# Steele County

Financial Statements and
Supplementary Information

December 31, 2023

# Steele County

Table of Contents
December 31, 2023

# Independent Auditors' Report

To the County Board of Commissioners of
Steele County

## Report on the Audit of the Financial Statements

### *Opinions*

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

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Minnesota Prairie County Alliance and South Country Health Alliance, in which Steele County has equity interests. Such equity interests represent 10.3%, 12.1% and 10.1%, respectively, of the assets, net position and revenue of Steele County's governmental activities. The statements for South Country Health Alliance were prepared in accordance with the financial reporting provisions of the Department of Health of the State of Minnesota. We have applied audit procedures on the conversion adjustments to the financial statements of South Country Health Alliance, which conform those financial statements to accounting principles generally accepted in the United States of America. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Minnesota Prairie County Alliance and South Country Health Alliance (prior to conversion adjustments) are based solely on the reports of the other auditors.

### *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 (*Government Auditing Standards)*. 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. The financial statements of South Country Health Alliance were not audited in accordance with *Government Auditing Standards.*

### *Emphasis of Matter*

As discussed in Note 1, the County adopted the provisions of GASB Statement No. 96, effective January 1, 2023. 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 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Eau Claire, Wisconsin
August 8, 2024

**STEELE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
For the Year Ended December 31, 2023

This section of the Steele County's (the County) annual financial report is presented to provide readers with a narrative overview and analysis of the County's financial performance during the fiscal year that ended on December 31, 2023. We encourage readers to consider the information presented in this overview in conjunction with the information contained in the basic financial statements and required supplemental information in order to enhance their understanding of the activities and financial health of Steele County.

## Financial Highlights

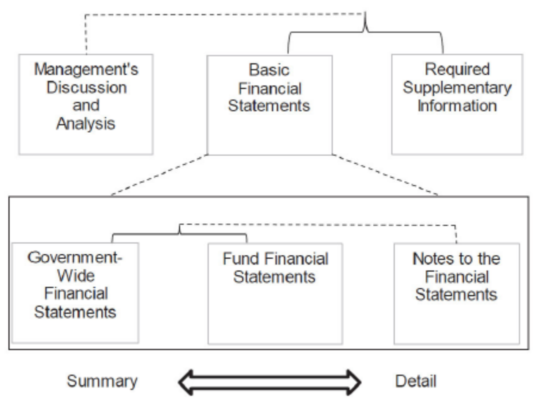
Key financial highlights for 2023 include the following:

- The assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $171,099,095 (net position). Of this amount, $42,973,094 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The net position of governmental activities increased by $19,081,845, or 12.6% over the prior year. This is discussed further in the government-wide financial analysis section.
- Capital assets (net of accumulated deprecation and amortization) increased by $4,522,955 or 4.0% over the prior year. This increase was primarily due to completed projects for the road and bridge, detention center and administration building. Other changes include the purchase of a building at 2655 Alexander Street and the implementation of GASB 96 recognizing software subscription assets.
- The County's long-term liabilities decreased by $13,462,901 or 37.1% from the prior year. This decrease was primarily due to the allocated net pension liability from the Public Employers Retirement Association (PERA), the repayment of debt in accordance with the debt schedules, and a reduction in the estimated closure and post closure care of the landfill.
- Governmental fund-level revenues exceeded expenditures resulting in a fund balance increase of $4,474,601. This increase was primary due to an increase in interest income and a reduction in the amount of unrealized investment losses in comparison to the prior year.
- The governmental fund balance totaled $47,669,783 at the end of the fiscal year. Of this amount, $27,262,134 (57.2%) is classified as either nonspendable, restricted, committed or assigned while $20,407,649 (42.8%) is unassigned.
- The County had ongoing construction projects to spend the federal American Rescue Plan Act (ARPA) funds. During the year the County spent $374,139 of these federal funds and $6,717,742 remains as unearned revenue under the capital projects fund. These funds have been dedicated for a community correction's building and an addition to the detention center for sheriff's operations.
- Operating revenues for the County's Landfill enterprise fund totaled $1,880,002 and operating expenses were $1,112,275. Nonoperating revenues totaled $138,771 from interest income and a gain on disposal of capital assets. This resulted in an increase in net position of $906,498 for 2023. This increase was primarily from a reduction in the landfill long-term care costs which estimates the amount of funds that need to be sent aside for required monitoring and closure. This decrease was mainly due to a lowered inflation factor being used in 2023.

