION - INTERNAL SERVICE FUND	26
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUND	27
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	28
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	29
NOTES TO THE FINANCIAL STATEMENTS	30
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	85
SCHEDULE OF THE COUNTY CONTRIBUTIONS	86
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES	87
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	88
BUDGETARY COMPARISON SCHEDULE – ROAD AND BRIDGE SPECIAL REVENUE FUND	90

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A (CONTINUED)

BUDGETARY COMPARISON SCHEDULE – HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND	91
BUDGETARY COMPARISON SCHEDULE – FORFEITED TAX SPECIAL REVENUE FUND	92
BUDGETARY COMPARISON SCHEDULE – SOLID WASTE SPECIAL REVENUE FUND	93
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	94

SUPPLEMENTARY INFORMATION

DESCRIPTIONS OF FUNDS	109
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	112
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	114
COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS	116
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS	119
SCHEDULE OF INTERGOVERNMENTAL REVENUES	122

REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS* AND SINGLE AUDIT

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	124
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	126
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	129
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	137
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	139
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	140

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Beltrami County
Bemidji, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beltrami County, Minnesota (the County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Changes to or within Reporting Entity

As discussed in Note 10 to the financial statements, during the year, the County reported a change to or within its financial reporting entity. As a result, certain beginning balances have been adjusted to properly reflect the change in reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of the county's proportionate share of the net pension liability, the schedule of the county contributions, and the schedule of changes in the total OPEB liability, related ratios and notes, and the notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, combining statement of fiduciary net position – custodial funds, combining statement of changes in fiduciary net position – custodial funds, schedule of intergovernmental revenue, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, combining statement of fiduciary net position – custodial funds, combining statement of changes in fiduciary net position – custodial funds, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Brainerd, Minnesota
August 18, 2026

REQUIRED SUPPLEMENTARY INFORMATION

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

This section of Beltrami County's (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year ended December 31, 2025. The Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34. Certain comparative information between the current year, 2025, and the prior year, 2024, is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2024-2025 fiscal years include the following:

- ◆ At the end of 2025, overall fund-level revenues totaled \$115,398,587 and were \$23,172,499 less than expenditures.
- ◆ At the end of 2025, overall fund-level expenditures totaled \$138,571,086 which is an increase of \$37,203,234 over the prior year. The largest increases were in the capital outlay function due to the construction of the new jail facility.

CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY

As discussed in Note 10 to the financial statements, certain beginning balances were adjusted as of January 1, 2025, as a result of changes to or within the County's financial reporting entity. Certain prior-year amounts presented in this MD&A have been adjusted accordingly to maintain consistency and comparability with the current-year financial statements. Additional information regarding the nature and effect of these adjustments is provided in Note 10.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

- ◆ The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
- ◆ The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
 - ◆ The governmental funds statements tell how basic services such as general government, human services, and highways and streets were financed in the short-term, as well as what remains for future spending.
 - ◆ Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.
 - ◆ The internal service fund statements provide information about the County's short-term disability self-insurance fund.

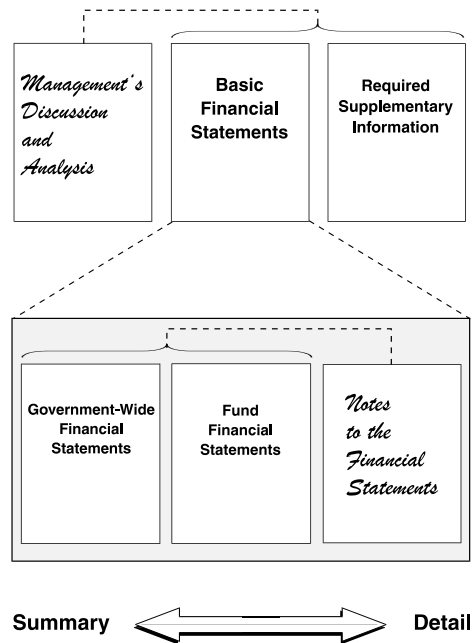
**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Annual Report Format**



**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-Wide and Fund Financial Statements				
Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds	Internal Service Fund
Scope	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	Instances in which the County is the trustee or agent for someone else's resources.	Instances in which the County manages self-insurance activities.
Required Financial Statements	Statement of net position.	Balance sheet.	Statement of fiduciary net position.	Statement of net position.
	Statement of activities.	Statement of revenues, expenditures and changes in fund balances.	Statement of changes in fiduciary net position.	Statement of revenues, expenses and changes in net position.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset and Deferred Outflows of Resources/Liability and Deferred Inflows of Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term, custodial funds do not currently contain capital assets, although they can.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term, no long-term exist currently.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	None.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

COUNTY-WIDE STATEMENTS

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Two County-wide statements report the County's net position and how they have changed. Net position – the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the County's financial health or position.

- ◆ Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ◆ To assess the overall health of the County, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.

In the County-wide financial statements, the County's activities are shown in one category:

- ◆ Governmental activities – The County's basic services are included here. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's funds – focusing on its most significant or "major" funds – not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- ◆ Some funds are required by state law and by bond covenants.
- ◆ The County establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

THE COUNTY HAS THREE KINDS OF FUNDS:

- ◆ Governmental funds – The County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- ◆ Internal service fund – The County uses this fund to manage the short-term disability self-insurance activities.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

THE COUNTY HAS THREE KINDS OF FUNDS (CONTINUED):

- ◆ Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a separate statement of changes in fiduciary net position. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

NET POSITION

The County's net position was \$294,705,905 on December 31, 2025 (see Table A-1).

**Table A-1
The County's Net Position**

	Governmental Activities		Percentage
	2025	2024	Change
Current and Other Assets	\$ 104,575,396	\$ 115,299,050	(9.3)%
Capital Assets and Right to Use Assets	272,355,403	230,872,870	18.0
Total Assets	376,930,799	346,171,920	8.9
Deferred Outflows of Resources	6,813,733	8,021,526	(15.1)
Current Liabilities	19,699,985	9,398,428	109.6
Long-Term Liabilities	56,715,134	59,653,308	(4.9)
Total Liabilities	76,415,119	69,051,736	10.7
Deferred Inflows of Resources	12,623,508	16,371,336	(22.9)
Net Position			
Net Investment in Capital Assets	228,752,415	222,685,482	2.7
Restricted	19,398,899	14,171,095	36.9
Unrestricted	46,554,591	31,913,797	45.9
Total Net Position	\$ 294,705,905	\$ 268,770,374	9.6

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

CHANGES IN NET POSITION

The County-wide total revenues were \$117,568,452 for the year ended December 31, 2025. Property taxes and intergovernmental revenues accounted for 78.48% of total revenue for the year. Investment earnings represents an unrealized gain on investments. Beltrami County intends to hold all bonds to maturity. (See Table A-2).

**Table A-2
Changes in Net Position**

	Governmental Activities for the fiscal year ended December 31,		Total %
	2025	2024	Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 18,881,428	\$ 16,048,927	17.6 %
Operating Grants and Contributions	27,587,501	26,044,607	5.9
Capital Grants and Contributions	8,250,529	9,158,355	(9.9)
<u>General Revenues</u>			
Taxes	48,949,005	43,261,257	13.1
Unrestricted State Aid	7,484,622	11,251,926	(33.5)
Investment Earnings	3,530,577	3,174,199	11.2
Other	2,884,790	1,579,532	82.6
Total Revenues	117,568,452	110,518,803	6.4
Expenses			
General Government	16,963,257	14,286,630	18.7
Public Safety	17,344,884	17,630,046	(1.6)
Highways and Streets	12,427,069	12,507,948	(0.6)
Sanitation	9,220,230	5,923,300	55.7
Human Services	28,751,744	34,749,739	(17.3)
Health	1,928,656	2,176,347	(11.4)
Culture and Recreation	1,084,844	1,046,383	3.7
Conservation of Natural Resources	1,985,592	1,827,567	8.6
Economic Development	294,211	308,951	(4.8)
Interest and Fiscal Charges on Long-Term Liabilities	1,632,434	1,545,702	5.6
Total Expenses	91,632,921	92,002,613	(0.4)
Change in Net Position	25,935,531	18,516,190	40.1
Net Position - Beginning of Year	268,770,374	250,254,184	7.4
Net Position - End of Year	<u>\$ 294,705,905</u>	<u>\$ 268,770,374</u>	9.6

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

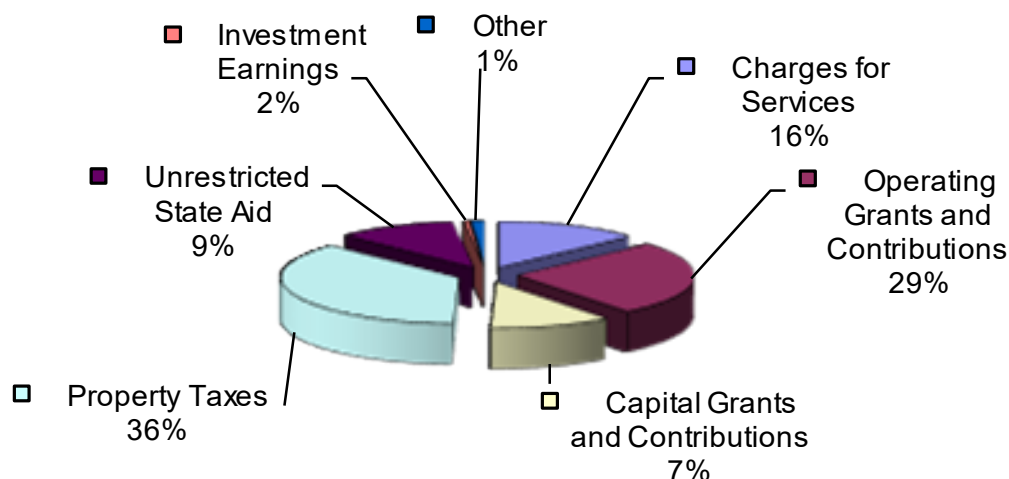
FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

CHANGES IN NET POSITION (CONTINUED)

The County-wide cost of all governmental activities this year was \$91,632,921.

- ◆ Some of the cost was paid by the users of the County's programs (\$18,881,428).
- ◆ The federal and state governments subsidized certain programs with grants and contributions (\$35,838,030).
- ◆ Most of the County's remaining costs (\$36,913,463), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$48,949,005 of property and other taxes, \$7,484,622 of state aid, and with \$6,415,367 of investment earnings and other general revenues.

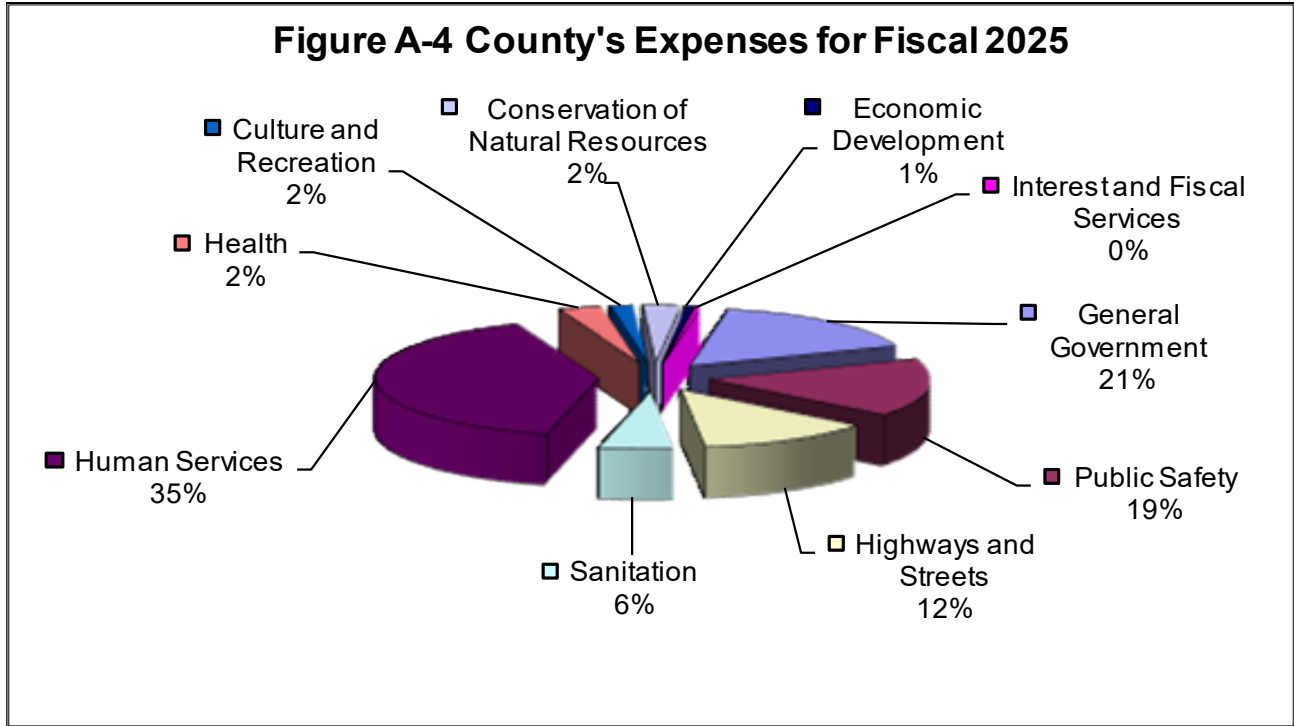
Figure A-3 Sources of County's Revenues for Fiscal 2025



**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

CHANGES IN NET POSITION (CONTINUED)



**Table A-3
Changes in Net Position**

	Total Cost of Services		Percentage Change	Net Revenue (Cost) of Services		Percentage Change
	2025	2024		2025	2024	
General Government	\$ 16,963,257	\$ 14,286,630	18.7 %	\$ (10,625,136)	\$ (10,216,693)	(4.0)%
Public Safety	17,344,884	17,630,046	(1.6)	(14,889,015)	(15,542,387)	4.2
Highways and Streets	12,427,069	12,507,948	(0.6)	2,375,560	2,079,526	14.2
Sanitation	9,220,230	5,923,300	55.7	(1,910,888)	488,374	(491.3)
Human Services	28,751,744	34,749,739	(17.3)	(10,582,662)	(15,284,042)	30.8
Health	1,928,656	2,176,347	(11.4)	339,697	398,927	(14.8)
Culture and Recreation	1,084,844	1,046,383	3.7	(961,910)	(943,492)	(2.0)
Conservation of Natural Resources	1,985,592	1,827,567	8.6	1,254,203	110,383	1,036.2
Economic Development	294,211	308,951	(4.8)	(280,878)	(295,618)	5.0
Interest and Fiscal Charges on Long-Term Liabilities	1,632,434	1,545,702	5.6	(1,632,434)	(1,545,702)	(5.6)
Total	\$ 91,632,921	\$ 92,002,613		\$ (36,913,463)	\$ (40,750,724)	

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$81,854,490.

Revenues for the County's governmental funds were \$115,398,587 while total expenditures were \$138,571,086. The County's total fund balance at year-end shows a decrease of \$21,284,386. The decrease is due to expenditures incurred related to the construction of the new jail facility.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

The following schedule presents a summary of General Fund Revenues:

**Table A-4
General Fund Revenues**

Fund	Year Ended		Change	
	December 31, 2025	December 31, 2024	Increase (Decrease)	Percent
Taxes	\$ 21,139,704	\$ 19,844,977	\$ 1,294,727	6.5 %
Intergovernmental	10,328,271	9,756,486	571,785	5.9
Charges for Services	3,899,083	3,468,570	430,513	12.4
Investment Earnings	842,934	3,146,433	(2,303,499)	(73.2)
Miscellaneous and Other	2,509,209	1,905,452	603,757	31.7
Total General Fund Revenues	<u>\$ 38,719,201</u>	<u>\$ 38,121,918</u>	<u>\$ 597,283</u>	1.6

Total General Fund revenues increased by \$597,283, or 1.6%, from the previous year. The primary reason for the increase relates to an increase in tax revenues as a result of an increase in the tax levy, an increase in miscellaneous and other revenue which resulted from a sales tax refund, and an increase in intergovernmental revenue due to an increase in State grants. These increases are offset by a decrease in investment earnings due to decreased pooled investment earnings allocated to the General Fund.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2025	December 31, 2024	Increase (Decrease)	Percent
General Government	\$ 17,150,079	\$ 14,459,288	\$ 2,690,791	18.6 %
Public Safety	18,043,480	16,919,577	1,123,903	6.6
Culture and Recreation	902,857	891,869	10,988	1.2
Capital Outlay	33,000	54,408	(21,408)	(39.3)
Debt Service	126,181	132,689	(6,508)	(4.9)
Total Expenditures	<u>\$ 36,255,597</u>	<u>\$ 32,457,831</u>	<u>\$ 3,797,766</u>	11.7

Total General Fund expenditures increased by \$3,797,766 from the previous year. This increase is primarily due an increase in salaries and benefit costs.

The General Fund had total fund balance of \$44,296,104 at the end of the current fiscal year. The fund balance of the General Fund increased \$1,687,945 during the current fiscal year.

OTHER MAJOR FUNDS ANALYSIS

The Road and Bridge Fund had total fund balance of \$13,287,687 at the end of the current fiscal year. The fund balance of the Road and Bridge Fund increased \$485,105. Current year revenues and expenditures were substantially offsetting. The increase in fund balance during the current fiscal year was primarily due to transfers in and insurance proceeds from the June 2025 windstorm damage.

The Health and Human Services Fund had total fund balance of \$1,410,113 at the end of the current fiscal year. The fund balance of the Health and Human Services fund increased \$1,065,109 after the adjustment to beginning fund balance described in Note 10. The increase in fund balance is primarily due to expenditures coming in below budget as a result of management's ongoing efforts to control costs and manage resources effectively.

The Forfeited Tax Fund had total fund balance of \$2,590,892 at the end of the current fiscal year. The fund balance of the Forfeited Tax Fund increased \$595,357 primarily due to an increase in charges for service and offset by conservation expenditures.

The Solid Waste Fund had total fund balance of \$2,142,938 at the end of the current fiscal year. The fund balance of the Solid Waste Fund decreased \$949,091 during the current fiscal year as a result of construction costs related to the transfer station.

The Debt Service Fund had total fund balance of \$5,361,235 at the end of the current fiscal year. The fund balance of the Debt Service Fund increased \$3,371,438 during the current fiscal due to an increase in tax revenue as a result of the addition of sales tax revenues. The sales tax revenue funding is used for repayment of the 2024 jail bond debt service payments.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

OTHER MAJOR FUNDS ANALYSIS

The Capital Projects Fund had total fund balance of \$9,552,606 at the end of the current fiscal year. The fund balance of the Capital Project Fund decreased \$27,622,898 primarily due to the construction costs of the jail facility.

GENERAL FUND BUDGETARY HIGHLIGHTS

- ◆ Actual revenues were \$3,574,716 more than expected primarily due to an unexpected increase in unbudgeted state grants, miscellaneous revenue, and tax revenue.
- ◆ Actual expenditures were \$1,589,805 less than expected primarily due to management's ongoing efforts to control costs.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Capital Projects Fund has historically received \$280,000 from the PILT distribution, to be used for one-time capital improvements.

An annual levy is made to fund the bond payments for all previous bond issues.

CAPITAL ASSETS AND RIGHT TO USE ASSETS

By the end of 2025, the County had invested approximately \$386,000,000 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure. (See Table A-6). (More detailed information about capital assets can be found in Note 3.A.3 to the financial statements.) Total depreciation/amortization expense for the year was \$8,664,953.

**Table A-6
The County's Capital Assets and Right to Use Assets**

	2025	2024	Percentage Change
Land	\$ 3,167,120	\$ 3,180,770	(0.4)%
Right of Way	3,192,854	3,106,304	2.8
Construction-in-Progress	38,836,600	7,589,433	411.7
Infrastructure	251,414,004	236,535,477	6.3
Buildings	59,533,663	58,624,441	1.6
Improvements Other than Buildings	582,689	582,689	-
Machinery, Equipment, and Vehicles	29,145,626	27,323,730	6.7
Right to Use Assets	534,088	697,494	(23.4)
Less: Accumulated Depreciation/Amortization	<u>(114,051,241)</u>	<u>(106,767,468)</u>	6.8
Total	<u>\$ 272,355,403</u>	<u>\$ 230,872,870</u>	18.0

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

LONG-TERM LIABILITIES

At year-end, the County had \$56,986,921 in long-term liabilities (including portions due within one year) outstanding. Long-term liabilities decreased due to current year principal payments. Additional information on the County's long-term liabilities is presented in Note 3.C.3.

**Table A-7
The County's Long-Term Liabilities**

	2025	2024	Percentage Change
General Obligation Bonds	\$ 38,720,000	\$ 40,810,000	(5.1)%
Compensated Absences Payable	3,385,949	3,062,945	10.5
Lease Payable	164,383	168,772	(2.6)
SBITA Payable	60,842	183,196	(66.8)
Loan Payable	84,000	92,000	(8.7)
Finance Purchase	125,819	96,233	30.7
OPEB Liability	2,837,203	2,767,203	2.5
Net Pension Liability	11,608,725	13,195,865	(12.0)
Total	<u>\$ 56,986,921</u>	<u>\$ 60,376,214</u>	(5.6)

FACTORS BEARING ON THE COUNTY'S FUTURE AND 2025 BUDGET

The County is dependent on the State of Minnesota for a significant portion of its revenue. However, historical trends suggest that the legislature may change allocation formulas causing a decrease in revenues in the future.

The County will continue to evaluate its Capital Improvement Plan, focusing on the useful life and maintenance costs of existing assets.

The County has set the 2026 expenditure budget at \$117,543,186, an increase of 2% over the 2025 expenditure budget.

The County is in the twelfth year of the .5% Local Transit Sales and Use Tax. This funding continues to significantly support the infrastructure projects recognized in the Accelerated Road Improvement plan. A new 10-year plan was adopted by the County Board in December 2024.

The County is in the second year of the .625% Local Option Sales and Use Tax to fund the Debt Service for the construction of the Beltrami County Jail.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact JoDee Treat, County Auditor–Treasurer at (218) 333-4175.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 88,100,629
Petty cash and change funds	12,325
Taxes receivable - delinquent	847,890
Special assessments receivable - delinquent	359,161
Accounts receivable	4,389,078
Accrued interest receivable	689,069
Loan receivable	167,115
Due from other governments	7,810,212
Supplies	1,031,682
Prepaid items	101,307
Net pension asset	583,226
Lease receivable - current	230,573
Nondepreciable capital assets	
Land	3,167,120
Right of way	3,192,854
Construction in progress	38,836,600
Depreciable/Amortized capital and right to use assets	
Infrastructure (net)	182,548,495
Buildings (net)	34,848,651
Improvements other than buildings (net)	274,471
Machinery, vehicles, furniture, equipment (net)	9,231,130
Right to use asset (net)	256,082
Lease receivable - noncurrent	253,129
Total assets	376,930,799
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	364,617
Pension related	6,449,116
Total deferred outflows of resources	6,813,733
LIABILITIES	
Special assessment payable	23,526
Equity payable	85,476
Accounts payable	1,907,591
Salaries payable	2,218,266
Contracts payable	11,965,502
Due to other governments	816,914
Accrued interest payable	148,182
Landfill post closure	328,122
Compensated absences payable - Due within one year	338,595
General obligation bonds payable - Due within one year	1,540,000
Finance purchase payable - Due within one year	69,563
Lease payable - Due within one year	64,052
SBITA payable - Due within one year	43,631
Loans payable - Due within one year	8,000
Other postemployment benefits - Due within one year	142,565
Compensated absences payable - Due in more than one year	3,047,354
General obligation bonds payable - Due in more than one year	39,054,677
Finance purchase payable - Due in more than one year	56,256
Lease payable - Due in more than one year	100,331
SBITA payable - Due in more than one year	17,211
Loans payable - Due in more than one year	76,000
Other postemployment benefits - Due in more than one year	2,694,638
Net pension liability - Due in more than one year	11,608,725
Total liabilities	76,415,119
DEFERRED INFLOWS OF RESOURCES	
Other unavailable revenue	483,702
Pension related	11,714,402
OPEB related	425,404
Total deferred inflows	12,623,508
NET POSITION	
Net investment in capital assets	228,752,415
Restricted for	
Recorder equipment	155,305
E911	1,275,888
Missing heirs	53,317
Natural resource development	4,120,794
Debt service	5,233,649
Consolidated conservation	1,028,063
Sanitation	296,114
Economic development	43,297
Law library	74,666
Opioid settlement	1,787,018
Transportation	3,506,107
Public safety	1,030,220
Aquatic invasive species	200,425
Net pension asset	583,226
Other purposes	10,810
Unrestricted	46,554,591
Total net position	\$ 294,705,905

See accompanying notes to the financial statements.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

FUNCTION/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 16,963,257	\$ 4,528,301	\$ 1,809,820	\$ -	\$ (10,625,136)
Public safety	17,344,884	861,874	1,593,995	-	(14,889,015)
Highways and streets	12,427,069	606,641	5,995,041	8,200,947	2,375,560
Sanitation	9,220,230	7,309,342	-	-	(1,910,888)
Human services	28,751,744	2,568,253	15,600,829	-	(10,582,662)
Health	1,928,656	278,644	1,989,709	-	339,697
Culture and recreation	1,084,844	2,805	120,129	-	(961,910)
Conservation of natural resources	1,985,592	2,712,235	477,978	49,582	1,254,203
Economic development	294,211	13,333	-	-	(280,878)
Interest	1,632,434	-	-	-	(1,632,434)
Total governmental activities	<u>\$ 91,632,921</u>	<u>\$ 18,881,428</u>	<u>\$ 27,587,501</u>	<u>\$ 8,250,529</u>	<u>(36,913,463)</u>
General revenues					
Property taxes					33,256,685
Sales and use tax					5,879,236
Transit sales and use tax					4,855,339
Mortgage registry and deed tax					1,539,397
Payments in lieu of tax					3,418,348
Grants and contributions not restricted to specific programs					7,484,622
Unrestricted investment earnings					3,530,577
Miscellaneous					1,254,090
Gain from sale of assets					<u>1,630,700</u>
Total general revenues					<u>62,848,994</u>
Change in net position					25,935,531
Net position - beginning of year					<u>268,770,374</u>
Net position - end of year					<u>\$ 294,705,905</u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	<u>General</u>	<u>Road and Bridge</u>	<u>Health and Human Services</u>
ASSETS			
Cash and pooled investments	\$ 44,605,100	\$ 12,347,118	\$ 45,259
Petty cash and change funds	3,275	-	8,150
Taxes receivable			
Delinquent	486,263	93,105	237,528
Special assessments			
Noncurrent	-	-	-
Accounts receivable	100,926	28,860	381,989
Accrued interest receivable	611,201	-	-
Loans receivable	-	-	-
Due from other funds	55,007	19,634	-
Due from other governments	1,080,601	2,260,026	2,877,810
Lease receivable - current	224,787	-	-
Prepaid items	34,012	43,820	-
Supplies	-	1,031,682	-
Lease receivable - noncurrent	215,419	-	-
Total assets	<u>\$ 47,416,591</u>	<u>\$ 15,824,245</u>	<u>\$ 3,550,736</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Special assessment payable	\$ -	\$ -	\$ -
Equity payable	-	-	-
Accounts payable	503,657	251,800	1,042,857
Salaries payable	1,099,522	182,036	825,102
Contracts Payable	68,016	1,093,027	-
Due to other funds	12,978	18,030	30,216
Due to other governments	508,737	7,370	75,099
Unearned revenue	59,942	-	-
Total liabilities	<u>2,252,852</u>	<u>1,552,263</u>	<u>1,973,274</u>
Deferred inflows of resources			
Unavailable taxes and special assessments	343,829	67,792	167,349
Unavailable grants	83,600	916,503	-
Unavailable timber contracts	-	-	-
Other unavailable revenue	440,206	-	-
Total deferred inflows of resources	<u>867,635</u>	<u>984,295</u>	<u>167,349</u>
Fund balances			
Nonspendable	34,012	1,075,502	-
Restricted	2,986,873	2,645,375	-
Committed	188,370	-	-
Assigned	7,860,555	9,566,810	1,410,113
Unassigned	33,226,294	-	-
Total fund balances	<u>44,296,104</u>	<u>13,287,687</u>	<u>1,410,113</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,416,591</u>	<u>\$ 15,824,245</u>	<u>\$ 3,550,736</u>

See accompanying notes to the financial statements.

<u>Forfeited Tax</u>	<u>Solid Waste</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,290,690 100	\$ 1,143,916 800	\$ 3,857,293 -	\$ 20,257,466 -	\$ 3,202,279 -	\$ 87,749,121 12,325
-	-	28,985	-	2,009	847,890
-	359,161	-	-	-	359,161
1,623,066	1,254,779	-	-	999,458	4,389,078
-	-	-	67,084	10,784	689,069
-	-	-	-	167,115	167,115
-	-	-	-	-	74,641
13,940	63,525	1,495,553	-	18,757	7,810,212
5,786	-	-	-	-	230,573
-	23,475	-	-	-	101,307
-	-	-	-	-	1,031,682
37,710	-	-	-	-	253,129
<u>\$ 3,971,292</u>	<u>\$ 2,845,656</u>	<u>\$ 5,381,831</u>	<u>\$ 20,324,550</u>	<u>\$ 4,400,402</u>	<u>\$ 103,715,303</u>
\$ 23,526 85,476 1,510 37,419 - 2,979 600 -	\$ - - 59,775 74,187 44,184 10,438 218,020 -	\$ - - - - - - - -	\$ - - 11,669 - 10,760,275 - - -	\$ - - 33,641 - - - 7,088 -	\$ 23,526 85,476 1,904,909 2,218,266 11,965,502 74,641 816,914 59,942
151,510	406,604	-	10,771,944	40,729	17,149,176
-	296,114	20,596	-	300	895,980
-	-	-	-	7,000	1,007,103
1,185,394	-	-	-	-	1,185,394
43,496	-	-	-	1,139,458	1,623,160
1,228,890	296,114	20,596	-	1,146,758	4,711,637
-	23,475	-	-	-	1,132,989
2,590,892	-	5,361,235	9,308,235	1,933,586	24,826,196
-	2,119,463	-	-	1,279,329	3,587,162
-	-	-	244,371	-	19,081,849
-	-	-	-	-	33,226,294
2,590,892	2,142,938	5,361,235	9,552,606	3,212,915	81,854,490
<u>\$ 3,971,292</u>	<u>\$ 2,845,656</u>	<u>\$ 5,381,831</u>	<u>\$ 20,324,550</u>	<u>\$ 4,400,402</u>	<u>\$ 103,715,303</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025**

Fund balances - total governmental funds	\$	81,854,490
--	----	------------

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

Capital assets and right-of-use, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		272,355,403
--	--	-------------

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

Net pension liability	\$	(11,608,725)	
Net pension asset		583,226	
Deferred outflows of resources - pension related		6,449,116	
Deferred inflows of resources - pension related		<u>(11,714,402)</u>	(16,290,785)

The County's other postemployment benefit liability and related deferred inflows and outflows of resources are recorded on the statement of net position. Balances at year-end are:

Other postemployment benefit liability		(2,837,203)	
Deferred outflows of resources - OPEB related		364,617	
Deferred inflows of resources - OPEB related		<u>(425,404)</u>	(2,897,990)

Other long-term assets (deferred inflows of resources) are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		4,227,935
---	--	-----------

Internal service funds are used by management to account for the management of short-term disability self-insurance to individual funds. The assets and liabilities that are included in governmental activities in statement of net position are:		348,826
--	--	---------

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 - including issuance premium	(40,594,677)	
Compensated absences	(3,385,949)	
Loans payable	(84,000)	
Finance purchase payable	(125,819)	
Post closure liability	(328,122)	
Lease payable	(164,383)	
SBITA payable	(60,842)	
Accrued interest payable	<u>(148,182)</u>	(44,891,974)

Net position of governmental activities	\$	<u>294,705,905</u>
--	-----------	---------------------------

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	General	Road and Bridge	Health and Human Services
REVENUES			
Taxes	\$ 21,139,704	\$ 7,838,855	\$ 9,425,246
Special assessments	-	168,603	-
Licenses and permits	305,561	20,350	-
Intergovernmental	10,328,271	14,969,234	19,632,921
Charges for services	3,899,083	531,846	2,175,404
Fines and forfeits	77,740	-	-
Gifts and contributions	125,702	-	-
Interest on investments	842,934	-	-
Miscellaneous	2,000,206	54,445	743,576
Total revenues	38,719,201	23,583,333	31,977,147
EXPENDITURES			
Current			
General government	17,150,079	-	-
Public safety	18,043,480	166,514	-
Highways and streets	-	23,430,613	-
Sanitation	-	-	-
Human services	-	-	29,609,960
Health	-	-	1,978,314
Culture and recreation	902,857	-	-
Conservation	-	-	-
Economic development	-	-	-
Capital outlay			
General government	33,000	-	-
Public safety	-	-	-
Sanitation	-	-	-
Debt service			
Principal	121,647	31,696	46,865
Interest	4,534	3,419	3,824
Administrative (fiscal) charges	-	-	-
Total expenditures	36,255,597	23,632,242	31,638,963
Excess of revenues over (under) expenditures	2,463,604	(48,909)	338,184
Other financing sources (uses)			
Transfers in	251,712	408,402	735,721
Transfers out	(1,318,710)	(18,070)	(37,701)
Lease issued	31,065	-	28,905
Finance purchase agreement issued	-	-	-
Proceeds from sale of assets	67,979	22,255	-
Compensation for loss of general capital assets	192,295	121,427	-
Total other financing sources (uses)	(775,659)	534,014	726,925
Net change in fund balances	1,687,945	485,105	1,065,109
Fund balance - beginning of year, as previously reported	42,608,159	12,802,582	1,116,164
Adjustment (see note 10)	-	-	(771,160)
Fund balance - beginning of year, as adjusted	42,608,159	12,802,582	345,004
Fund balance - end of year	<u>\$ 44,296,104</u>	<u>\$ 13,287,687</u>	<u>\$ 1,410,113</u>

See accompanying notes to the financial statements.

Forfeited Tax	Solid Waste	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
\$ 46,234	\$ -	\$ 6,935,415	\$ -	\$ 155,790	\$ 45,541,244
-	3,533,321	-	-	49,582	3,751,506
-	3,630	-	-	38	329,579
151,405	315,178	9,885	280,000	547,621	46,234,515
2,437,445	3,062,371	-	-	18,581	12,124,730
-	-	-	-	40,144	117,884
1,339	-	-	-	-	127,041
-	-	-	2,676,859	10,784	3,530,577
417	798,440	-	-	44,427	3,641,511
2,636,840	7,712,940	6,945,300	2,956,859	866,967	115,398,587
-	-	-	-	98,539	17,248,618
-	-	-	-	17,357	18,227,351
-	-	-	-	66,406	23,497,019
-	6,779,861	-	-	-	6,779,861
-	-	-	-	-	29,609,960
-	-	-	-	21,301	1,999,615
175,738	-	-	-	-	1,078,595
1,965,694	-	-	-	82,127	2,047,821
-	-	-	-	294,211	294,211
-	-	-	97,736	-	130,736
-	-	-	30,482,021	-	30,482,021
-	3,071,172	-	-	-	3,071,172
-	17,810	2,090,000	-	25,503	2,333,521
-	2,318	1,743,465	-	1,650	1,759,210
-	-	11,375	-	-	11,375
2,141,432	9,871,161	3,844,840	30,579,757	607,094	138,571,086
495,408	(2,158,221)	3,100,460	(27,622,898)	259,873	(23,172,499)
64,505	110,082	270,978	-	37,701	1,879,101
(18,717)	(270,978)	-	-	(214,925)	(1,879,101)
-	-	-	-	-	59,970
-	78,394	-	-	-	78,394
-	13,746	-	-	-	103,980
54,161	1,277,886	-	-	-	1,645,769
99,949	1,209,130	270,978	-	(177,224)	1,888,113
595,357	(949,091)	3,371,438	(27,622,898)	82,649	(21,284,386)
1,995,535	3,092,029	1,989,797	37,175,504	2,359,106	103,138,876
-	-	-	-	771,160	-
1,995,535	3,092,029	1,989,797	37,175,504	3,130,266	103,138,876
\$ 2,590,892	\$ 2,142,938	\$ 5,361,235	\$ 9,552,606	\$ 3,212,915	\$ 81,854,490

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net change in fund balances - total governmental funds \$ (21,284,386)

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

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/amortization expense.

Expenditures for general capital assets, infrastructure, and other related capital asset adjustments	\$ 50,252,885	
Net book value of capital assets disposed	(105,399)	
Current year depreciation/amortization	<u>(8,664,953)</u>	41,482,533

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	443,274
--	---------

Pension expenditures on the governmental funds are measured by current-year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension asset, net pension liability, deferred inflows and deferred outflows of resources.	3,419,487
--	-----------

Other postemployment (OPEB) expenditures on the governmental funds are measured by current-year employer contributions. OPEB expenses on the statement of activities are measured by the change in OPEB liability and the related deferred inflows and outflows of resources.	(116,529)
---	-----------

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issued debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability.