## Overview of the Financial Statements

The purpose of management's discussion and analysis is to introduce the reader to the basic financial statements and provide an analytical overview of the County's financial activities. The County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The management's discussion and analysis (this section), budgetary comparison schedules, and other supplemental schedules and discourses are required to accompany the basic financial statements and, therefore, are included as required supplementary information. Figure A-1 demonstrates how the different pieces of the financial statements are interrelated.

**Figure A-1**
**Annual Report Format**




The basic financial statements consist of:

1. Government-wide financial statements – providing users with a broad overview of the County's finances similar to the financial statements of private-sector businesses.
2. Fund financial statements – providing users detailed information about the County's most significant components - funds - not the County as a whole. They are used to establish financial control over resources that have been segregated for various activities and objectives.
   - The governmental fund financial statements tell how basic services such as public safety, health and human services, highways and streets, and administration were financed in the short term, as well as what remains for future spending.
   - Fiduciary fund 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.
3. Notes to the financial statements – providing users the accounting methods, policies, and choices underlying the amounts in the financial statements. In addition, they provide additional detail about or explanations of the amounts in the financial statements.

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**

| | Government-Wide Statements | Governmental Funds | Proprietary Funds | Fiduciary Funds |
|---|---|---|---|---|
| **Scope** | Entire County's government (except fiduciary funds). | The activities of the County that are not proprietary or fiduciary. | The activities of the County that operate similar to private businesses. | Instances in which the County is the trustee or agent for someone else's resources. |
| **Required financial statements** | Statement of net position. | Balance sheet. | Statement of net position. | Statement of fiduciary net position. |
| | Statement of activities. | Statement of revenues, expenditures and changes in fund balance. | Statement of revenues, expenses, and changes in fund net position. | Statement of changes in fiduciary net position. |
| | | | Statement of cash flows. | |
| **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/liability 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 or long-term debt included. | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term. | All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term. Agency's funds do not currently contain capital assets, although they can. |
| **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 the year, regardless of when cash is received or paid. | All revenues and expenses during the year, regardless of when cash is received or paid. |

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Government-Wide Statements

The government-wide financial statements provide a long-term view of the County's overall finances using the full accrual basis of accounting. The government-wide statements are comprised of the statement of net position and the statement of activities.

The statement of net position presents information on all of Steele County's assets, liabilities, and deferred outflows and inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position is an indicator of whether its financial position is improving or deteriorating. However, 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, the County's economic conditions, and the condition of County infrastructure.

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

In the government-wide financial statements, the County's activities are shown in two categories:

1. Governmental activities – Many of the activities that are normally associated with county government are included in governmental activities: sheriff, detention center, highway, health and human services, administration, etc. Funding for these activities is provided mainly from taxes (including property, sales, and wheelage tax), intergovernmental revenues, and public charges for services.

2. Business-type activities – The County's landfill operations are included here. Public charges for services are the primary financing source.

## Net Position

As discussed earlier, net position can serve as a useful indicator of a government's financial position. At the close of 2023, Steele County's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $179,073,038. A summary of Steele County's net position is outlined in Table A-1 below.

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

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | % Change |
|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2022-23 |
| ***Assets*** | | | | | | | |
| Current Assets | $ 65,671,226 | $ 58,498,033 | $ 4,806,141 | $ 5,472,282 | $ 70,477,367 | $ 63,970,315 | 10.2% |
| Capital and Noncurrent Assets | 136,225,002 | 125,695,514 | 6,321,049 | 5,384,168 | 142,546,051 | 131,079,682 | 8.7% |
| Total Assets | 201,896,228 | 184,193,547 | 11,127,190 | 10,856,450 | 213,023,418 | 195,049,997 | 9.2% |
| | - | | | | | | |
| Deferred Outflows of Resources | 7,390,072 | 10,468,940 | 60,144 | 89,869 | 7,450,216 | 10,558,809 | (29.4%) |
| ***Liabilities*** | | | | | | | |
| Current Liabilities | 12,159,485 | 12,473,082 | 187,234 | 124,629 | 12,346,719 | 12,597,711 | (2.0%) |
| Long-Term Liabilities | 16,690,824 | 29,100,177 | 2,945,005 | 3,740,656 | 19,635,829 | 32,840,833 | (40.2%) |
| Total Liabilities | 28,850,309 | 41,573,259 | 3,132,239 | 3,865,285 | 31,982,548 | 45,438,544 | (29.6%) |
| Deferred Inflows of Resources | 9,336,896 | 1,071,978 | 81,152 | 13,589 | 9,418,048 | 1,085,567 | 767.6% |
| ***Net Position*** | | | | | | | |
| Net Investment in Capital Assets | 108,050,666 | 102,116,950 | 3,322,579 | 2,582,586 | 111,373,245 | 104,699,536 | 6.4% |
| Restricted | 20,075,335 | 18,366,177 | 295,193 | - | 20,370,528 | 18,366,177 | 10.9% |
| Unrestricted | 42,973,094 | 31,534,123 | 4,356,171 | 4,484,859 | 47,329,265 | 36,018,982 | 31.4% |
| Total Net Position | $ 171,099,095 | $ 152,017,250 | $ 7,973,943 | $ 7,067,445 | $ 179,073,038 | $ 159,084,695 | 12.6% |