Lease issued	(59,970)	
Finance purchase agreement issued	<u>(78,394)</u>	(138,364)

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

Principal repayments		
General obligation bonds	2,090,000	
Leases	64,359	
SBITAs	122,354	
Loans	8,000	
Finance purchase	<u>48,808</u>	2,333,521

Some expenses reported in this 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	8,812	
Amortization of discounts, premiums, and loss on refunding	129,339	
Change in post closure liability	(73,480)	
Change in compensated absences	<u>(323,004)</u>	(258,333)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.	<u>54,328</u>
--	---------------

Change in net position of governmental activities	<u>\$ 25,935,531</u>
--	-----------------------------

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
DECEMBER 31, 2025**

	<u>Short-Term Disability</u>
ASSETS	
Cash and pooled investments	<u>\$ 351,508</u>
LIABILITIES	
Accounts payable	<u>2,682</u>
NET POSITION	
Unrestricted	<u>\$ 348,826</u>

See accompanying notes to the financial statements.

BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2025

	Short-Term Disability
Operating revenues	
Premiums	\$ 115,202
Operating expenses	
Claims paid	41,228
Administrative and fiscal services	21,587
Total operating expenses	62,815
Operating income (loss)	52,387
Nonoperating revenues (expenses)	
Interest income	1,941
Change in net position	54,328
Total net position - beginning of year	294,498
Total net position - end of year	\$ 348,826

See accompanying notes to the financial statements.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED DECEMBER 31, 2025**

	<u>Short-Term Disability</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from internal services provided	\$ 115,202
Payments to suppliers	(21,587)
Payments for claims	<u>(40,807)</u>
Net cash provided by (used) operating activities	52,808
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings received	<u>1,941</u>
Net increase (decrease) in cash and cash equivalents	54,749
Cash and cash equivalents - beginning of year	<u>296,759</u>
Cash and cash equivalents - end of year	<u><u>\$ 351,508</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 52,387
 ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase (decrease) in accounts payable	<u>421</u>
Net cash provided by (used) operating activities	<u><u>\$ 52,808</u></u>

See accompanying notes to the financial statements.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025**

	Private Purpose Trust	Custodial
ASSETS		
Cash and cash equivalents	\$ 156,551	\$ 4,481,638
Taxes receivable	-	856,119
Accounts receivable	-	1,351
Due from other governments	-	904,897
Interest receivable	-	10,799
Depreciable capital assets (net)	-	116,506
Total assets	<u>\$ 156,551</u>	<u>\$ 6,371,310</u>
LIABILITIES		
Accounts payable	\$ -	\$ 146,008
Due to other governments	-	1,163,889
Total liabilities	<u>\$ -</u>	<u>\$ 1,309,897</u>
NET POSITION		
Restricted For:		
Individuals, organizations, and other governments	<u>\$ 156,551</u>	<u>\$ 5,061,413</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Private Purpose Trust	Custodial
ADDITIONS		
Property tax collection	\$ -	\$ 34,177,328
Intergovernmental	-	2,892,243
Charges for services	-	8,219,436
Interest	-	34,426
Miscellaneous	616,663	689,656
Total additions	616,663	46,013,089
DEDUCTIONS		
Property tax allocation	-	34,122,313
Miscellaneous allocations	593,735	1,912,277
Operating expenses	-	10,307,081
Total deductions	\$ 593,735	\$ 46,341,671
Change in net position	22,928	(328,582)
Total net position - beginning of year	133,623	5,389,995
Total net position - end of year	\$ 156,551	\$ 5,061,413

See accompanying notes to the financial statements.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Beltrami County's (the County) financial statements are prepared in accordance with generally accepted accounting principles (GAAP) for the year ended December 31, 2025. 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

The County was established February 28, 1866 and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes Chapter 373. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (Primary Government) and its component units for which the County is financially accountable. There is financial accountability if the Primary Government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the Primary Government. Based on the criteria for determining component units, the County is not required to include any component units. The County is governed by a five-member board of commissioners elected from districts within the County. The board is organized with a chair and vice-chair elected at the annual meeting in January of each year. A County Administrator appointed by the County Board serves as the clerk of the board but has no vote.

Joint Ventures

The County participates in several joint ventures which are described in Note 8.C. The County also participates in jointly governed organizations which are described in Note 8.D.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., 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.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

In the government-wide statement of net position, the governmental activities column: (a) is presented on a consolidated basis by column; and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and deferred outflows of resources 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. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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 internal service funds, with each displayed as separate columns in the fund financial statements. All remaining governmental 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 fiduciary fund types:

A Private Purpose Trust Fund is used to account for specific fiduciary activities held in a trust by the County for social welfare accounts.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

Custodial Funds are custodial in nature and are used for a variety of purposes to account for the collection and disbursement of taxes on behalf of other governments within the County and as an agent for other organization, including the State of Minnesota. These funds account for assets that the County holds for others in a fiduciary capacity.

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 required to be accounted for in another fund.

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

The Health and Human Services Special Revenue Fund is used to account for economic assistance and community social services programs. These programs are funded primarily by property taxes, committed through the board approved levy, and intergovernmental revenues.

The Forfeited Tax Special Revenue Fund is used to account for the proceeds from the sale or rental of land forfeited to the state of Minnesota. Title to the tax-forfeited land remains with the state until the land is sold by the County. Also accounted for in this fund is: timber development, county parks, payments in lieu of taxes, Boundary Waters Canoe Area, protected waters and wetlands, all of which are restricted through state statutes.

The Solid Waste Special Revenue Fund is used to account for the operation of the solid waste transfer station and the administration of the solid waste program. Financing is provided by special assessments and tipping fees (charges for services) charged to haulers, which are committed by board action.

The Debt Service Fund is used to account for the payment of principal and interest payments on long-term debt, which are financed by property tax revenue restricted through bond documents.

The Capital Projects Fund is used to account for various capital projects within the County. Financing is provided by bonds issued by the County.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The County reports the following internal service fund:

The Short-Term Disability Insurance Internal Service Fund is used to account for the County's self-insured disability insurance program. Financing is provided by charges to other County funds and individuals' payments for additional coverage, if elected.

C. Measurement Focus and Basis of Accounting

The government-wide, internal service and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. 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. Beltrami County considers all revenues to be available if they are collected within 90 days after the end of the current period, with the exception of property taxes and special assessments which are considered to be available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

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.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

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 based on market prices at December 31, 2025, with the exception of the investments in the external investment pool which are valued at amortized cost. Pursuant to Minnesota Statutes §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.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

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

Significant portions of loans receivable are not expected to be collected within one year due to the nature of the receivable. All other accounts receivables are considered to be fully collectible.

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 on May 15 and the second half payment due October 15.

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

4. Supplies and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as supplies and prepaid items in both government-wide and fund financial statements. The cost of supplies and prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. In the case of the initial capitalization of infrastructure, the County retroactively implemented the reporting of this item when GASB Statement 34 was implemented. 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 at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's 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:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-25
Public Domain Infrastructure	50
Furniture, Equipment, and Vehicles	3-15

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period. The County will not recognize the related outflow until a future event occurs. The County has three items that qualify for reporting in this category which are all reported in the government-wide statement of net position. A refunding loss on bonds results from the difference in the carrying value of refunded debt and its re-acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. More detailed information about pension related deferred outflows of resources can be found in Note 4 to the financial statements. More detailed information about OPEB related deferred outflows can be found in Note 6 to the financial statements.

7. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid accumulated annual vacation and sick leave balances. The liability has been calculated based on whether it is more-likely-than-not that leave balances will be taken or paid out. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

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

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.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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. Investments are reported at fair value.

10. Other Postemployment Benefits Liability (OPEB Liability)

For the purposes of measuring the OPEB liability, deferred outflows of resources related to OPEB, deferred inflows related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan (the Plan) and addition to/deduction from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term.

11. Deferred Inflows of Resources

The County's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. Overall, the County has four types of deferred inflows. The first type relates to revenue recognition and is reported on the fund level financial statements. These occur because governmental fund revenues are not recognized until available (collected not later than 90 days after the end of the County's year end, 60 days for taxes) under the modified accrual basis of accounting. The second type relates to pension liabilities as described in Note 4 to the financial statements. The third type relates to OPEB liabilities as described in Note 6 to the financial statements. The fourth type relates to lease receivables and is reported on both the fund level financial statements and the government-wide financial statements and is described in Note 3.

12. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaids, inventories, and long-term receivables, as applicable. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). The County reports \$5,759,860 of restricted fund balance on governmental funds balance sheet due to enabling legislation.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

12. Fund Balance (Continued)

Committed fund balances are established and modified by a resolution approved by the board of commissioners.

The County Auditor-Treasurer is delegated to assign fund balances and their intended uses per the policy established by the board of commissioners pursuant to which the authorization to assign amounts to a specific purpose is given. Unassigned fund balance is the residual classification for the County's general fund and includes all spendable amounts not contained in other classifications.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the County's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the County's policy to use committed first, then assigned, and finally unassigned amounts. The County's fund balance policy allows for a minimum of six months of budgeted expenditures to be set aside for future unexpected expenditures.

13. Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position - Is reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws or regulations of other governments.

Unrestricted Net Position - Is the amount of net position that does not meet the definition of the two preceding categories.

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance (Continued)

14. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/ expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 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, 2025:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Final Excess</u>
Forfeited Tax	\$ 2,141,432	\$ 1,861,320	\$ 280,112
Solid Waste	9,871,161	8,338,045	1,533,116

The excess of expenditures over budgets were primarily funded by greater than anticipated revenues.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

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.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. The fair value of the participant's position in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. Should the County need to redeem shares in a MAGIC Term Series prematurely they must provide notice at least seven days prior to the premature redemption date. The value of premature redemption is equal to the original price for such share, plus dividends thereon at the projected yield less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

Custodial Credit Risk – Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County investment policy requires that collateral or bond be obtained for all uninsured amounts and that necessary documentation be obtained to show compliance with Minnesota State Statutes for deposits.

The County deposits were fully insured and collateralized at year-end.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

Minnesota Statutes §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (a) 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 Minnesota Statutes §118A.04, subd. 6;
- (b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (c) 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;
- (d) bankers’ acceptances of United States banks;
- (e) 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
- (f) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

As of December 31, 2025, the County had the following investments:

Investment Type	Fair Value	Maturity		
		< 1 Year	1-5 Years	6-10 Years
Federal Home Loan Bank	\$ 7,986,492	\$ 7,986,492	\$ -	\$ -
Federal Home Loan Mortgage	1,852,631	860,441	992,190	-
Federal Farm Credit Bank	99,848	99,848	-	-
US Treasury	11,837,722	11,837,722	-	-
Municipal Bonds	13,144,297	592,083	12,072,694	479,520
Negotiable Certificates of Deposit	3,899,399	2,924,118	975,281	-
Magic Fund - Portfolio	2,144,994	2,144,994	-	-
Magic Fund - Term	9,000,000	9,000,000	-	-
Money Market	11,536,287	11,536,287	-	-
Total	<u>\$ 61,501,670</u>	<u>\$ 46,981,985</u>	<u>\$ 14,040,165</u>	<u>\$ 479,520</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Following is a summary of the County's deposits and investments at December 31, 2025:

Statement of Net Position	
Cash and Pooled Investments	\$ 88,100,629
Petty Cash	12,325
Statement of Fiduciary Net Position	
Custodial Funds Cash and Pooled Investments	4,481,638
Social Welfare Private Purpose Trust	156,551
Total Cash and Investments	<u>\$ 92,751,143</u>
Deposits	\$ 31,249,473
Investments	61,501,670
Total	<u>\$ 92,751,143</u>

Interest Rate Risk

Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The County has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County investment policy limits investments in certificates of deposits to those with maturities up to 10 years.

Credit Risk

Minnesota Statutes restrict the types of investments in which the County may invest. The County investment policy further limits its investment choices to exclude repurchase agreements, securities lending agreements, and guaranteed investment contracts. As of December 31, 2025, the County's investments in Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal Farm Credit Bank bonds were rated AAA by Moody's; investments in negotiable certificates of deposit and the MAGIC fund were not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County limits the amount the County may invest in any one issuer. The County may not invest more than 50% of the County's total cash and investments of any securities in any one type, with the exception of certificates of deposit. Investment concentrations in excess of 5% of the County's investments are held with the following issuer:

Federal Home Loan Bank	13.00 %
------------------------	---------

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of failure by the counter-party, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County policy allows investments only to the extent there is SIPC and excess SIPC coverage available.

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

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

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

- Level 1 – Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- Level 2 – Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level 3 – Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Investments (Continued)

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
Government Bonds	\$ -	\$ 34,920,990	\$ -	\$ 34,920,990
Negotiable Certificates of Deposit	-	3,899,399	-	3,899,399
Investments measured at amortized cost				
MAGIC Portfolio				13,681,281
Investments measured at Net Asset Value				
MAGIC Term				9,000,000
Total Investments				61,501,670
Deposits and Cash on Hand				31,249,473
Total Cash and Investments				<u>\$ 92,751,143</u>

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.

MAGIC Term 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.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Receivables

Receivables as of December 31, 2025, for the County are as follows:

	County Receivable
Delinquent Taxes	\$ 847,890
Special Assessments	359,161
Accounts	4,389,078
Interest	689,069
Due from other Governments	7,810,212
Lease	483,702
Loans	167,115
Total	<u>\$ 14,746,227</u>

All amounts listed except the loans balance and lease receivables are scheduled to be collected during the subsequent year. As of December 31, 2025, \$18,013 of the loans balance is scheduled to be collected in 2026, the remaining \$149,102 is scheduled to be collected through 2036.

Beltrami County, acting as lessor, leases land and office space under long-term lease agreements. The leases expire at various dates through 2032. During the year ended December 31, 2025, the County recognized \$285,372 and \$22,715 in lease revenue and interest revenue respectively, pursuant to these contracts.

Total future minimum lease payments to be received under the lease agreement are as follows:

Year Ending December 31,	Lease Receivable		Total
	Principal	Interest	
2026	\$ 230,573	\$ 12,832	\$ 243,405
2027	135,995	6,298	142,293
2028	77,894	2,789	80,683
2029	22,254	861	23,115
2030	8,150	431	8,581
2031-2032	8,836	89	8,925
Total	<u>\$ 483,702</u>	<u>\$ 23,300</u>	<u>\$ 507,002</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 3,180,770	\$ -	\$ 13,650	\$ 3,167,120
Right of Way	3,106,304	86,550	-	3,192,854
Construction-in-Progress	7,589,433	47,658,255	16,411,088	38,836,600
Total Capital Assets, not being Depreciated	13,876,507	47,744,805	16,424,738	45,196,574
Capital Assets being Depreciated				
Land Improvements	582,689	-	-	582,689
Buildings	58,624,441	1,074,767	165,545	59,533,663
Machinery, Vehicles, Furniture, and Equipment	27,323,730	2,886,554	1,064,658	29,145,626
Infrastructure	236,535,477	14,878,527	-	251,414,004
Total Capital Assets being Depreciated	323,066,337	18,839,848	1,230,203	340,675,982
Less: Accumulated Depreciation for				
Land Improvements	287,609	20,609	-	308,218
Buildings	23,565,589	1,221,928	102,505	24,685,012
Machinery, Vehicles, Furniture, and Equipment	18,747,435	2,189,360	1,022,299	19,914,496
Infrastructure	63,839,622	5,025,887	-	68,865,509
Total Accumulated Depreciation	106,440,255	8,457,784	1,124,804	113,773,235
Total Capital Assets, Depreciated, Net	216,626,082	10,382,064	105,399	226,902,747
Right-to-use Assets				
Leased Equipment	298,437	59,970	23,770	334,637
SBITA Assets	399,057	33,000	232,606	199,451
Less Accumulated Amortization	(327,213)	(207,169)	(256,376)	(278,006)
Net Right-to-Use Assets	370,281	(114,199)	-	256,082
Governmental Activities Capital Assets, Net	\$ 230,872,870	\$ 58,012,670	\$ 16,530,137	\$ 272,355,403

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

Depreciation/Amortization expense was charged to functions/programs of the Primary Government as follows:

Governmental Activities

General Government	\$ 925,300
Public Safety	922,941
Highways and Streets, Including Depreciation of Infrastructure Assets	6,080,831
Sanitation	643,056
Human Services	56,407
Conservation of Natural Resources	36,418
Depreciation/Amortization Expense - Governmental Activities	<u>\$ 8,664,953</u>

B. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2025, is as follows:

1. Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	Description
General	Health and Human Services	\$ 30,216	Audit and 4th Quarter Services
	Road and Bridge	18,030	Audit Services
	Solid Waste	5,138	Audit Services
	Forfeited Tax	1,623	Audit Services
	Total Due to General	55,007	
Road and Bridge	General	12,978	Fuel
	Forfeited Tax	1,356	Fuel and Road Maintenance
	Solid Waste	5,300	Fuel
	Total Due to Road and Bridge	19,634	
Total Due To/From Other Funds		<u>\$ 74,641</u>	

The outstanding balances between funds result mainly from the time lag between the dates for: (1) interfund goods and services provided or reimbursable expenditures; (2) covering the cost of operations; and (3) payments between funds. All amounts are expected to be repaid within one year.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables Payable, and Transfers (Continued)

2. Interfund Transfer

Interfund transfers for the year ended December 31, 2025, consisted of the following:

Transfers To:	Transfers From:	Amount	Description
General Fund	Road and Bridge Fund	\$ 18,070	E911 Signage
	Forfeited Tax Fund	18,717	Forfeited Tax Transfer
	Nonmajor Governmental Funds	214,925	Fund Northern Deputy
Total Transfers to General Fund		251,712	
Road and Bridge Fund	General Fund	408,402	Use of Unallocated Funds and Reserves
Debt Service Fund	Solid Waste Fund	270,978	Fund Solid Waste Debt Service
Health and Human Services Fund	General Fund	735,721	Jail Discharge Planner, Use of Unallocated Funds, and Use of Reserves
Forfeited Tax Fund	General Fund	64,505	Use of Unallocated Funds and Reserves
Solid Waste Fund	General Fund	110,082	Use of Unallocated Funds and Reserves
Nonmajor Governmental Funds	Health and Human Services	37,701	Opioid Settlement Funds
Total Interfund Transfers		<u>\$ 1,879,101</u>	

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

Governmental Activities

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2025
General Obligation Bonds					
2015 G.O. Jail Bonds	2027	\$200,000 - \$425,000	0.60 - 2.40%	3,700,000	850,000
2017 G.O Solid Waste Bonds	2027	\$250,000	1.40 - 3.00%	2,500,000	500,000
2024A G.O. Jail Bonds	2049	\$825,000 - \$2,420,000	4.00 - 5.00%	38,195,000	37,370,000
Plus: Unamortized Premium					1,874,677
Total General Obligation Bonds, Net				\$ 44,395,000	\$ 40,594,677
2022 Financed Purchase Snowblower	2027	\$28,968 - \$34,311	3.39%	\$ 189,479	\$ 65,235
2025 Financed Purchase Excavator	2027	\$20,128 - \$40,255	6.85%	\$ 78,394	\$ 60,584
Leases Payable	2030	\$59 - \$19,502	2.00 - 3.72%	\$ 216,903	\$ 164,383
SBITAs Payable	2027	\$11,923 - \$49,500	3.72 - 4.30%	\$ 248,578	\$ 60,842
2021 Loans Payable	2036	\$8,000	0.00%	\$ 120,000	\$ 84,000

2. Debt Service Requirements

Debt service requirements at December 31, 2025, were as follows:

Governmental Activities

Year Ending December 31,	General Obligation Bonds		Finance Purchase		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,540,000	\$ 1,673,981	\$ 69,563	\$ 5,003	\$ 8,000	\$ -
2027	1,585,000	1,613,850	56,256	1,538	8,000	-
2028	955,000	1,559,500	-	-	8,000	-
2029	1,005,000	1,511,750	-	-	8,000	-
2030	1,055,000	1,461,500	-	-	8,000	-
2031-2035	6,110,000	6,462,750	-	-	40,000	-
2036-2040	7,780,000	4,791,350	-	-	4,000	-
2041-2045	9,560,000	3,003,200	-	-	-	-
2046-2050	9,130,000	931,000	-	-	-	-
Total	\$ 38,720,000	\$ 23,008,881	\$ 125,819	\$ 6,541	\$ 84,000	\$ -

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation	\$ 40,810,000	\$ -	\$ 2,090,000	\$ 38,720,000	\$ 1,540,000
Unamortized Premiums	2,019,419	-	144,742	1,874,677	-
Total Bonds Payable	42,829,419	-	2,234,742	40,594,677	1,540,000
Lease Payable	168,772	59,970	64,359	164,383	64,052
SBITA Payable	183,196	-	122,354	60,842	43,631
Loans Payable	92,000	-	8,000	84,000	8,000
Finance Purchase	96,233	78,394	48,808	125,819	69,563
Compensated Absences*	3,062,945	323,004	-	3,385,949	338,595
Governmental Activity Long-Term Liabilities	<u>\$ 46,432,565</u>	<u>\$ 461,368</u>	<u>\$ 2,478,263</u>	<u>\$ 44,415,670</u>	<u>\$ 2,063,841</u>

* This row is presented net of additions and retirements, as allowed under GASB 101

4. Leases Payable

The County holds various lease agreements for equipment under long-term, noncancelable lease agreements. The leases expire at various dates through 2030.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending December 31,	Lease Liability	
	Principal	Interest
2026	\$ 64,052	\$ 4,271
2027	58,380	2,434
2028	25,322	1,113
2029	13,471	350
2030	3,158	19
Total	<u>\$ 164,383</u>	<u>\$ 8,187</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

5. SBITAs Payable

The entity has entered into subscription-based information technology arrangements (SBITAs) for various software programs. The SBITAs expire at various dates through 2027 and provide for renewal options, which the County is not anticipating to exercise.

The future subscription payments under SBITAs are as follows:

Year Ending December 31,	SBITA Liability	
	Principal	Interest
2026	\$ 43,631	\$ 1,080
2027	17,211	241
Total	<u>\$ 60,842</u>	<u>\$ 1,321</u>

6. Loans Payable

During 2021, the County entered into a revolving loan with AirCorp LLC. The Agreement requires repayment of \$120,000 of the \$200,000 beginning loan, to be paid back to the State of Minnesota interest free in monthly payments of \$667 through 2036.

D. Nonspendable, Restricted, Committed, Assigned, and Unassigned Fund Balance

At December 31, 2025, portions of the County's fund balance are not available for appropriation due to legal restrictions (Restricted), County Board action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

**D. Nonspendable, Restricted, Committed, Assigned, and Unassigned Fund Balance
(Continued)**

	General Fund	Road and Bridge Fund	Health and Human Services Fund	Forfeited Tax Fund	Solid Waste Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds
Nonspendable:								
Prepays	\$ 34,012	\$ 1,075,502	\$ -	\$ -	\$ 23,475	\$ -	\$ -	\$ -
Restricted:								
Missing Heirs	53,317	-	-	-	-	-	-	-
Sheriff Seizures	5,810	-	-	-	-	-	-	-
Recorder Equipment	155,305	-	-	-	-	-	-	-
Aquatic Invasive Species	200,425	-	-	-	-	-	-	-
E911	1,275,888	-	-	-	-	-	-	-
Sheriff Contingency	5,000	-	-	-	-	-	-	-
Public Safety Aid	946,620	-	-	-	-	-	-	-
Riparian Protection	239,515	-	-	-	-	-	-	-
Natural Resource Development	104,993	-	-	2,590,892	-	-	-	-
Debt Service	-	-	-	-	-	5,361,235	-	-
Consolidated Conservation	-	-	-	-	-	-	-	1,028,063
Economic Development	-	-	-	-	-	-	-	43,297
Sales and Use Tax	-	2,645,375	-	-	-	-	-	-
Opioid Settlement	-	-	-	-	-	-	-	787,560
Jail Construction	-	-	-	-	-	-	9,308,235	-
Law Library	-	-	-	-	-	-	-	74,666
Total Restricted	2,986,873	2,645,375	-	2,590,892	-	5,361,235	9,308,235	1,933,586
Committed For:								
Demolition	188,370	-	-	-	-	-	-	-
Solid Waste Operations	-	-	-	-	2,119,463	-	-	-
Ditch Repairs	-	-	-	-	-	-	-	654,177
Technology Updates	-	-	-	-	-	-	-	336,082
Unorganized Townships	-	-	-	-	-	-	-	289,070
Total Committed	188,370	-	-	-	2,119,463	-	-	1,279,329
Assigned:								
Worker's Compensation	32,739	-	-	-	-	-	-	-
E911 Signage	438,229	-	-	-	-	-	-	-
K-9	23,479	-	-	-	-	-	-	-
Probation	208,550	-	-	-	-	-	-	-
Elections	109,540	-	-	-	-	-	-	-
Jail Canteen	331,356	-	-	-	-	-	-	-
Employee Wellness and Recognition	39,155	-	-	-	-	-	-	-
Equipment Purchases	516,383	-	-	-	-	-	-	-
Strategic Aligned Mgmt (SAM)	866,909	-	-	-	-	-	-	-
Aerial Photography	40,000	-	-	-	-	-	-	-
Gun Permits	198,593	-	-	-	-	-	-	-
Public Safety Upgrades	130,770	-	-	-	-	-	-	-
General Tech Upgrades	300,000	-	-	-	-	-	-	-
County-Wide Wellness Program	77,159	-	-	-	-	-	-	-
Officer Wellness Program	34,926	-	-	-	-	-	-	-
SSTS Program	76,609	-	-	-	-	-	-	-
Human Resource Contingency	3,858,665	-	-	-	-	-	-	-
Attorney Forfeitures	6,822	-	-	-	-	-	-	-
Project LifeSaver	5,671	-	-	-	-	-	-	-
Health & Human Services Operations	-	-	1,410,113	-	-	-	-	-
Road & Bridge Operations	-	9,566,810	-	-	-	-	-	-
27th Payroll	565,000	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	244,371	-
Total Assigned	7,860,555	9,566,810	1,410,113	-	-	-	244,371	-
Unassigned	33,226,294	-	-	-	-	-	-	-
Total Fund Balances	\$ 44,296,104	\$ 13,287,687	\$ 1,410,113	\$ 2,590,892	\$ 2,142,938	\$ 5,361,235	\$ 9,552,606	\$ 3,212,915

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

The County participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets the exclusion criteria.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

3. Public Employees Local Government Correctional Service Retirement Plan (Correctional Plan)

Membership in the Correctional Plan includes correctional officers serving in county and regional adult and juvenile corrections facilities. Participants must be responsible for the security, custody, and control of the facilities and their inmates.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. 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 prorated increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

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

3. Correctional Plan Benefits

Benefits for Correctional Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Correctional Plan members receive 1.9% of highest average salary for years of service earned before July 1, 2025 and 2.2% of their highest average salary for years of service earned on or after July 1, 2025. Correctional Plan members receive a full retirement benefit when they are age 55 and vested or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement begins at age 50 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of 1% and a maximum of 2.5%. The 2025 annual increase was 2.5%. If the plan's funding status is less than or equal to 85% for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the County was required to contribute 7.50% for General Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2025, were \$1,868,249. The County's contributions were equal to the required contributions as set by state statute.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$734,868. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2025 and the County was required to contribute 8.75% for Correctional Plan members. As of July 1, 2025, the required contribution increased to 6.83% for plan members and 10.25% for the County. The County's contributions to the Correctional Fund for the year ended December 31, 2025, were \$257,740. The County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2025, the County reported a liability of \$8,600,786 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$207,478.

County's proportionate share of net pension liability	\$ 8,600,786
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>207,478</u>
Total	<u><u>\$ 8,808,264</u></u>

The net pension liability was measured as of June 30, 2025, 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.2595% at the end of the measurement period and 0.2599% for the beginning of the period.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2025, the County recognized pension expense of \$(312,740) for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$(31,824) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 819,467	\$ -
Changes in Actuarial Assumptions	207,228	1,979,011
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	3,422,335
Changes in Proportion and Differences Between		
County Contributions and Proportionate Share of		
Contributions	-	90,619
County Contributions Subsequent to the		
Measurement Date	952,216	-
Total	<u>\$ 1,978,911</u>	<u>\$ 5,491,965</u>

The \$952,216 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2026	\$ (1,028,769)
2027	(1,641,672)
2028	(1,183,473)
2029	(611,356)

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2025, the County reported a liability of \$3,007,939 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.2567% at the end of the measurement period and 0.2512% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. 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. The \$9 million direct state aid was paid on October 1, 2025. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$104,270.

County's proportionate share of net pension liability	\$ 3,007,939
State of Minnesota's proportionate share of the net pension liability associated with the County	104,270
Total	<u><u>\$ 3,112,209</u></u>

For the year ended December 31, 2025, the County recognized pension expense of \$753,217 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$50,451 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Pension Costs (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$68,545 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 1,389,764	\$ -
Changes in Actuarial Assumptions	2,280,985	3,768,820
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	1,342,480
Changes in Proportion and Differences Between		
County Contributions and Proportionate Share of		
Contributions	178,683	188,746
County Contributions Subsequent to the		
Measurement Date	372,653	-
Total	<u>\$ 4,222,085</u>	<u>\$ 5,300,046</u>

The \$372,653 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. 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
2026	\$ 701,401
2027	(687,314)
2028	(1,506,107)
2029	(53,125)
2030	94,531

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs

At December 31, 2025, the County reported a liability (asset) of \$(583,226) for its proportionate share of the Correctional Plan's net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2025, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability (asset) was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.882% at the end of the measurement period and 0.932% for the beginning of the period.

For the year ended December 31, 2025 the County recognized pension expense of \$(978,546) for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 100,897	\$ -
Changes in Actuarial Assumptions	-	382,446
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	488,035
Changes in Proportion and Differences Between		
County Contributions and Proportionate Share of		
Contributions	482	51,910
County Contributions Subsequent to the		
Measurement Date	146,741	-
Total	<u>\$ 248,120</u>	<u>\$ 922,391</u>

The \$146,741 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

Year Ended December 31:	Pension Expense Amount
2026	\$ (129,381)
2027	(422,171)
2028	(184,949)
2029	(84,511)

E. Summary

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

	General Employees Plan	Police and Fire Plan	Correctional Plan	Total
Net Pension Liability	\$ 8,600,786	\$ 3,007,939	\$ -	\$ 11,608,725
Net Pension Asset	-	-	583,226	583,226
Deferred Outflows of Resources				
Related to Pension	1,978,911	4,222,085	248,120	6,449,116
Deferred Inflows of Resources				
Related to Pensions	5,491,965	5,300,046	922,391	11,714,402
Pension Expense (Revenue)	(344,565)	803,668	(978,546)	(519,443)

F. Long-Term Expected Return on Investments

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

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

- Inflation is assumed to be 2.25% for the General Employees Plan, Police and Fire Plan, and the Correctional Plan.
- Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan, 1% for the Police and Fire Plan, and 2% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3% after 23 years of service. In the Correctional Plan, salary growth assumptions range in annual increment from 8% after one year of service to 3% after 19 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan and Correctional Plan were reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

1. General Employees Fund

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

1. General Employees Fund (Continued)

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2. Police and Fire Fund

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

2. Police and Fire Fund (Continued)

Changes in Plan Provisions (Continued)

- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

3. Correctional Fund

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly and changed to service-based (vs. age based).
- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced (full) retirements and reduced (early) retirements.
- Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.
- Minor changes were made to assumed rates of disability retirements.
- Continued use of the Pub-2010 Public Safety Mortality Table, with no adjustments.
- Minor changes were made to the assumed percent married, beneficiary age difference and form of payment assumptions for future retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 35% to 9% for vested, terminated members, and from 1% to 119% for non-vested, terminated members.

Changes in Plan Provisions

- The benefit payable to a member who qualifies for a duty disability benefit was changed to 47.5% of average salary plus, for each year of service in excess of 25 years, 1.9% for each year of allowable service before July 1, 2025, and 2.2% for each year of allowable service beginning after June 30, 2025.
- Actuarial equivalent factors were updated to reflect changes in assumptions.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. 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.

H. Pension Liability Sensitivity

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

	General Employees Fund		Proportionate Share of the Police and Fire Fund		Correctional Fund	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00 %	\$ 20,889,959	6.00 %	\$ 7,881,437	6.00 %	\$ 1,380,960
Current	7.00	8,600,786	7.00	3,007,939	7.00	(583,226)
1% Increase	8.00	(1,368,499)	8.00	(993,972)	8.00	(2,147,103)

I. Pension Plan Fiduciary Net Position

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (DEFINED CONTRIBUTION PLAN)

Five commissioners of Beltrami County are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the County for the year ending December 31, 2025 were:

Contribution Amount		Percentage of Covered Payroll	
Employee	Employer	Employee	Employer
\$9,220	\$9,220	5 %	5 %

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

The County operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the County's health insurance plan. There are 356 active participants and 11 retired participants. There are no inactive participants. Benefit and eligibility provisions are established through negotiations between the County and the County's employees. The Plan does not issue a publicly available financial report.

B. Funding Policy

The County does not have assets designated to pay for the OPEB related costs held in trust. Contribution requirements are negotiated between the County and the County's employees. The eligibility for, amount of, duration of, and the County's contribution to the cost of the benefits provided varies by contract and date of retirement. The County is funding this liability on a pay-as-you-go basis. For the year ended December 31, 2025, the County contributed \$136,284 to the plan.

C. Actuarial Methods and Assumptions

The County's OPEB Liability was measured as of January 1, 2025, as was determined by an actuarial valuation as of January 1, 2024.

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

Inflation	2.50%
Salary Increases	varied, based on MN PERA rates
Medical Trend Rates	6.25% decreasing to 5.00% then to 4.00%

Mortality Rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2023 to December 31, 2023.

The discount rate used to measure the total OPEB liability was 4.20%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

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

- The discount rate was changed from 3.70% to 4.20%.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Changes in the OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2024	\$ 2,767,203
Changes for the Year:	
Service Cost	194,612
Interest Cost	107,089
Assumption Changes	(95,417)
Benefit Payments	(136,284)
Net Change in Total OPEB Liability	<u>70,000</u>
Balances at December 31, 2025	<u><u>\$ 2,837,203</u></u>

The following presents the OPEB liability of the County, as well as what the County's OPEB 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:

	<u>1% Decrease (3.20%)</u>	<u>Discount Rate (4.20%)</u>	<u>1% Increase (5.20%)</u>
OPEB Liability	\$ 3,066,744	\$ 2,837,203	\$ 2,626,717

The following present the OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.25% decreasing to 4.00%, then 3.00%) or 1% higher (7.25% decreasing to 6.00%, then 5.00%) than the current healthcare cost trend rates:

	<u>1% Decrease (5.25% decreasing to 4.00%, then 3.00%)</u>	<u>Current Trend Rates (6.25% decreasing to 5.00%, then 4.00%)</u>	<u>1% Increase (7.25% decreasing to 6.00%, then 5.00%)</u>
OPEB Liability	\$ 2,534,176	\$ 2,837,203	\$ 3,195,675

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Changes in the OPEB Liability (Continued)

For the year ended December 31, 2025, the County recognized OPEB expense of \$270,284. At December 31, 2025, the County reported deferred inflow of resources of and deferred outflows of resources relating to the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Actual and Economic Experience	\$ 42,384	\$ 121,519
Change of Assumptions	174,764	303,885
County Payment of Benefits Subsequent to Measurement Date	147,469	-
Total	<u>\$ 364,617</u>	<u>\$ 425,404</u>

\$147,469 reported as deferred outflows of resources relating to the County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense Amount
2026	\$ (31,417)
2027	(22,209)
2028	(47,855)
2029	(66,738)
2030	(34,378)
Thereafter	(5,659)

NOTE 7 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters 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 Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County is self-insured for short-term disability coverage. 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.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7 RISK MANAGEMENT (CONTINUED)

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 2025. 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. The 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.

The short-term disability plan was effective January 1, 1987. The County has contracted with Hartford Life, to process claims submitted against the plan. The County contributes \$0.83 per payroll period for the employee for \$200 basic monthly benefit. For 2025, the employee may purchase additional coverage to a maximum of \$3,000 per month provided it does not exceed 60% of the employee's regular monthly salary. The employee may collect on the insurance for eligible claims up to a maximum of six months per incident. Premiums are paid into the Short-Term Disability Self-Insurance Internal Services Fund.