Net Investment in Capital Assets ($111,373,245 or 62.2% of total net position) represent the County's capital assets net of accumulated depreciation and amortization ($118,844,547) less the remaining balances of debt used to finance the acquisition of these assets ($7,471,302). Steele County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position ($20,370,528 or 11.4% of total net position) is subject to external restrictions on how it may be used. This includes funds that are restricted for debt service repayment, road and bridge projects, recorder equipment, and other statutory requirements.

The remaining balance of net position ($47,329,265 or 26.4% of total net position) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

In comparison to the prior year:

- County assets increased by $17,973,421 or 9.2% over the previous year due to a combination of many surpluses and deficits. The primary increases over the prior year include:
    - Positive financial performance in the County's joint venture (South County Health Alliance) increasing equity interest by $6,746,527.
    - Increases in County capital assets (net of current year depreciation and amortization), $4,522,945.
    - An increase in special assessments receivable due to the recording of Saint Paul Port Authority PACE loans, $2,397,600.
    - An increase in general fund cash and investments due to an equity distribution payment received from Minnesota Prairie County Alliance, and increase in interest income, and a reduction in unrealized losses in comparison to the prior year, $4,912,195.

- Liabilities decreased by $13,455,996 or 29.6% over the previous year. This decrease was primarily due to:
    - A decrease in the allocated net pension liability from annual actuarial report provided by PERA of $10,820,418.
    - The repayment of outstanding debt, loans, and leases payable in accordance with the payment schedules, $1,959,599
    - A decrease in the estimated landfill post closure care costs from a reduction in inflation estimates over the prior year, $728,324.

- The County's deferred outflows of resources decreased by 29.4% and deferred inflows of resources increased by 767.6%. These changes were due to the changes in the County's net pension liability allocated from PERA and the related inflows and outflows.

- Net position increased by 12.6% due to the increase in the County's net investment in capital assets and revenues exceeding expenditures during the current fiscal year.

## Changes in Net Position

The statement of activities for Steele County is summarized in table A-2 below.