The County has not had an actuarial study of the self-insured disability coverage; it has concluded that the risk of any major losses not covered by the short-term disability self-insurance plan is covered by the general taxing powers of the County. At December 31, 2025, there is \$2,682 accrued benefits payable. Claims activity for 2024 and 2025 were:

Year	Balance January 1,	Current Year Claims	Claim Payments	Balance December 31,
2025	\$ 2,261	\$ 41,649	\$ 41,228	\$ 2,682
2024	4,825	47,375	49,939	2,261

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Contingent Liabilities

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Contingent Liabilities (Continued)

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

B. Related Organizations

Beltrami County Housing and Redevelopment Authority

The Beltrami County Housing and Redevelopment Authority (HRA) is a five-member board created by Beltrami County Board of Commissioners under Minnesota Statutes Chapter 469. The five-member board contracts with the Bemidji HRA to administer rent assistance for low-income tenants throughout the County. Beltrami County did not contribute to the HRA for the year ended December 31, 2025. Beltrami County HRA administers loans and grants to assist qualified individuals with the down payment to purchase a principal residence. Beltrami County HRA has served as issuing agent on the County's lease revenue bonds for the Jail Building and the Community Service Center. Complete financial information can be obtained from:

Beltrami County HRA
619 America Avenue NW
Bemidji, Minnesota 56601

C. Joint Ventures

Grygla Television Broadcast Association

The Grygla Television Broadcast Association was formed in 1995 under authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Beltrami and Marshall Counties. The purpose of the Broadcast Association is to organize, govern, equip, and maintain television broadcast coverage for residents of Beltrami and Marshall Counties within the flight path of the Grygla tower broadcast signal.

Control of the Grygla Television Broadcast Association is vested in the Grygla Television Broadcast Association Board of Directors, which is composed of one commissioner from each county, one resident from each county residing in the service area, and one additional member appointed by the initial four members of the Board.

The Grygla Television Broadcast Association has no long-term debt. Financing is provided from appropriations from member counties. Beltrami County did not contribute to the Grygla Television Broadcast Association for the year ended December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Grygla Television Broadcast Association (Continued)

Complete financial information can be obtained from:

Northwest Regional Development
115 South Main
Warren, Minnesota 56762

Joint County Natural Resources Board

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

Control of the Natural Resources Board is vested in the Joint County Natural Resources Board, which is composed of at least one resident of each county appointed by their respective county board, as provided in the Natural Resources Board's bylaws.

In the event of dissolution of the Joint County Natural Resources Board, the net position of the Natural Resources Board at that time shall be distributed to the representative member counties in proportion to the contribution of each. Beltrami County contributed \$1,000 to the Natural Resources Board for the year ended December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity.

The Natural Resources Board has no long-term debt. Financing is provided by appropriations from member counties. Complete financial information can be obtained from:

Joint Counties Natural Resource Board
Marshall County
208 East Calvin Ave, Suite 11
Warren, Minnesota 56762

Mississippi Headwaters Board

The Mississippi Headwaters Board was established on February 22, 1980, under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Aitkin, Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, and Morrison Counties. The purpose of the board is to prepare, adopt, and implement a comprehensive land use plan designed to protect and enhance the Mississippi River and related shoreland areas within the counties. The board consists of eight members, one appointed from each participating county.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Mississippi Headwaters Board (Continued)

Financing is provided by federal, state, and local grants, and appropriations from member counties. Beltrami County contributed \$1,500 to the Mississippi Headwaters Board for the year ended December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity. Cass County maintains the accounting records of the Board. Complete financial information can be obtained from:

Mississippi Headwaters Board
Cass County Courthouse
303 Minnesota Ave W
Walker, Minnesota 56484

North Central Minnesota Soil and Water Conservation District Joint Powers Board

The North Central Minnesota Soil and Water Conservation Joint Powers Board (NCJPB) was organized under provisions of Minnesota State Statute Chapter 103C. The member Soil and Water Conservation Districts are Beltrami, Cass, Clearwater, Crow Wing, Hubbard, Itasca, Koochiching, Lake of the Woods and Wadena. The purpose of the board is to assist land occupiers in applying practices for the conservation of soil and water resources. These practices are intended to control wind and water erosion, pollution of lakes and streams, and damage to wetlands and wildlife habitats.

Control of the Joint Powers Board is vested in the board of supervisors which is composed of representatives from each member Soil and Water Conservation Districts. Financing is provided by state grants. Crow Wing County, in an agent capacity, reports the cash transactions of the Joint Powers Board as an agency fund on its financial statements. Beltrami County did not contribute to the NCJPB for the year ended December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from the Crow Wing Soil and Water Conservation District office.

The Northwest Minnesota Household Hazardous Waste Management Group was formed in 1992 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Beltrami, Clearwater, Kittson, Lake of the Woods, Marshall, Pennington, Polk, Red Lake, and Roseau Counties. The purpose of the Household Hazardous Waste Management Group is to cooperatively manage, handle, and transport household hazardous waste, provide public education on safe waste management, and provide for the disposition of non-recyclable household hazardous waste materials.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Northwest Minnesota Household Hazardous Waste Management Group

Control of the Northwest Minnesota Household Hazardous Waste Management Group is vested in the Northwest Minnesota Household Hazardous Waste Management Group Joint Powers Board which is composed of one county commissioner from each of the member counties, as provided in the Waste Management Group's bylaws.

Responsibility for budgeted expenditures is shared with the first 50% divided equally among the member counties and the remaining 50% divided on a population ratio basis. In the event of dissolution, the net position at the time shall be divided among the member counties in the same proportion as their respective financial responsibilities.

The Northwest Minnesota Household Hazardous Waste Management Group has no long-term debt. Beltrami County contributed \$20,970 to the Household Hazardous Waste Management Group for the year ended December 31, 2025. Clearwater County, in an agent capacity, reports the cash transactions of the Household Hazardous Waste Management Group as a custodial fund on its financial statements. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from either the:

Household Hazardous Waste Management Group
PO Box 186
Bagley, Minnesota 56621

Northwest Minnesota Six County Joint Powers Board

The Northwest Minnesota Six County Joint Powers Board was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Beltrami, Clearwater, Marshall, Pennington, Polk and Red Lake Counties. The purpose of the Joint Powers Board is to receive and expend funds for the purpose of beaver damage control.

The Northwest Minnesota Six County Joint Powers Board is composed of one representative appointed by each county board from the six counties. Each county also has one alternate appointed to the Board, and the board may choose to have non-voting advisory members on the Board. In the event of dissolution of the Northwest Minnesota Six County Joint Powers Board, the net position of the Northwest Minnesota Six County Joint Powers Board at that time shall be distributed to the respective member counties in proportion to the contribution of each.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Northwest Minnesota Six County Joint Powers Board (Continued)

The Northwest Minnesota Six County Joint Powers Board has no long-term debt. Financing is provided by grants from the State of Minnesota or from other lawful source specifically including contributions from the respective member counties. Beltrami County did not contribute to the Joint Powers Board for the year ended, December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from:

Red Lake Watershed District
PO Box 803
Thief River Falls, Minnesota 56701

Northwestern Counties Data Processing Security Association

The Northwestern Counties Data Processing Security Association was formed in 1994 under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Becker, Beltrami, Clay, Clearwater, Hubbard, Kittson, Lake of the Woods, Marshall, Pennington, Polk, Roseau, and Wadena Counties.

The purpose of the Northwestern Counties Data Processing Security Association is to provide a mechanism whereby the counties may cooperatively provide for a data processing disaster recovery plan and back-up system.

Control of the Northwestern Counties Data Processing Security Association is vested in the Northwestern Counties Data Processing Security Association Joint Powers Board which is composed of one county commissioner appointed by each member county board. In the event of dissolution, the net position at the time shall be distributed to the respective member counties in proportion to the contribution of each.

Beltrami County did not contribute to the Association for the year ended, December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity. Clearwater County, in a fiduciary capacity, reports the transactions of the Association as a custodial fund on its financial statements. Complete financial information can be obtained from:

Clearwater County Auditor
213 Main Ave
Bagley, Minnesota 56621

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Northwestern Minnesota Juvenile Center

The Northwestern Minnesota Juvenile Center was formed under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, effective August, 1971, and includes, Beltrami, Cass, Clearwater, Hubbard, Itasca, Kittson, Lake of the Woods, Pennington, and Roseau Counties. The purpose of the Center is to provide rehabilitation and other services to juveniles under the jurisdiction of the court system. The offices of the Center are located in Bemidji with a number of satellite homes at various locations.

Control of the Northwestern Minnesota Juvenile Center is vested in the Northwestern Minnesota Juvenile Center Joint Powers Board which is composed of not less than seven or more than 15 members with at least one member appointed by each participating county, as provided in the Center's bylaws. At present, there are 15 directors: Beltrami, Cass, Hubbard, Itasca, Pennington, and Roseau Counties have two directors each; the other member counties have one director each. In the event of dissolution, the net position at the time shall be divided among the member counties in the same proportion as their respective financial responsibilities.

Financing is provided by state and federal grants, charges for services, and appropriations from member counties. Beltrami County, in a fiduciary capacity, reports the cash transactions of the Northwestern Minnesota Juvenile Center as a custodial fund on its financial statements. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from:

Northwestern Minnesota Juvenile Center
1230 5th St NW
PO Box 247
Bemidji, Minnesota 56619-0247

Northwest Regional Emergency Communications Board

The Northwest Regional Emergency Communications Board was formed in June 2011, under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §§ 471.59 and 403.29. The purpose of the Northwest Minnesota Regional Radio Board is to plan, implement, maintain, and operate regional and local improvements and enhancements to the Statewide Public Safety Radio and Communications System (ARMER) for the Northwest Minnesota ARMER Phase 3 Region of Development.

The Northwest Regional Emergency Communications Board consists of the City of Moorhead and the following counties: Becker, Beltrami, Clearwater, Clay, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau. The city and each county have one representative on the Board.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Northwest Regional Emergency Communications Board (Continued)

In the event of dissolution of the Northwest 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 or county that has withdrawn from the agreement prior to termination of the board shall share in the distribution of property, assets, and funds of the board only to the extent they shared in the original expense.

The Northwest Regional Emergency Communications Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants.

Beltrami County did not contribute to the Northwest Regional Emergency Communications Board for the year ended December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from:

Headwaters Regional Development Commission
PO Box 906
Bemidji, Minnesota 56619

Paul Bunyan Task Force

The Paul Bunyan Task Force was established July 16, 1992, under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Beltrami, Clearwater, Hubbard, Lake of the Woods, Mahnomen, Pennington, Red Lake, and Roseau Counties, and the Cities of Bemidji and Thief River Falls. The purpose of the Paul Bunyan Task Force is to assist member organizations in the investigation and prosecution of persons in violation of Minnesota Statutes.

Control of the Paul Bunyan Task Force is established by a majority vote represented with one vote from each member organization. In the event of dissolution of the Paul Bunyan Task Force, the net position shall be liquidated to the member organizations based on the percentage of population of all member counties and cities.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Paul Bunyan Task Force (Continued)

The Paul Bunyan Task Force has no long-term debt. Beltrami County contributed \$2,000 to the Paul Bunyan Task Force for the year ended, December 31, 2025. Financing is provided by the profits from forfeitures and seizures pursuant to Minnesota Statutes §609.531 in addition to grants from the State of Minnesota. Beltrami County, in a fiduciary capacity, reports the cash transactions of the Paul Bunyan Task Force on its financial statements as a custodial fund. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from:

Beltrami County Auditor-Treasurer
701 Minnesota Ave. NW Suite 220
Bemidji, Minnesota 56601

Pine Tree Park

The Pine Tree Park Joint Powers Board was formed on November 18, 1997, under the authority of the Joint Powers Act, pursuant to Minnesota Statutes §471.59, and includes Beltrami County and the City of Blackduck. The purpose of the Pine Tree Park Joint Powers Board is to cooperatively plan and manage Pine Tree Park.

The Pine Tree Park Joint Powers Board consists of one Beltrami County Commissioner and three County employees, the Mayor of Blackduck and three City employees, and one member of the Pine Tree Park Advisory Committee.

Pine Tree Park has no long-term debt. Beltrami County contributes \$11,000 annually. Financing is also provided by appropriations from the members and other lawful sources. The City of Blackduck, in an agent capacity, reports the cash transactions of Pine Tree Park, on its financial statements. In the event of dissolution, the City of Blackduck shall retain ownership of the assets of Pine Tree Park. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from:

City of Blackduck
PO Box 380
Blackduck, Minnesota 56630-0380

Public Transit System

The Public Transit System Joint Powers Board was formed between the City of Bemidji and Beltrami County pursuant to the authority conferred upon the parties by Minnesota Statutes §471.59 and Chapter 174 to promote efficient and economical delivery of public transit services to residents in the participating jurisdictions. The Joint Powers Board was dissolved during 2025.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Public Transit System (Continued)

Prior to dissolution, the Public Transit System Joint Powers Board consists of two members of the City Council, two members of the County Board and one lay member who is a resident of Beltrami County, is mutually appointed by the City Council and the County Board, and who shall serve as the Chairman of the Public Transit Board.

Financing was provided by appropriations from the two member bodies and other lawful sources such as the Minnesota Department of Transportation. Beltrami County did not contribute to the Public Transit system for the year ended December 31, 2025. Prior to dissolution, the Joint Powers Board contracted with a vendor in providing public transportation and the Joint Powers Board did not own equipment or assets used in providing public transportation. A Public Transit Fund was established in the City accounts and treasury to account for financial transactions of the Joint Powers Board. There is no accumulation of significant financial resources or fiscal stress for this county. Complete financial information may be obtained from:

City of Bemidji
317 4th Street NW
Bemidji, Minnesota 56601

Prime West Central County-Based Purchasing Initiative

The Prime West Central County-Based Purchasing Initiative was established in December 1998 by a joint powers agreement between Beltrami County and thirteen other counties under the authority of Minnesota Statutes § 471.59. Four more counties joined in 2018. The purpose of this agreement is to plan and administer a multi-county, county-based purchasing program for medical assistance and general assistance medical care services and other health care programs as authorized by Minnesota Statutes § 256B.692.

Control of the Prime West Central County-Based Purchasing Initiative is vested in a Joint Powers Board. The board consists of one Commissioner from each member county. Each member of the board is appointed by the County Commissioners of the county he or she represents.

In the event of termination of the joint powers agreement, all property purchased or owned pursuant to this agreement shall be sold and the proceeds, together with monies on hand, will be distributed to the current members based on their proportional share of each member's county-based purchasing-eligible population.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

C. Joint Ventures (Continued)

Prime West Central County-Based Purchasing Initiative (Continued)

Financing is provided by medical assistance and general assistance medical care payments from the Minnesota Department of Human Services; initial start-up loans from the member counties; and by proportional contributions from member counties, if necessary, to cover operational costs. Beltrami County did not contribute any funds to the Prime West Central County-Based Purchasing Initiative during 2025. There is no accumulation of significant financial resources or fiscal stress for this entity.

Complete financial information can be obtained from:

Prime West Health System
3905 Dakota St
Alexandria, Minnesota 56308

Region 2 Adult Mental Health Initiative

The Region 2 Adult Mental Health Initiative was established in January 2024 by a joint powers agreement between Beltrami County and three other counties under the authority of Minnesota Statutes § 471.59. The purpose of this agreement is to provide adult mental health initiative services pursuant to § 245.4661 and the Comprehensive Adult Mental Health act.

The Region 2 Adult Mental Health Initiative Joint Powers Board consists of the Human/Social Services Directors of the member counties and the Adult Mental Health Initiative Coordinator.

In the event of termination of the joint powers agreement, any property purchased pursuant to this and any surplus money will be returned to the member counties in equal shares.

Beltrami County did not contribute to the Region 2 Adult Mental Health Initiative for the year ended December 31, 2025. There is no accumulation of significant financial resources or fiscal stress for this entity. Complete financial information can be obtained from:

Director of Hubbard County Social Services
Hubbard County Social Services
205 Court Avenue
Park Rapids, MN 56470

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Jointly-Governed Organizations

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

Bemidji-Beltrami County Airport Commission

The Bemidji-Beltrami County Airport Joint Powers Agreement was established in 1980 pursuant to Minnesota Statutes §360.042. The purpose of the agreement is to provide maintenance and operation of the Bemidji Municipal Airport.

Control of the Bemidji-Beltrami County Airport is vested with the Airport Commission, which consists of two members appointed by the City of Bemidji, two members appointed by Beltrami County, and one lay member appointed mutually by the City Council and the County Board, who shall also be the Chair of the Commission.

The Commission prepares the annual budget subject to approval by the Joint Powers Board. Pursuant to Minnesota Statutes §275.066 an Airport Authority was created in November 2008. The authority first began to levy property taxes in 2010. The levy is certified by the Airport Authority, spread on countrywide tax capacity, collected and paid to the Airport Authority. Complete financial statements can be obtained from:

Kyle Christiansen, Executive Director
3824 Moberg Dr #101
Bemidji, Minnesota 56601
218-444-2438

Blackduck Emergency Medical Services

The Blackduck Emergency Medical Services was formed under the authority of Minnesota Statutes §144F.01, effective August 2003, and includes Beltrami, Itasca, and Koochiching Counties, the City of Blackduck, and Hines Township. The purpose of the district is to provide for emergency medical services to the primary service area, with geographic boundaries designated by the Minnesota Emergency Medical Services Regulatory Board (EMSRB).

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Jointly-Governed Organizations (Continued)

Blackduck Emergency Medical Services (Continued)

Control of the Blackduck Emergency Medical Services is vested with the Blackduck Emergency Medical Services Board, which consists of one member appointed by the county boards of Beltrami, Itasca, and Koochiching, one member appointed by the City of Blackduck, and one appointed from Hines Township.

The Blackduck Emergency Medical Services District has no long-term debt. Financing is provided by the Blackduck Emergency Medical Services Board's statutory authority to levy property taxes for the district, not to exceed a formula stipulated in Minnesota Statutes §144F.01. Use of the property tax levy is the responsibility of the Joint Powers Board. Upon creation of the district, the primary concern was for providing ambulance services in the rural district, done through contracting for service. Beltrami County, in an agent capacity, reports the cash transactions of the Blackduck Emergency Services Special Taxing District as a custodial fund on its financial statements. In 2025, as home county, Beltrami County calculated the tax rate for a total levy of \$575,000, spread to properties in the three counties containing the EMS boundaries. Complete financial information can be obtained from:

Beltrami County Auditor-Treasurer
701 Minnesota Ave. NW Suite 220
Bemidji, Minnesota 56601-3054

Kitchigami Regional Library

The Kitchigami Regional Library was formed pursuant to Minnesota Statutes §§ 134.11, 134.12, and 134.13, effective January 1, 1992, and includes Beltrami, Cass, Crow Wing, Hubbard, and Wadena Counties and nine cities. Control of the Library is vested in the Kitchigami Regional Library Board which is composed of 19 members with three-year terms made up of the following: one member appointed by each city council and two members appointed by each county board consisting of one county commissioner and one lay person. Beltrami County appropriated and contributed \$437,821 to the Library for the year ended December 31, 2025.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Jointly-Governed Organizations (Continued)

Minnesota Counties Computer Consortium

The Minnesota Counties Computer Consortium was formed in 1979 pursuant to Minnesota Statutes §471.59 and includes 24 counties. Control of the Consortium is vested in the Joint Data Processing Board which is composed of one representative and one alternate appointed by each member county. The County's responsibility does not extend beyond making this appointment.

Red Lake Watershed District

The Red Lake Watershed District was formed pursuant to Minnesota Statutes §103D.201, effective January 25, 1969, and includes land within Beltrami, Clearwater, Itasca, Koochiching, Mahnomen, Marshall, Pennington, Red Lake, and Roseau Counties. Control of the District is vested in the Red Lake Watershed District Board of Managers which is composed of seven members having staggered terms of three years each, with two appointed by Polk County Board and one each appointed by the county boards of Beltrami, Clearwater, Marshall, Pennington, and Red Lake. Beltrami County's responsibility does not extend beyond making this appointment.

Roseau River Watershed District

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

Saint Paul Port Authority

The Saint Paul Port Authority was established in January 2016 pursuant of Minnesota State Statutes §216C.435 and §216C.436 between the Port Authority of the City of Saint Paul and Beltrami County. The Port Authority has created a program under the Act known as Property Assessed Clean Energy Program (PACE OF MN) for the purpose of implementing and administering the activities described in the Act. The control of the Port Authority is vested in the Saint Paul Port Authority which is composed of seven board members who are appointed by the Mayor of the City of Saint Paul in six-year terms. Beltrami County appropriated \$7,518 to the Port Authority for the year ended December 31, 2025.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 SUBSEQUENT EVENT

On February 12, 2026, the County issued General Obligation Jail Bonds, Series 2026A in the amount of \$33,715,000. The bonds will be general obligations of the County for which the County will pledge its full faith and credit and taxing powers. The General Obligation Bonds, Series 2026A are to be used for the financing of the second phase of the new County jail facility.

NOTE 10 ADJUSTMENTS OF BEGINNING FUND BALANCE

A. Changes to or Within Financial Reporting Entity

Addition of Nonmajor Governmental Fund

During the year ended December 31, 2025, the County established the Opioid Settlement Fund to separately account for the financial activity related to the National Opioid Settlement revenues and expenditures. In prior years, this activity was reported within the Health and Human Services Fund. The Opioid Settlement Fund did not meet the criteria to be reported as a major fund and, accordingly, is reported as a nonmajor governmental fund for the year ended December 31, 2025. The effect of that change to or within the financial reporting entity is shown in the table below.

B. Adjustments to Beginning Balances

During the year ended December 31, 2025, changes to or within the financial reporting entity resulted in adjustments to beginning fund balances as follows:

	Fund Balance as Previously Reported	Change to or Within Financial Reporting Entity	Fund Balance as Adjusted
Governmental Funds			
Major Fund:			
Health and Human Services	\$ 1,116,164	\$ (771,160)	\$ 345,004
Nonmajor Fund:			
Nonmajor Governmental Funds	2,359,106	771,160	3,130,266
Total Governmental Funds	<u>\$ 3,475,270</u>	<u>\$ -</u>	<u>\$ 3,475,270</u>

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF THE COUNTY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS**

Measurement Date June 30,	County's Proportion of the Net Pension Liability (Asset)	County's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability and the State's Share of the Net Pension Liability (Asset)	County's Covered Employee Payroll	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employee Retirement Fund							
2016	0.2310%	\$ 18,756,054	\$ 244,943	\$ 19,000,997	\$ 14,333,454	130.86%	68.90%
2017	0.2408%	15,372,513	193,293	15,565,806	15,512,608	99.10%	75.90%
2018	0.2411%	13,375,239	438,717	13,813,956	16,206,517	82.53%	79.53%
2019	0.2436%	13,468,098	418,648	13,886,746	17,242,942	78.11%	80.23%
2020	0.2466%	14,784,797	455,903	15,240,700	17,584,793	84.08%	79.06%
2021	0.2584%	11,034,838	336,992	11,371,830	18,603,060	59.32%	87.00%
2022	0.2637%	20,885,127	612,445	21,497,572	19,643,013	106.32%	76.67%
2023	0.2610%	14,594,828	402,336	14,997,164	20,700,606	70.50%	83.10%
2024	0.2599%	9,606,606	248,407	9,855,013	21,992,844	43.68%	89.08%
2025	0.2595%	8,600,786	207,478	8,808,264	23,505,805	36.59%	90.78%
Public Employees Police and Fire Fund							
2016	0.2450%	\$ 9,832,276	\$ -	\$ 9,832,276	\$ 2,364,946	415.75%	63.90%
2017	0.2510%	3,388,799	-	3,388,799	2,574,639	131.62%	85.40%
2018	0.2566%	2,735,092	-	2,735,092	2,704,319	101.14%	88.84%
2019	0.2454%	2,709,410	-	2,709,410	2,687,349	100.82%	89.26%
2020	0.2598%	3,424,442	24,818	3,449,260	2,930,842	116.84%	87.19%
2021	0.2654%	2,048,607	92,122	2,140,729	3,136,871	65.31%	93.66%
2022	0.2719%	11,832,014	516,928	12,348,942	3,167,083	373.59%	70.53%
2023	0.2466%	4,258,461	171,578	4,430,039	3,238,833	131.48%	86.50%
2024	0.2512%	3,305,156	125,991	3,431,147	3,478,829	95.01%	90.17%
2025	0.2567%	3,007,939	104,270	3,112,209	3,896,227	77.20%	91.78%
Public Employees Correctional Fund							
2016	0.8300%	\$ 3,032,106	\$ -	\$ 3,032,106	\$ 1,571,895	192.89%	58.20%
2017	0.7800%	223,008	-	223,008	1,565,244	14.25%	67.90%
2018	0.8342%	137,201	-	137,201	1,703,666	8.05%	97.64%
2019	0.8460%	117,129	-	117,129	1,804,445	6.49%	98.17%
2020	0.8700%	236,120	-	236,120	1,893,455	12.47%	96.67%
2021	0.9140%	(150,086)	-	(150,086)	2,020,066	(7.43)%	101.61%
2022	0.9050%	3,009,217	-	3,009,217	2,116,307	142.19%	74.58%
2023	0.9311%	420,904	-	420,904	2,183,228	19.28%	95.90%
2024	0.9322%	284,103	-	284,103	2,294,204	12.38%	97.55%
2025	0.8817%	(583,226)	-	(583,226)	2,409,751	(24.20)%	105.18%

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF THE COUNTY CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percentage of Covered Payroll
General Employee Retirement Fund					
2016	\$ 1,115,092	\$ 1,115,092	\$ -	\$ 14,867,915	7.50%
2017	1,191,651	1,191,651	-	15,888,691	7.50%
2018	1,261,420	1,261,420	-	16,818,939	7.50%
2019	1,295,792	1,295,792	-	17,277,235	7.50%
2020	1,415,367	1,415,367	-	18,871,571	7.50%
2021	1,411,847	1,411,847	-	18,824,637	7.50%
2022	1,473,226	1,473,226	-	19,643,013	7.50%
2023	1,612,800	1,612,800	-	21,504,000	7.50%
2024	1,684,110	1,684,110	-	22,454,800	7.50%
2025	1,868,249	1,868,249	-	24,909,987	7.50%
Public Employees Police and Fire Fund					
2016	\$ 398,799	\$ 398,799	\$ -	\$ 2,461,725	16.20%
2017	434,030	434,030	-	2,679,196	16.20%
2018	440,958	440,958	-	2,721,963	16.20%
2019	462,258	462,258	-	2,727,188	16.95%
2020	563,146	563,146	-	3,181,612	17.70%
2021	567,479	567,479	-	3,206,095	17.70%
2022	560,574	560,574	-	3,167,083	17.70%
2023	598,749	598,749	-	3,382,763	17.70%
2024	630,116	630,116	-	3,559,977	17.70%
2025	734,868	734,868	-	4,151,797	17.70%
Public Employees Correctional Fund					
2016	\$ 138,631	\$ 138,631	\$ -	\$ 1,584,352	8.75%
2017	144,035	144,035	-	1,646,107	8.75%
2018	152,294	152,294	-	1,740,500	8.75%
2019	162,724	162,724	-	1,859,698	8.75%
2020	178,192	178,192	-	2,036,448	8.75%
2021	166,921	166,921	-	1,907,663	8.75%
2022	185,177	185,177	-	2,116,307	8.75%
2023	196,805	196,805	-	2,249,200	8.75%
2024	196,886	196,886	-	2,250,126	8.75%
2025	257,740	257,740	-	2,945,600	8.75%

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

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

	Measurement Date - January 1,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 194,612	\$ 204,797	\$ 168,867	\$ 224,436	\$ 233,204	\$ 196,556	\$ 166,815	\$ 175,698
Interest Cost	107,089	105,346	58,546	63,609	84,932	97,727	83,325	80,187
Changes of Assumptions	(95,417)	122,641	(325,197)	(15,866)	151,141	104,457	(73,752)	-
Difference in Expected and Actual Experience	-	22,928	-	(243,039)	-	100,764	-	-
Benefit Payments	(136,284)	(232,437)	(232,308)	(221,181)	(196,023)	(162,280)	(156,725)	(147,160)
Net Change in Total OPEB Liability	70,000	223,275	(330,092)	(192,041)	273,254	337,224	19,663	108,725
Total OPEB Liability - Beginning	2,767,203	2,543,928	2,874,020	3,066,061	2,792,807	2,455,583	2,435,920	2,327,195
Total OPEB Liability - Ending	<u>\$ 2,837,203</u>	<u>\$ 2,767,203</u>	<u>\$ 2,543,928</u>	<u>\$ 2,874,020</u>	<u>\$ 3,066,061</u>	<u>\$ 2,792,807</u>	<u>\$ 2,455,583</u>	<u>\$ 2,435,920</u>
Covered-employee Payroll	\$ 25,293,748	\$ 24,557,037	\$ 21,339,820	\$ 20,718,272	\$ 19,763,973	\$ 19,188,323	\$ 18,777,715	\$ 18,230,791
County's OPEB Liability as a Percentage of Covered Payroll	11.22%	11.27%	11.92%	13.87%	15.51%	14.55%	13.08%	13.36%

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

Note 2: No assets are accumulated in a trust.

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 20,327,137	\$ 20,327,137	\$ 21,139,704	\$ 812,567
Licenses and permits	274,195	274,195	305,561	31,366
Intergovernmental	8,657,951	8,657,951	10,328,271	1,670,320
Charges for services	3,596,962	3,596,962	3,899,083	302,121
Fines and forfeits	51,750	51,750	77,740	25,990
Gifts and contributions	10,000	10,000	125,702	115,702
Investment earnings (loss)	793,085	793,085	842,934	49,849
Miscellaneous	1,433,405	1,433,405	2,000,206	566,801
Total revenues	35,144,485	35,144,485	38,719,201	3,574,716
Expenditures				
Current				
General government				
Commissioners	346,175	346,175	315,695	30,480
Courts	500	500	19	481
Courts service	48,000	48,000	103,024	(55,024)
Public defender	293,884	293,884	272,451	21,433
County administration	480,447	480,447	485,234	(4,787)
County auditor-treasurer	4,009,164	4,009,164	3,077,432	931,732
License bureau	705,654	705,654	713,967	(8,313)
GIS	453,916	453,916	624,827	(170,911)
County assessor	845,202	845,202	814,433	30,769
Elections	238,021	238,021	171,667	66,354
Central service and supply	937,249	937,249	231,236	706,013
Safety	9,700	9,700	6,568	3,132
Auditing	75,600	75,600	93,060	(17,460)
Information systems	1,481,445	1,481,445	1,443,447	37,998
Risk	1,127,805	1,127,805	1,100,545	27,260
Human resources	425,816	425,816	393,342	32,474
Wellness center	16,765	16,765	12,763	4,002
Attorney	2,332,290	2,332,290	2,278,467	53,823
Recorder	309,908	309,908	396,127	(86,219)
Environmental services	1,467,962	1,467,962	1,516,275	(48,313)
Maintenance	2,528,520	2,528,520	2,623,356	(94,836)
Veterans service	319,742	319,742	476,144	(156,402)
Total general government	18,453,765	18,453,765	17,150,079	1,303,686

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (continued)				
Public safety				
Sheriff	\$ 6,211,497	\$ 6,211,497	\$ 7,244,657	\$ (1,033,160)
Boat and water safety	172,616	172,616	71,955	100,661
E-911 system	247,331	247,331	147,696	99,635
Emergency services	1,863,080	1,863,080	1,784,832	78,248
Coroner	105,000	105,000	105,592	(592)
County jail	7,106,102	7,106,102	6,167,659	938,443
County jail canteen	120,566	120,566	108,946	11,620
Law enforcement center	544,256	544,256	470,258	73,998
Victim assistance	101,827	101,827	99,759	2,068
Civil defense	129,548	129,548	152,810	(23,262)
Probation and parole	603,899	603,899	535,415	68,484
Bailiff	1,261,740	1,261,740	1,153,901	107,839
Total public safety	18,467,462	18,467,462	18,043,480	423,982
Culture and recreation				
Parks	300,000	300,000	326,058	(26,058)
Regional library	437,725	437,725	437,821	(96)
Other	166,450	166,450	138,978	27,472
Total culture and recreation	904,175	904,175	902,857	1,318
Capital outlay				
General government	-	-	33,000	(33,000)
Debt service				
Principal	18,000	18,000	121,647	(103,647)
Interest	2,000	2,000	4,534	(2,534)
Total debt service	20,000	20,000	126,181	(106,181)
Total expenditures	37,845,402	37,845,402	36,255,597	1,589,805
Excess of revenues over (under) expenditures	(2,700,917)	(2,700,917)	2,463,604	5,164,521
Other financing sources (uses)				
Transfers in	374,329	374,329	251,712	(122,617)
Transfers out	(317,071)	(317,071)	(1,318,710)	(1,001,639)
Proceeds from sale of assets	-	-	67,979	67,979
Lease issued	-	-	31,065	31,065
Compensation for loss of general capital assets	20,000	20,000	192,295	172,295
Total other financing sources (uses)	77,258	77,258	(775,659)	(852,917)
Net change in fund balance	\$ (2,623,659)	\$ (2,623,659)	1,687,945	\$ 4,311,604
Fund balance - beginning of year			42,608,159	
Fund balance - end of year			<u>\$ 44,296,104</u>	

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,737,514	\$ 9,737,514	\$ 7,838,855	\$ (1,898,659)
Special assessments	205,000	205,000	168,603	(36,397)
Licenses and permits	17,000	17,000	20,350	3,350
Intergovernmental	16,894,500	16,894,500	14,969,234	(1,925,266)
Charges for services	767,000	767,000	531,846	(235,154)
Miscellaneous	12,000	12,000	54,445	42,445
Total revenues	27,633,014	27,633,014	23,583,333	(4,049,681)
Expenditures				
Current				
Public safety				
E-911 system	215,134	215,134	166,514	48,620
Highways and streets				
Administration	4,356,500	4,356,500	4,129,593	226,907
Engineering	18,181,000	18,181,000	13,494,861	4,686,139
Maintenance	2,607,000	2,607,000	2,980,690	(373,690)
Equipment and maintenance shops	2,912,225	2,912,225	2,825,469	86,756
Total highways and streets	28,056,725	28,056,725	23,430,613	4,626,112
Debt service				
Principal	30,000	30,000	31,696	(1,696)
Interest	5,000	5,000	3,419	1,581
Total debt service	35,000	35,000	35,115	(115)
Total expenditures	28,306,859	28,306,859	23,632,242	4,674,617
Excess of revenues over (under) expenditures	(673,845)	(673,845)	(48,909)	624,936
Other financing sources (uses)				
Transfers in	48,845	48,845	408,402	359,557
Transfers out	-	-	(18,070)	(18,070)
Proceeds from sale of assets	-	-	22,255	22,255
Compensation for loss of general capital assets	-	-	121,427	121,427
Total other financing sources (uses)	48,845	48,845	534,014	485,169
Net change in fund balance	\$ (625,000)	\$ (625,000)	485,105	\$ 1,110,105
Fund balance - beginning of year			<u>12,802,582</u>	
Fund balance - end of year			<u>\$ 13,287,687</u>	

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
HEALTH AND HUMAN SERVICES SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,711,676	\$ 9,711,676	\$ 9,425,246	\$ (286,430)
Intergovernmental	20,992,807	20,992,807	19,632,921	(1,359,886)
Charges for services	1,974,128	1,974,128	2,175,404	201,276
Miscellaneous	624,763	624,763	743,576	118,813
Total revenues	33,303,374	33,303,374	31,977,147	(1,326,227)
Expenditures				
Current				
Human services				
Income maintenance	9,442,831	9,442,831	9,178,709	264,122
Social services	21,953,351	21,953,351	20,431,251	1,522,100
Total human services	31,396,182	31,396,182	29,609,960	1,786,222
Health				
Nursing service	2,137,707	2,137,707	1,978,314	159,393
Debt service				
Principal	-	-	46,865	(46,865)
Interest	-	-	3,824	(3,824)
Total debt service	-	-	50,689	(50,689)
Total expenditures	33,533,889	33,533,889	31,638,963	1,894,926
Excess of revenues over (under) expenditures	(230,515)	(230,515)	338,184	568,699
Other financing sources (uses)				
Transfers in	230,515	230,515	735,721	505,206
Transfers out	-	-	(37,701)	(37,701)
Lease issuance	-	-	28,905	28,905
Total other financing sources (uses)	230,515	230,515	726,925	496,410
Net change in fund balance	\$ -	\$ -	1,065,109	\$ 1,065,109
Fund balance - beginning of year, as previously reported			1,116,164	
Adjustment (see note 10)			(771,160)	
Fund balance - beginning of year, as adjusted			345,004	
Fund balance - end of year			\$ 1,410,113	