**Table A-2**
**Steele County's Change in Net Position**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | % Change |
|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2022-23 |
| ***Revenues*** | | | | | | | |
| Program Revenues | | | | | | | |
| Charges, Fees, Fines & Other | $ 5,515,913 | $ 5,207,899 | $ 1,871,777 | $ 1,704,995 | $ 7,387,690 | $ 6,912,894 | 6.9% |
| Operating Grants & Contributions | 6,395,478 | 5,640,899 | - | - | 6,395,478 | 5,640,899 | 13.4% |
| Capital Grants & Contributions | 3,585,206 | 5,188,542 | - | - | 3,585,206 | 5,188,542 | (30.9%) |
| General Revenues | | | | | | | |
| Property & Other Taxes | 32,815,920 | 31,732,397 | - | - | 32,815,920 | 31,732,397 | 3.4% |
| Unrestricted Grants | 3,435,240 | 2,457,370 | - | - | 3,435,240 | 2,457,370 | 39.8% |
| Investment Earnings (Loss) | 4,031,308 | (4,144,764) | 14,479 | 13,576 | 4,045,787 | (4,131,188) | 197.9% |
| Miscellaneous | 11,247,263 | 6,336,590 | 132,517 | 20,283 | 11,379,780 | 6,356,873 | 79.0% |
| Total Revenue | 67,026,328 | 52,418,933 | 2,018,773 | 1,738,854 | 69,045,101 | 54,157,787 | 27.5% |
| ***Expenditures*** | | | | | | | |
| General Government | 10,328,331 | 10,144,577 | - | - | 10,328,331 | 10,144,577 | 1.8% |
| Public Safety | 12,991,398 | 13,615,685 | - | - | 12,991,398 | 13,615,685 | (4.6%) |
| Public Works | 12,763,478 | 12,577,071 | - | - | 12,763,478 | 12,577,071 | 1.5% |
| Sanitation | 790,254 | 683,921 | 1,112,275 | 2,330,880 | 1,902,529 | 3,014,801 | (36.9%) |
| Health and Human Services | 8,891,678 | 8,507,924 | - | - | 8,891,678 | 8,507,924 | 4.5% |
| Culture, Recreation and Education | 1,235,706 | 1,213,743 | - | - | 1,235,706 | 1,213,743 | 1.8% |
| Conservation and Development | 795,404 | 860,798 | - | - | 795,404 | 860,798 | (7.6%) |
| Interest and Fiscal Charges | 148,234 | 187,207 | - | - | 148,234 | 187,207 | (20.8%) |
| Total Expenditures | 47,944,483 | 47,790,926 | 1,112,275 | 2,330,880 | 49,056,758 | 50,121,806 | (2.1%) |
| Change in Net Position | 19,081,845 | 4,628,007 | 906,498 | (592,026) | 19,988,343 | 4,035,981 | 395.3% |
| Net Position - Beginning of Year | 152,017,250 | 147,389,243 | 7,067,445 | 7,659,471 | 159,084,695 | 155,048,714 | 2.6% |
| Net Position - End of Year | $ 171,099,095 | $ 152,017,250 | $ 7,973,943 | $ 7,067,445 | $ 179,073,038 | $ 159,084,695 | 12.6% |

County-Wide revenues totaled $69,045,101 for the year ended December 31, 2023. Taxes, charges for services, and intergovernmental revenues (including grants and contributions) accounted for 77.7% of total revenue for the year.

In comparison to the prior year, county-wide revenues increased by $14,887,314 or 27.5%. This increase is the combination of many surpluses and deficits, but the primary changes include:

- Investment earnings increased by $8,176,975 or 197.9% over the previous year. This increase includes the County's interest income received from investment and checking accounts, along with the change in the year-end mark to market adjustment to book unrealized gains or losses on investments.
- Miscellaneous revenue increased by $5,022,907 or 79.0% over the previous year. The main factors for this change include the adjustment for Joint Venture equity interest ($2,333,039 increase over the prior year) and the booking of the Saint Paul Port Authority PACE loans ($2,397,600 increase over the prior year).
- Property and other tax revenue increased by $1,083,523 or 3.4% from the board approved 3.6% property tax levy increase for fiscal year 2023 and additional delinquent property tax collections.

- Unrestricted grants increased by $977,870 or 39.8% over the prior year. This increase is mainly due to the additional American Rescue Plan Act (ARPA) dollars the Country recognized as revenue in 2023 with the ongoing construction of the sheriff office addition and community corrections building.
- Operating Grants and contributions increased $754,579 or 13.4%. This increase was mainly due to an increase in community correction subsidy dollars received staring July 2023 ($219,289) and one-time public safety funds received by the sheriff's office ($599,864).
- Capital grants and contributions decreased by $1,603,336 or 30.9% mainly due to the changes in road and bridge allotment funds.

County wide expenditures totaled $49,056,758 for the year ended December 31, 2023, a decrease of 2.1% over the previous year. The statement of activities includes all the costs from the fund financial statements plus additional non-cash expenditures adjustments including depreciation, pension adjustments, compensated absences, other postemployment benefits, etc. This decrease in expenditures is the combination of many surpluses and deficits, but the primary changes include:

- In comparison to the prior year, the amount of GASB 68 pension expenditures reduced by $1,126,270. The adjustment for pension expenditures in 2022 was $2,004,223 and 2023 totaled $877,953.
- The overall reduction in the Landfill long term care costs reduced County expenditures by $1,026,593 over the prior year.
- Personnel services increases over the prior year totaled $876,859. This includes wage increases, health insurance, additional payroll taxes, etc.
- An increase in in depreciation over the prior year, $385,638.

As the result of revenues exceeding expenditures, the County-Wide net position increased by $19,988,343. Governmental activities increased by $19,081,845 and business-type activities increased by $906,498.

**STEELE COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
For the Year Ended December 31, 2023

Figure A-3 and A-4 below illustrates the County's total revenue sources and expenditures by function.

**Figure A-3**
**2023 Steele County Revenue Sources**

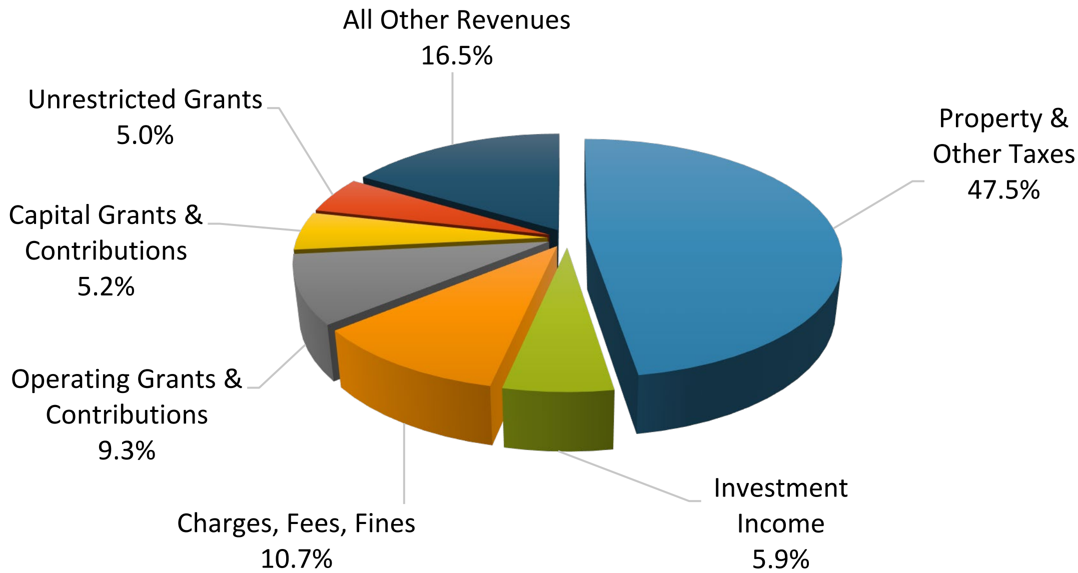



**Figure A-4**
**2023 Steele County Expenditures by Function**

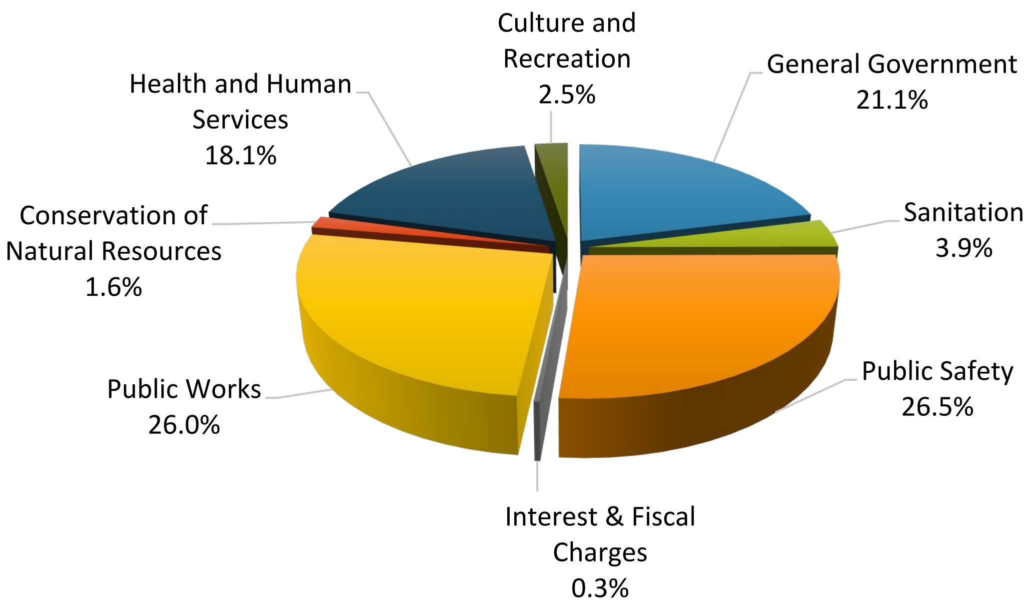


Table A-3 presents the cost of each County function, as well as each function's net cost (total cost, less revenues generated by that activity). The net cost of a County function shows the amount of general revenue (property taxes, investment income, or unrestricted grants) that were needed to fund each county function.