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
FORFEITED TAX SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 228,462	\$ 228,462	\$ 46,234	\$ (182,228)
Intergovernmental	148,450	148,450	151,405	2,955
Charges for services	1,285,800	1,285,800	2,437,445	1,151,645
Gifts and contributions	1,000	1,000	1,339	339
Interest on investments	1,000	1,000	-	(1,000)
Miscellaneous	-	-	417	417
Total revenues	1,664,712	1,664,712	2,636,840	972,128
Expenditures				
Current				
Culture and recreation				
Parks	191,767	191,767	175,738	16,029
Conservation of natural resources				
Land use	1,669,553	1,669,553	1,965,694	(296,141)
Total expenditures	1,861,320	1,861,320	2,141,432	(280,112)
Excess of revenues over (under) Expenditures	(196,608)	(196,608)	495,408	692,016
Other financing sources (uses)				
Transfers in	20,277	20,277	64,505	44,228
Transfers out	(75,000)	(75,000)	(18,717)	56,283
Proceeds from sale of assets	10,000	10,000	-	(10,000)
Compensation for loss of capital assets	-	-	54,161	54,161
Total other financing sources (uses)	(44,723)	(44,723)	99,949	144,672
Net change in fund balance	\$ (241,331)	\$ (241,331)	595,357	\$ 836,688
Fund balance - beginning of year			1,995,535	
Fund balance - end of year			\$ 2,590,892	

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOLID WASTE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ 3,250,000	\$ 3,250,000	\$ 3,533,321	\$ 283,321
Licenses and permits	1,900	1,900	3,630	1,730
Intergovernmental	145,598	145,598	315,178	169,580
Charges for services	2,125,200	2,125,200	3,062,371	937,171
Miscellaneous	895,000	975,074	798,440	(176,634)
Total revenues	6,417,698	6,497,772	7,712,940	1,215,168
Expenditures				
Current				
Sanitation				
Solid waste	6,302,780	6,409,545	6,779,861	(370,316)
Capital outlay				
Sanitation	1,928,500	1,928,500	3,071,172	(1,142,672)
Debt service				
Principal	-	-	17,810	(17,810)
Interest	-	-	2,318	(2,318)
Total debt service	-	-	20,128	(20,128)
Total sanitation	8,231,280	8,338,045	\$ 9,871,161	(1,533,116)
Excess of revenues over (under) expenditures	(1,813,582)	(1,840,273)	(2,158,221)	(317,948)
Other financing sources (uses)				
Transfers in	17,434	17,434	110,082	92,648
Transfers out	(267,000)	(267,000)	(270,978)	(3,978)
Finance purchase agreement issued	-	-	78,394	78,394
Proceeds from sale of assets	15,000	15,000	13,746	(1,254)
Compensation for loss of general capital assets	-	-	1,277,886	1,277,886
Total other financing sources (uses)	(234,566)	(234,566)	1,209,130	1,443,696
Net change in fund balance	<u>\$ (2,048,148)</u>	<u>\$ (2,074,839)</u>	(949,091)	<u>\$ 1,125,748</u>
Fund balance - beginning of year			3,092,029	
Fund balance - end of year			<u>\$ 2,142,938</u>	

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 1 BUDGETARY INFORMATION

The County Board adopts an annual budget for the following major funds: The General Fund, Road and Bridge Special Revenue Fund, Health and Human Services Special Revenue Fund, Forfeited Tax Special Revenue Fund, and Solid Waste Special Revenue Fund. These budgets are prepared on the modified accrual basis of accounting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Based on a process established by the County Board, all departments of the County submit requests for appropriations to the County Administrator each year. After review, analysis and discussions with the departments, the County Administrator's proposed budget is presented to the County Board for review. The County Board holds public hearings and a final budget must be prepared and adopted no later than December 31.

The overall budget is prepared by fund, function, and department. The legal level of budgetary control – the level at which expenditures may not legally exceed appropriations – is the fund level. Budgets may be amended during the year with proper approval.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the assignments will be re-apportioned and honored during the subsequent year.

NOTE 2 EXCESS OF EXPENDITURES OVER BUDGET

The following major funds had expenditures in excess of budget for the year ended December 31, 2025:

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Final Excess</u>
Forfeited Tax	\$ 2,141,432	\$ 1,861,320	\$ 280,112
Solid Waste	9,871,161	8,338,045	1,533,116

The excess of expenditures over budgets were primarily funded by greater than anticipated revenues.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 3 OTHER POSTEMPLOYMENT BENEFITS

As disclosed on the Schedule of Funding Progress, no assets have been irrevocably deposited in a trust to advance fund the employer's obligation. Therefore, the actuarial value of assets is zero.

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

2025

- The discount rate was changed from 3.70% to 4.20%.

2024

- The health care trend rates were updated
- The discount rate was changed from 4.00% to 3.70%.

2023

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

2022

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

2021

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

2020

- The discount rate was changed from 3.80% to 2.90%.

2019

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

2018

- The discount rate changed from 3.50% to 3.30%

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 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 year ended June 30:

A. General Employees Fund

2025

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 2-5 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 Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%.
- The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

B. Police and Fire Fund

2025

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2025 (Continued)

Changes in Plan Provisions (Continued)

- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024

Changes in Actuarial Assumptions

- There have been no changes since the previous valuation.

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2023 (Continued)

Changes in Plan Provisions (Continued)

- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2021(Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2017

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% 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 tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%.
- The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2016 (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

C. Correctional Fund

2025

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly and changed to service-based (vs. age based).
- Assumed rates of retirement were adjusted resulting in an overall increase in unreduced (full) retirements and reduced (early) retirements.
- Assumed rates of withdrawal were changed from age-based rates after three years of service to service-based for all years; the new rates result in an increase in predicted terminations for males and females.
- Minor changes were made to assumed rates of disability retirements.
- Continued use of the Pub-2010 Public Safety Mortality Table, with no adjustments.
- Minor changes were made to the assumed percent married, beneficiary age difference and form of payment assumptions for future retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load was changed from 35% to 9% for vested, terminated members, and from 1% to 119% for non-vested, terminated members.

Changes in Plan Provisions

- The benefit payable to a member who qualifies for a duty disability benefit was changed to 47.5% of average salary plus, for each year of service in excess of 25 years, 1.9% for each year of allowable service before July 1, 2025, and 2.2% for each year of allowable service beginning after June 30, 2025.
- Actuarial equivalent factors were updated to reflect changes in assumptions.

2024

Changes in Actuarial Assumptions

- There have been no changes since the previous valuation.

Changes in Plan Provisions

- Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.
- Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund (Continued)

2024

Changes in Plan Provisions (Continued)

- The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

2023

Changes in Actuarial Assumptions

- The investment return rate was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.42% to 7.00%

Changes in Plan Provisions

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

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund (Continued)

2021 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2.00% per year.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

NOTE 4 DEFINED BENEFIT PENSION PLANS – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund (Continued)

2018 (Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.5% per year with a provision to reduce to 1.0% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

SUPPLEMENTARY INFORMATION

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
DESCRIPTIONS OF FUNDS
DECEMBER 31, 2025**

NONMAJOR SPECIAL REVENUE FUNDS

The Ditch Special Revenue Fund is used to account for the construction, repair, and maintenance of the various ditches within the County.

The Technology Special Revenue Fund is used to account for the financial transaction of the County for computer-related activities.

The Unorganized Townships Special Revenue Fund is used to account for the activities of the eight unorganized townships in the County.

The Consolidated Conservation Special Revenue Fund is used to account for the promotion of tourism, agriculture, industrial development, and natural resource rehabilitation and development.

The Law Library Special Revenue Fund is used to account for the activities of the County's law library that is associated with the courts system.

The Development Special Revenue Fund is used to account for the promotion of tourism, agriculture, and industrial development, not to exceed five dollars per capita per year. Financing is provided by an apportionment of proceeds from tax-forfeited land.

The Opioid Settlement Special Revenue Fund is used to account for the financial activity related to the County's share of the national opioid settlement agreement. This activity was previously reported within the Health and Human Services Fund. Beginning fund balance has been adjusted as described in Note 10 to the financial statements.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
DESCRIPTIONS OF FUNDS (CONTINUED)
DECEMBER 31, 2025**

CUSTODIAL FUNDS

The Beltrami County Soil and Water Conservation District (SWCD) Custodial Fund is an entity established by *Minnesota Statute* to provide conservation services to private and public lands. The SWCD is governed by a board that is elected during the State General Elections, representing four geographic districts of Beltrami County. The fifth board member is appointed by the Red Lake Tribal government. On July 1, 2010, Beltrami County absorbed the management of the SWCD through the Environmental Services Department. All finances of the SWCD are now managed by Beltrami County.

The Bemidji Regional Airport Custodial Fund is used to account for the tax levy collections and payments of the Bemidji-Beltrami Airport Commission. See Note 8.C for details on this entity.

The Development District Custodial Fund is used to account for the collection and payment of the funds due to the City of Bemidji for tax increment financing.

The Emergency Services District Custodial Fund is used to account for the collections and payments of the Emergency Services District.

The Headwaters Regional Development Commission Custodial Fund is used to account for the collection and payment of taxes due to the Headwaters Regional Development Commission.

The Jail Custodial Fund is used to account for the receipts and disbursements of the County's inmates.

The Medical Assistance Estate Recoveries is used to account for the collection and payment of the state's share of medical assistance estate recoveries.

The Northwestern Minnesota Juvenile Center Custodial Fund is used to account for the receipts and disbursements of the Northwestern Minnesota Juvenile Center.

The Headwaters Shooting Sports Foundation is used to account for the collection and payment of grants related to the Headwaters Shooting Sports Foundation.

The Other Custodial Fund is used to account for the collections and payments of employee medical and daycare reimbursement programs that is fully funded from employee contributions.

The Paul Bunyan Task Force Custodial Fund is used to account for the receipts and disbursements of the Paul Bunyan Drug Task Force.

The Red Lake Watershed District Custodial Fund is used to account for the collection and payment of taxes due to the Red Lake Watershed District.

The Roseau River Watershed District Custodial Fund is used to account for the collection and payment of taxes due to the Roseau River Watershed District.

The School Districts Custodial Fund is used to account for the collection and payment of funds due to school districts.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
DESCRIPTIONS OF FUNDS (CONTINUED)
DECEMBER 31, 2025**

CUSTODIAL FUNDS (CONTINUED)

The State Revenue Custodial Fund is used to account for the state's share of the severed mineral tax and assurance collections and payments to the State of Minnesota.

The Townships and Cities Custodial Fund is used to account for the collection and payment of taxes and penalties to the various taxing districts.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	Special Revenue Funds		
	Ditch	Technology	Unorganized Townships
<u>Assets</u>			
Cash and pooled investments	\$ 639,936	\$ 336,082	\$ 289,168
Taxes receivable			
Delinquent	2,009	-	-
Accounts receivable	-	-	-
Accrued interest receivable	10,784	-	-
Loans receivable	-	-	-
Due from other governments	8,836	-	7,000
Total assets	\$ 661,565	\$ 336,082	\$ 296,168
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 98
Due to other governments	7,088	-	-
Total liabilities	7,088	-	98
Deferred inflows of resources			
Unavailable taxes and special assessments	300	-	-
Unavailable grants	-	-	7,000
Other unavailable revenue	-	-	-
Total deferred inflows of resources	300	-	7,000
Fund balances			
Restricted for			
Economic development	-	-	-
Law library	-	-	-
Opioid settlement	-	-	-
Consolidated conservation	-	-	-
Committed to			
Ditch repairs	654,177	-	-
Technology updates	-	336,082	-
Unorganized townships	-	-	289,070
Total fund balances	654,177	336,082	289,070
Total liabilities, deferred inflows of resources, and fund balances	\$ 661,565	\$ 336,082	\$ 296,168

Consolidated Conservation	Law Library	Development	Opioid Settlement	Total Nonmajor Governmental Funds
\$ 1,006,714	\$ 77,791	\$ 43,727	\$ 808,861	\$ 3,202,279
-	-	-	-	2,009
-	-	-	999,458	999,458
-	-	-	-	10,784
27,115	-	140,000	-	167,115
-	2,921	-	-	18,757
<u>\$ 1,033,829</u>	<u>\$ 80,712</u>	<u>\$ 183,727</u>	<u>\$ 1,808,319</u>	<u>\$ 4,400,402</u>
\$ 5,766	\$ 6,046	\$ 430	\$ 21,301	\$ 33,641
-	-	-	-	7,088
5,766	6,046	430	21,301	40,729
-	-	-	-	300
-	-	-	-	7,000
-	-	140,000	999,458	1,139,458
-	-	140,000	999,458	1,146,758
-	-	43,297	-	43,297
-	74,666	-	-	74,666
-	-	-	787,560	787,560
1,028,063	-	-	-	1,028,063
-	-	-	-	654,177
-	-	-	-	336,082
-	-	-	-	289,070
<u>1,028,063</u>	<u>74,666</u>	<u>43,297</u>	<u>787,560</u>	<u>3,212,915</u>
<u>\$ 1,033,829</u>	<u>\$ 80,712</u>	<u>\$ 183,727</u>	<u>\$ 1,808,319</u>	<u>\$ 4,400,402</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Special Revenue Funds		
	Ditch	Technology	Unorganized Townships
Revenues			
Taxes	\$ -	\$ 95,000	\$ 60,790
Special assessments	49,582	-	-
Licenses and permits	-	-	38
Intergovernmental	119,107	-	10,042
Charges for services	-	13,200	-
Fines and forfeits	-	-	-
Interest on investments	10,784	-	-
Miscellaneous	-	-	30,847
Total revenues	179,473	108,200	101,717
Expenditures			
Current			
General government	-	94,311	-
Public safety	-	-	17,357
Highways and streets	-	-	66,406
Health	-	-	-
Conservation of natural resources	82,127	-	-
Economic development	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	82,127	94,311	83,763
Excess of revenues over (under) expenditures	97,346	13,889	17,954
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	97,346	13,889	17,954
Fund balance - beginning of year, as previously reported	556,831	322,193	271,116
Adjustment (see note 10)	-	-	-
Fund balance - beginning of year, as adjusted	556,831	322,193	271,116
Fund balance - end of year	\$ 654,177	\$ 336,082	\$ 289,070

<u>Consolidated Conservation</u>	<u>Law Library</u>	<u>Development</u>	<u>Opioid Settlement</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 155,790
-	-	-	-	49,582
-	-	-	-	38
418,472	-	-	-	547,621
-	-	5,381	-	18,581
-	40,144	-	-	40,144
-	-	-	-	10,784
247	-	13,333	-	44,427
418,719	40,144	18,714	-	866,967
-	4,228	-	-	98,539
-	-	-	-	17,357
-	-	-	-	66,406
-	-	-	21,301	21,301
-	-	-	-	82,127
249,191	-	45,020	-	294,211
-	17,503	8,000	-	25,503
-	1,650	-	-	1,650
249,191	23,381	53,020	21,301	607,094
169,528	16,763	(34,306)	(21,301)	259,873
-	-	-	37,701	37,701
(214,925)	-	-	-	(214,925)
(214,925)	-	-	37,701	(177,224)
(45,397)	16,763	(34,306)	16,400	82,649
1,073,460	57,903	77,603	-	2,359,106
-	-	-	771,160	771,160
1,073,460	57,903	77,603	771,160	3,130,266
<u>\$ 1,028,063</u>	<u>\$ 74,666</u>	<u>\$ 43,297</u>	<u>\$ 787,560</u>	<u>\$ 3,212,915</u>

Beltrami County
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2025

	<u>Beltrami County Soil & Water Conservation District</u>	<u>Bemidji Regional Airport</u>	<u>Development District</u>	<u>Emergency Services District</u>
ASSETS				
Cash and pooled investments	\$ 1,433,939	\$ 36,949	\$ 4	\$ 66,108
Taxes receivable	-	-	-	6,980
Accounts receivable	-	-	-	-
Due from other governments	201,350	-	-	-
Interest receivable	-	-	-	-
Depreciable capital assets (net)	116,506	-	-	-
Total assets	<u>1,751,795</u>	<u>36,949</u>	<u>4</u>	<u>73,088</u>
LIABILITIES				
Accounts payable	13,275	-	-	-
Due to other governments	59,148	36,949	4	-
Total liabilities	<u>72,423</u>	<u>36,949</u>	<u>4</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	1,679,372	-	-	73,088
Total net position	<u>\$ 1,679,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,088</u>

Custodial Funds					
Headwaters Regional Development Commission	Jail Custodial Fund	Medical Assistance Estate Recoveries	Northwest Minnesota Juvenile Center	Headwaters Shooting Sports Foundation	Other Custodial
\$ 3,941	\$ 18,325	\$ 110,409	\$ 1,373,930	\$ 43,776	\$ 91,028
-	-	-	-	-	-
-	-	-	1,052	-	-
-	-	-	519,783	-	-
-	-	-	10,799	-	-
-	-	-	-	-	-
3,941	18,325	110,409	1,905,564	43,776	91,028
-	-	-	102,425	-	17,143
3,941	-	110,409	14,388	-	-
3,941	-	110,409	116,813	-	17,143
-	18,325	-	1,788,751	43,776	73,885
\$ -	\$ 18,325	\$ -	\$ 1,788,751	\$ 43,776	\$ 73,885

<u>Paul Bunyan Task Force</u>	<u>Red Lake Watershed District</u>	<u>Roseau Watershed District</u>	<u>School Districts</u>	<u>State Revenue</u>	<u>Townships and Cities</u>	<u>Total Custodial Funds</u>
\$ 429,608	\$ 25,352	\$ 566	\$ 415,875	\$ 53,388	\$ 378,440	\$ 4,481,638
-	-	-	330,812	41,188	477,139	856,119
285	-	-	-	14	-	1,351
183,764	-	-	-	-	-	904,897
-	-	-	-	-	-	10,799
-	-	-	-	-	-	116,506
<u>613,657</u>	<u>25,352</u>	<u>566</u>	<u>746,687</u>	<u>94,590</u>	<u>855,579</u>	<u>6,371,310</u>
13,165	-	-	-	-	-	146,008
<u>65,416</u>	<u>25,352</u>	<u>566</u>	<u>415,875</u>	<u>53,401</u>	<u>378,440</u>	<u>1,163,889</u>
<u>78,581</u>	<u>25,352</u>	<u>566</u>	<u>415,875</u>	<u>53,401</u>	<u>378,440</u>	<u>1,309,897</u>
535,076	-	-	330,812	41,189	477,139	5,061,413
<u>\$ 535,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,812</u>	<u>\$ 41,189</u>	<u>\$ 477,139</u>	<u>\$ 5,061,413</u>

Beltrami County
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2025

	Beltrami Soil & Water Conservation District	Bemidji Regional Airport	Development District	Emergency Services District
ADDITIONS				
Property tax collection	\$ -	\$ 991,941	\$ 10	\$ 568,651
Intergovernmental	1,109,499	499	-	529
Charges for services	122,135	-	-	-
Interest	-	-	-	-
Miscellaneous	7,586	-	-	-
Total additions	<u>1,239,220</u>	<u>992,440</u>	<u>10</u>	<u>569,180</u>
DEDUCTIONS				
Property tax allocation	-	991,941	10	575,000
Miscellaneous allocations	-	499	-	-
Operating expenses	1,471,940	-	-	-
Total deductions	<u>1,471,940</u>	<u>992,440</u>	<u>10</u>	<u>575,000</u>
Net increase (decrease) in fiduciary net position	(232,720)	-	-	(5,820)
Fiduciary net position - beginning of year	<u>1,912,092</u>	<u>-</u>	<u>-</u>	<u>78,908</u>
Fiduciary net position - end of year	<u>\$ 1,679,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,088</u>