**Table A-3**
**Expenses and Net (Revenue)/Cost of Services**

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Total Cost of Services | Net (Revenue)/ Cost of Services | Total Cost of Services | Net (Revenue)/ Cost of Services |
| ***Governmental Activities*** | | | | |
| General Government | $ 10,328,331 | $ 8,090,494 | $ 10,144,577 | $ 7,854,853 |
| Public Safety | 12,991,398 | 10,335,183 | 13,615,685 | 11,869,990 |
| Public Works | 12,763,478 | 5,479,462 | 12,577,071 | 3,673,905 |
| Sanitation | 790,254 | (1,699) | 683,921 | (118,929) |
| Health and Human Services | 8,891,678 | 6,774,179 | 8,507,924 | 6,452,215 |
| Culture, Recreation and Education | 1,235,706 | 1,212,912 | 1,213,743 | 1,191,359 |
| Conservation and Development | 795,404 | 409,121 | 860,798 | 642,986 |
| Interest and Fiscal Charges | 148,234 | 148,234 | 187,207 | 187,207 |
| Total | $ 47,944,483 | $ 32,447,886 | $ 47,790,926 | $ 31,753,586 |
| ***Business-Type Activities*** | | | | |
| Solid Waste | $ 1,112,275 | $ (759,502) | $ 2,330,880 | $ 625,885 |

The cost of all the County's governmental activities this year totaled $47,944,483. These expenditures were financed from the following sources:

> $5,515,913 was paid by the users of the County's programs from fees or other public charges for services.

> $9,980,684 was subsidized by the federal and state governments with grants and contributions for certain programs.

> $32,447,886 was paid by County taxpayers, investment earnings, unrestricted intergovernmental revenues, and other miscellaneous revenues.

## Capital Assets

Steele County's capital assets (net of accumulated depreciation and amortization) as of December 31, 2023, totaled $118,844,547. This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, leased & subscription assets. A breakdown of the capital assets can be seen in Table A-4 below.

**Table A-4**
**Steele County Capital Assets**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | % Change |
|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2022-23 |
| Land and Right of Way | $ 4,602,683 | $ 4,538,792 | $ 451,250 | $ 451,250 | $ 5,053,933 | $ 4,990,042 | 1.3% |
| Construction in Progress (CIP) | 2,396,319 | 3,537,243 | 282,385 | 20,535 | 2,678,704 | 3,557,778 | (24.7%) |
| Right-of-Use Asset | - | 339,804 | - | - | - | 339,804 | (100.0%) |
| Leased Buildings | 236,133 | 128,764 | - | - | 236,133 | 128,764 | 83.4% |
| Leased Machinery and Equipment | 746,394 | 746,394 | - | - | 746,394 | 746,394 | 0.0% |
| Subscription Asset | 287,449 | - | 1,880 | - | 289,329 | - | 0.0% |
| Buildings | 53,115,377 | 50,956,933 | 432,521 | 432,521 | 53,547,898 | 51,389,454 | 4.2% |
| Land Improvements | 482,966 | 308,918 | 109,831 | 104,831 | 592,797 | 413,749 | 43.3% |
| Machinery, Equipment & Vehicles | 12,691,827 | 11,819,218 | 2,826,600 | 2,287,505 | 15,518,427 | 14,106,723 | 10.0% |
| Landfill | - | - | 8,594,911 | 8,594,911 | 8,594,911 | 8,594,911 | 0.0% |
| Infrastructure | 164,778,155 | 155,504,813 | - | - | 164,778,155 | 155,504,813 | 6.0% |
| Less: Accumulated Depreciation & Amortization | (123,815,335) | (116,141,873) | (9,376,799) | (9,308,967) | (133,192,134) | (125,450,840) | 6.2% |
| Total Capital Assets (Net) | $ 115,521,968 | $ 111,739,006 | $ 3,322,579 | $ 2,582,586 | $ 118,844,547 | $ 114,321,592 | 4.0% |

In comparison to the prior year, the County's net capital assets increased by 4.0%. Major capital asset activity during the year included the following:

- Completed road and bridge projects for the current year totaled $9,337,234. This amount included current year infrastructure costs ($8,139,288), the use of prior year construction in progress ($1,134,055), and the purchase of land right of way ($63,891).
- The County purchased a facility at 2655 Alexander Street for maintenance, storage, and emergency management operations, $862,165.
- The detention center completed a wall for pod separation in the amount of $861,822. This was a combination of current year construction costs ($209,227) and the reduction of prior year construction in progress ($652,595).
- Purchase of various equipment for the highway department including two mowers, four trucks, durapatcher, and two trailers, $493,649.
- A remodel of the administration center lower level was completed to reorganize offices for a total cost of $351,431. This was a combination of current year construction costs ($334,783) and the reduction of prior year construction in progress ($16,648).
- With the implementation of GASB 96 the County added $289,329 in subscription software assets. Major software subscriptions include Microsoft Office licenses, OpenGov, ESRI, and Vanguard Appraisal.
- Depreciation and amortization expense for the current year amounted to $8,817,035. Governmental activity depreciation totaled $8,094,148 and business-type activity depreciation totaled $722,887.

## Long-Term Liabilities

At the end of 2023, the County had outstanding long-term liabilities of $22,850,229, as outlined in table A-5 below.

**Table A-5**
**Steele County Long Term Liabilities**

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | | % Change |
|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2022-23 |
| General Obligation Bonds | $ 6,879,000 | $ 8,577,937 | $ - | $ - | $ 6,879,000 | $ 8,577,937 | (19.8%) |
| General Obligation Note | - | 7,885 | - | - | - | 7,885 | (100.0%) |
| Clean Water Partnership Loans | 113,493 | 155,690 | - | - | 113,493 | 155,690 | (27.1%) |
| Licensing Agreement | - | 67,681 | - | - | - | 67,681 | (100.0%) |
| Subscription Payable | 81,821 | - | - | - | 81,821 | - | 0.0% |
| Leases Payable | 405,889 | 616,469 | - | - | 405,889 | 616,469 | (34.2%) |
| Other Postemployment Benefits | 633,450 | 585,752 | 12,688 | 9,869 | 646,138 | 595,621 | 8.5% |
| Compensated Absences Payable | 1,693,744 | 1,719,038 | 37,384 | 31,307 | 1,731,128 | 1,750,345 | (1.1%) |
| Net Pension Liability | 10,266,798 | 20,816,037 | 22,685 | 293,864 | 10,289,483 | 21,109,901 | (51.3%) |
| Closure and Post closure | - | - | 2,703,277 | 3,431,601 | 2,703,277 | 3,431,601 | (21.2%) |
| Total Long-Term Liabilities | $ 20,074,195 | $ 32,546,489 | $ 2,776,034 | $ 3,766,641 | $ 22,850,229 | $ 36,313,130 | (37.1%) |

Long-term liabilities decreased by 37.1% from the prior year. This decrease is primarily due to:

- The allocated net pension liability reducing by $10,820,418 or 51.3%. This is based on the annual actuarial report provided by PERA.
- The payment of bonds, notes, loans, and leases in accordance with the payment schedules, $1,959,599.
- The landfill closure and post closure care costs decreasing by 728,324 or 21.2% due to a reduction in inflation estimates provided by the Minnesota Pollution Control Agency.

## FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

### Fund Financial Statements

Fund financial statements provide users detailed information about the County's most significant components - funds - not the County as a whole. These statements use the modified accrual basis of accounting, focusing more on the short-run perspective and current financial resources. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required to be established by state law and by bond covenants.
- The County can also establish funds to help it control and manage money for a particular purpose (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., grants).

The County has three kinds of funds:

1. Governmental Funds – Many of the activities that are normally associated with county government 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 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. The County's governmental funds include the general fund, road and bridge, opioid settlement, homelessness & housing, ditch, debt service, and capital projects.
2. Proprietary Funds – Including enterprise and internal service funds. Enterprise funds include activities that are self-supporting by providing goods or services for a fee. Internal service funds are an accounting device used to accumulate and allocate costs internally amount governments (i.e. self-insurance). Proprietary fund financial statements provide the same type of information as the government-wide financial statements, and a statement of cash flows. The County reports an enterprise fund to account for its landfill operations and does not report any internal services funds.
3. 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 the County's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

## GENERAL FUND

The general fund is the primary operational fund of the County, it includes many of the essential services provided to County residents including public safety, health and human services, administration, and recreation. Table A-6 presents a summary of general fund revenues.