Custodial Funds					
<u>Headwaters Regional Development Commission</u>	<u>Jail Custodial Fund</u>	<u>Medical Assistance Estate Recoveries</u>	<u>Northwest Minnesota Juvenile Center</u>	<u>Headwaters Shooting Sports Foundation</u>	<u>Other Custodial</u>
\$ 134,527	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	330,442	-	-	-
-	-	-	8,097,301	-	-
-	-	-	34,426	-	-
68	307,966	-	2,764	86,729	165,826
<u>134,595</u>	<u>307,966</u>	<u>330,442</u>	<u>8,134,491</u>	<u>86,729</u>	<u>165,826</u>
134,527	-	-	-	-	-
68	319,265	330,442	-	115,709	145,904
-	-	-	8,223,601	-	-
<u>134,595</u>	<u>319,265</u>	<u>330,442</u>	<u>8,223,601</u>	<u>115,709</u>	<u>145,904</u>
-	(11,299)	-	(89,110)	(28,980)	19,922
-	29,624	-	1,877,861	72,756	53,963
<u>\$ -</u>	<u>\$ 18,325</u>	<u>\$ -</u>	<u>\$ 1,788,751</u>	<u>\$ 43,776</u>	<u>\$ 73,885</u>

<u>Paul Bunyan Task Force</u>	<u>Red Lake Watershed District</u>	<u>Roseau Watershed District</u>	<u>School Districts</u>	<u>State Revenue</u>	<u>Townships and Cities</u>	<u>Total Custodial Funds</u>
\$ -	\$ 305,785	\$ 1,870	\$ 12,107,097	\$ 3,837,564	\$ 16,229,883	\$ 34,177,328
425,524	629	-	162,138	-	862,983	2,892,243
-	-	-	-	-	-	8,219,436
-	-	-	-	-	-	34,426
116,834	-	-	-	-	1,883	689,656
<u>542,358</u>	<u>306,414</u>	<u>1,870</u>	<u>12,269,235</u>	<u>3,837,564</u>	<u>17,094,749</u>	<u>46,013,089</u>
-	305,785	1,870	12,101,462	3,840,390	16,171,328	34,122,313
-	629	-	143,420	-	856,341	1,912,277
611,540	-	-	-	-	-	10,307,081
<u>611,540</u>	<u>306,414</u>	<u>1,870</u>	<u>12,244,882</u>	<u>3,840,390</u>	<u>17,027,669</u>	<u>46,341,671</u>
(69,182)	-	-	24,353	(2,826)	67,080	(328,582)
604,258	-	-	306,459	44,015	410,059	5,389,995
<u>\$ 535,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330,812</u>	<u>\$ 41,189</u>	<u>\$ 477,139</u>	<u>\$ 5,061,413</u>

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUES
YEAR ENDED DECEMBER 31, 2025**

	Governmental Funds
Shared revenue	
State	
Highway users tax	\$ 11,640,910
PERA rate reimbursement	91,650
Disparity reduction aid	294
Police aid	519,694
County program aid	4,280,431
Emergency protective care hearings	10,289
Out of home placements	459,523
Local homeless prevention	320,157
Statewide affordable housing	53,725
Market value credit - agriculture	295,917
Enhanced 911	253,513
Local government cannabis aid	5,454
Riparian protection aid	65,494
Aquatic invasive species	204,218
Red Lake reimbursements	483,772
Total shared revenue	18,685,041
Reimbursement for services	
State	
Minnesota department of administration	107,640
Minnesota department of human services	3,229,700
Minnesota department of health	80,462
Total state reimbursement for services	3,417,802
Payments	
Local	
City of Bemidji	1,014,847
Townships	710,376
Counties	46,344
BI-CAP	143,786
Local	31,515
Payments in lieu of taxes	3,274,487
Total payments	5,221,355
Grants	
State	
Minnesota department/board of	
Secretary of state	27,620
Public safety	380,384
Veterans affairs	190,000
Transportation	685,548
Health	1,124,902
Natural resources	477,978
Human services	5,085,667
Children, youth, and families	948,697
Soil and water resources	120,129
Pollution control	306,285
Total State	9,347,210

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUES (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

	Governmental Funds
Grants (continued)	
Federal	
Department of	
Agriculture	\$ 1,104,509
Justice	120,703
Interior	143,861
Transportation	1,254,088
Homeland security	26,272
Executive office of the president	95,000
Health and human services	6,818,674
Total Federal	9,563,107
Total state and federal grants	18,910,317
Total intergovernmental revenues	\$ 46,234,515

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*
AND SINGLE AUDIT**



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

Board of County Commissioners
Beltrami County
Bemidji, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beltrami County, Minnesota (the County) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 18, 2026.

Report on Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Beltrami County's Response to Findings

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
August 18, 2026



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

Board of County Commissioners
Beltrami County
Bemidji, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Beltrami County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Beltrami County's major federal programs for the year ended December 31, 2025. Beltrami County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Beltrami County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-003 and 2025-004, to be significant deficiencies.

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

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

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



CliftonLarsonAllen LLP

Brainerd, Minnesota
August 18, 2026

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025**

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.778	Grants to States for Medicaid (Medicaid Cluster)

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

\$1,000,000

Auditee qualified as low-risk auditee?

 yes X no

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section II – Financial Statement Findings

2025-001 AUDIT ADJUSTMENTS

Type of Finding Material Weakness in Internal Control over Financial Reporting

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

Condition: As part of the audit, we proposed material audit adjustments to adjust the net pension liability and related deferred inflows and outflows of resources, record other postemployment benefits and the related deferred inflows and outflows of resources, record reclassifications between federal revenue and reimbursement for services.

Cause: The County has a limited number of personnel.

Effect: The design of the internal controls over recording transactions and year-end accruals limits the ability of the County to provide accurate accrual basis financial information.

Repeat Finding: Yes – 2024-001.

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

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section II – Financial Statement Findings (Continued)

2025-002 SEGREGATION OF DUTIES – VARIOUS DEPARTMENTS

Type of Finding Significant Deficiency in Internal Control over Financial Reporting

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

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for various County departments as some departments have one or two personnel that perform all accounting related functions.

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

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

Repeat Finding: Yes – 2024-002.

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

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section III – Major Program Findings and Compliance

RANDOM MOMENT STUDY (RMS) EMPLOYEE LISTING (2025–003)

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Grants to States for Medicaid (Medicaid Cluster) and Temporary Assistance for Needy Families (TANF)

Assistance Listing Number: 93.778 and 93.558

Pass-Through Agency: Minnesota Department of Human Services and Minnesota Department of Health

Federal Award Identification and Pass-Through Numbers: 2505MN5ADM, 2505MN5MAP, and 2501MNTANF

Award Period: Year Ended December 31, 2025

Compliance Requirement: Activities Allowed/Allowable Costs

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: Uniform Guidance requires the County to charge salaries and wages based on records that accurately reflect the work performed by participating workers related to income maintenance, social services, and local collaborative public health activities on the RMS listings. The Uniform Guidance further requires the County to reconcile payroll account coding so that only the wages of participants are charged.

Condition and Context: During our testing of the income maintenance RMS listings, 1 of 2 quarterly reports had 2 participants who were reported on the listing but whose salaries and wages were not included in the appropriate payroll account codes. During testing of the social services RMS listings, 2 of 2 quarterly reports had 1 participant who was reported on the listing but whose salaries and wages were not included in the appropriate payroll account codes. During testing of the local collaborative public health RMS listings, 1 of 2 quarterly reports had 1 participant who was reported on the listing but who should not have been. The sample sizes were based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Questioned Costs: None noted.

Cause: Lack of management oversight.

Effect: There is minimal effect on the programs. Due to the funding structure, the random moment studies are only used to determine the allocation percentages to the various federal programs and not to determine the total amount of reimbursement.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section III – Major Program Findings and Compliance (Continued)

RANDOM MOMENT STUDY (RMS) EMPLOYEE LISTING (2025–003) (CONTINUED)

Repeat Finding: No.

Recommendation: We recommend the County implement a quarterly review and reconciliation procedure to ensure that the population of participating workers included in each RMS listing agrees to the population of participating workers whose salaries and wages were recorded to the corresponding payroll account codes.

Views of responsible officials: There is no disagreement with the audit finding. Quarterly review procedures will be implemented.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section III – Major Program Findings and Compliance (Continued)

CASE FILE REVIEWS (2025–004)

Federal Agency: U.S. Department of Health and Human Services

Federal Program Name: Temporary Assistance for Needy Families (TANF)

Assistance Listing Number: 93.558

Pass-Through Agency: Minnesota Department of Human Services and Minnesota Department of Health

Federal Award Identification and Pass-Through Numbers: 2501MNTANF

Award Period: Year Ended December 31, 2025

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement: Federal guidelines require grant recipients to implement internal controls for each direct and material compliance requirement applicable to the federal grant to ensure compliance with said requirements.

Condition and Context: During testing of controls over Eligibility (i.e., casefile reviews), it was noted that there was no formal documentation on file to indicate that internal reviews were performed over public health casefiles. The sample sizes were based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Questioned Costs: None noted.

Cause: Lack of standard documentation procedures over internal reviews.

Effect: The County may be incorrectly concluding that an applicant is eligible for the federal programs they are applying for.

Repeat Finding: Yes – 2024-005.

Recommendation: We recommend the County perform internal casefile reviews. In addition, the County should implement standard documentation that will formalize the performed reviews.

Views of responsible officials: There is no disagreement with the audit finding. Additional documentation and specific casefile reviews will be implemented.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section IV – Other Item for Consideration – Minnesota Legal Compliance

PUBLISHING OF CLAIMS (2025-005)

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

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

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

Cause: Past practice.

Repeat Finding: Yes - 2024-006.

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

Views of Responsible Officials: There is no disagreement with the audit finding.

CLIENT'S RESPONSE:

Beltrami County referred to Minnesota Statutes §375.17 in determining that it could "refrain from publishing....an itemized account of amounts paid out....if all disbursements aggregating \$5,000 or more to any person are set forth in a schedule of major disbursements showing amounts paid out, to whom and for what purpose and are made a part of, and published with, the financial statement." Based on that information, we published all aggregate payments over \$5,000. All financial information is made available to the public upon request, regardless of financial thresholds. The County will review the appropriate statutes before financial statement publication and will continue to find ways to reduce the total publication costs to the taxpayers.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Section V – Previously Reported Items Resolved

2024-004 CASE FILE REVIEWS

Resolution: The County implemented procedures to verify that internal casefile reviews for Minnesota Family Investment Program and Divisionary Work Program (TANF), supplemental nutrition assistance program (SNAP cluster) and Grants to States for Medicaid (Medicaid Cluster) casefiles are adequate and include all required documentation for eligibility of clients.

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025**

Federal Grantor	Assistance Listing Number	Pass-through Grant Numbers	Expenditures		Passed Through to Subrecipients
Pass-Through Agency					
Grant Program Title or Cluster Name					
U.S. Department of Agriculture					
Passed Through Minnesota Department of Health					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	242MN0004W1003	\$	273,576	\$ -
WIC Grants to States (WGS)	10.578	739J		1,309	-
Passed Through Minnesota Department of Human Services					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Assistance Program (Part of SNAP Cluster Total \$822,660)	10.561	252MN101S2514	\$	609,484	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Assistance Program (Part of SNAP Cluster Total \$822,660)	10.561	252MN127Q7503		<u>2,010</u>	611,494
Passed Through Minnesota Department of Children, Youth, and Families					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Assistance Program (Part of SNAP Cluster Total \$822,660)	10.561	252MN101S2514		209,943	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Assistance Program (Part of SNAP Cluster Total \$822,660)	10.561	252MN127Q7503		<u>1,223</u>	211,166
Passed Through Minnesota Department of Finance Schools and Roads					
Schools and Roads - Grants to States (Part of Forest Service Schools & Roads Cluster Total \$7,964)	10.665	G9RUSDFORESTRY		<u>7,964</u>	-
Total U.S. Department of Agriculture				1,105,509	-
U.S. Department of Interior					
Direct					
Payments in Lieu of Taxes	15.226	N/A		143,861	-
U.S. Department of Justice					
Direct					
Bulletproof Vest Partnership Program	16.607	N/A		5,400	-
Project Safe Neighborhoods	16.609	N/A		29,309	-
Equitable Sharing Program	16.922	N/A		2,241	-
Passed Through Minnesota Department of Public Safety					
Crime Victim Assistance	16.575	F-CVS-2024-BELTRAAO-14490		19,938	-
Crime Victim Assistance	16.575	F-CVS-2024-BELTRAAO-14933		6,679	-
Crime Victim Assistance	16.575	F-CVS-2024-BELTRAAO-15357		33,684	-
Crime Victim Assistance	16.575	F-CVS-2026-BELTRAAO-16013		<u>23,452</u>	<u>83,753</u>
Total U.S. Department of Justice				120,703	-
U.S. Department of Transportation					
Passed Through Minnesota Department of Transportation					
Highway Planning and Construction	20.205	1052057		48,034	-
Highway Planning and Construction	20.205	STBG 0425(150)		<u>1,096,392</u>	<u>1,144,426</u>
Passed Through Minnesota Department of Natural Resources					
Recreational Trails Program	20.219	0015-24-1A		22,604	22,604
Passed Through the Minnesota Department of Public Safety					
State and Community Highway Safety (Part of Highway Safety Cluster Total \$44,084)	20.600	A-OFFICR25-2025-BELTRASO		39,423	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (AL 20.608 total \$109,167)	20.608	A-OFFICR25-2025-BELTRASO		106,373	-
Passed Through the City of Bemidji					
State and Community Highway Safety (Part of Highway Safety Cluster Total \$44,084)	20.600	A-ENFRC25-2025BEMIDJPD		2,662	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (AL 20.608 total \$109,167)	20.608	A-ENFRC25-2025BEMIDJPD		2,794	-
Safety Belt Performance Grants	20.609	A-ENFRC25-2025BEMIDJPD		1,614	-
National Priority Safety Programs (Highway Safety Cluster Total \$44,084)	20.616	A-ENFRC25-2025BEMIDJPD		<u>1,999</u>	-
Total U.S. Department of Transportation				1,321,895	22,604

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2025**

Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name	Assistance Listing Number	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	H12H869P	38,335	-
Early Hearing Detection and Intervention	93.251	H12H671R	600	-
Temporary Assistance for Needy Families (Total AL 93.558 \$909,554)	93.558	2501MNTANF	72,576	-
Maternal and Child Health Services Block Grant to the States	93.994	H12H301P	57,622	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE110E000048	60,987	-
Passed Through Minnesota Department of Human Services				
Title IV-E Prevention Program (Total AL 93.472 \$40,666)	93.472	H55259SGP	20,784	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2401MNFPS	15,121	-
Temporary Assistance for Needy Families (Total AL 93.558 \$909,554)	93.558	2501MNTANF	836,978	-
Child Support Services (Total AL 93.563 \$1,104,968)	93.563	2501MNSCSS	\$ 744,637	-
Child Support Services (Total AL 93.563 \$1,104,968)	93.563	2501MNICSS	<u>72,531</u>	817,168
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2501MNR CMA	3,392	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2501MNCCDF	9,083	-
Community-Based Child Abuse Prevention Grants	93.590	2402MNBCAP	4,333	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2401MNCWSS	2,885	-
Foster Care-Title IV-E	93.658	2501MNFOST	572,582	-
Social Services Block Grant	93.667	2501MNSOSR	258,140	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2401MNCILP	12,719	-
Children's Health Insurance Program	93.767	2405MN5021	442	-
Grants to States for Medicaid (Total Medicaid Cluster and AL 93.778 \$3,038,189)	93.778	2505MN5ADM	3,028,292	-
Grants to States for Medicaid (Total Medicaid Cluster and AL 93.778 \$3,038,189)	93.778	2505MN5MAP	<u>9,897</u>	3,038,189
Block Grants for Community Mental Health Services	93.958	SM085364	45,189	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI087047	700	-
Passed Through Minnesota Department of Children, Youth, and Families				
Title IV-E Prevention Program (Total AL 93.472 \$40,666)	93.472	H55259SGP	19,882	-
Child Support Services (Total AL 93.563 \$1,104,968)	93.563	2501MNSCSS	265,145	-
Child Support Services (Total AL 93.563 \$1,104,968)	93.563	2501MNICSS	<u>22,655</u>	287,800
Foster Care-Title IV-E	93.658	2501MNFOST	507,184	-
Social Services Block Grant	93.667	2501MNSOSR	51,630	-
Passed Through Sanford Health				
Rural Healthcare Services Programs	93.912	CY21-172-BCHHS	<u>84,353</u>	-
Total U.S. Department of Health and Human Services			6,818,674	-
U.S. Department of Executive Office of the President				
Direct				
High Intensity Drug Trafficking Areas Program	95.001	G24ML0039B	<u>95,000</u>	<u>95,000</u>
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2023-BELTRACO-005	<u>21,872</u>	-
Total Federal Expenditures			\$ 9,627,514	\$ 117,604

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

**BELTRAMI COUNTY
BEMIDJI, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025**

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Beltrami County (the County). The County's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Beltrami County under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Beltrami County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Beltrami County.
3. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for all awards. Under these principles certain types of expenditures are not allowed or are limited as to reimbursement. The County has elected not to use the de minimus indirect cost rate allowed under Uniform Guidance.

4. Reconciliation to the Schedule of Intergovernmental Revenue

Federal Grant Revenue per Schedule of Intergovernmental Revenue	\$ 9,563,107
Expenditures in the Schedule of Expenditures of Federal Awards, not included as revenues reported in the Schedule of Intergovernmental Revenue	154,405
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures	<u>(89,998)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 9,627,514</u>



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Beltrami County
Bemidji, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beltrami County (the County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 18, 2026.

In connection with our audit, we noted that the County failed to comply with provisions of the miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, in so far as they relate to accounting matters as described in the schedule of findings and questioned costs as item 2025-005. Also, in connection with our audit, nothing came to our attention that caused us to believe that the County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and claims and disbursements sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Brainerd, Minnesota
August 18, 2026

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://claglobal.com/disclaimer).