**Table A-6**

**General Fund Revenues**

| | Fiscal Year Ending 2023 | Fiscal Year Ending 2022 | Increase (Decrease) | % Change 2022-23 |
|---|---|---|---|---|
| ***General Fund Revenues*** | | | | |
| Taxes (Property and Other) | $ 23,794,455 | $ 21,776,085 | $ 2,018,370 | 9.3% |
| Intergovernmental | 5,502,406 | 4,716,784 | 785,622 | 16.7% |
| Public Charges for Services | 3,595,569 | 3,373,821 | 221,748 | 6.6% |
| Investment Income (Loss) | 4,012,315 | (4,159,848) | 8,172,163 | 196.5% |
| Miscellaneous and Other | 2,500,874 | 1,951,923 | 548,951 | 28.1% |
| Total Revenue | $ 39,405,619 | $ 27,658,765 | $ 11,746,854 | 42.5% |

Total general fund revenues increased by $11,746,854 or 42.5% over the previous year. The primary changes over the prior year include:

- Investment earnings had a substantial increase over the previous year, increasing by $8,172,163 or 196.5%. This change was from additional interest income received during 2023 and a reduction in the unrealized investment losses that were booked in in comparison to the prior year.
- Taxes (Property and other) increased by $2,018,370 or 9.3% over the prior year. This increase is mainly due to the property tax levy increase for 2023 being 9.2% for the general fund. In addition, the County also collected additional delinquent tax and penalty/interest related costs.
- Intergovernmental revenues increased $785,622 or 16.7% over the prior year. This increase was mainly due to an increase in community correction subsidy dollars received staring July 2023 ($219,289) and one-time public safety funds received by the sheriff's office ($599,864).

Table A-7 presents a summary of general fund expenditures.

**Table A-7**
**General Fund Expenditures**

| | Fiscal Year Ending | | Increase | % Change |
|---|---|---|---|---|
| | 2023 | 2022 | (Decrease) | 2022-23 |
| ***General Fund Expenditures*** | | | | |
| General Government | $ 9,345,348 | $ 9,074,061 | $ 271,287 | 3.0% |
| Public Safety | 11,334,716 | 11,127,718 | 206,998 | 1.9% |
| Health and Human Services | 8,806,233 | 8,351,389 | 454,844 | 5.4% |
| Sanitation | 790,254 | 683,921 | 106,333 | 15.5% |
| Culture, Recreation, and Education | 931,351 | 929,166 | 2,185 | 0.2% |
| Conservation and Development | 568,029 | 572,370 | (4,341) | (0.8%) |
| Capital Outlay | 1,127,309 | 49,214 | 1,078,095 | 2190.6% |
| Debt Service | 508,577 | 204,622 | 303,955 | 148.5% |
| Total Expenditures | $ 33,411,817 | $ 30,992,461 | $ 2,419,356 | 7.8% |

Total general fund expenditures increased by $2,419,356, or 7.8%. This increase was mainly due to an increase in capital outlay purchases during the year. Some of these major capital purchases include the purchase of eight squad cars ($366,724), fencing/gates/heaters at the County law enforcement center ($239,313), capital purchases for the Alexander property ($100,495), and capital outlay to record lease and subscription assets ($195,810).

Other increases in comparison to the prior year include increases in personnel services ($655,799) and contracted service payments for the County's joint ventures and the landfill recycling program ($203,122).

## General Fund Budgetary Highlights

> Actual revenues were $5,843,168 more than budgeted revenues primarily due an increase in investment income and additional intergovernmental revenues.

> Actual expenditures were $469,134 less then budget due to budgeted savings from the public safety, health and human services, and general government functions from staffing turnovers and fulfilling positions. Capital outlay exceeded the budgeted funding due to unexpected and unbudgeted grant funds coming available or projects budgeted in previous years.

> Other financing sources were $1,035,894 less then budget primarily due to an interfund transfer that was made to the capital projects fund.

> At the end of the current fiscal year, the general fund had a total fund balance of $24,153,250, an increase of $5,276,408 over the previous year.

## Other Major Fund Analysis

Table A-8 presents the fund balance changes of all other funds of the County:

**Table A-8**
**Other Major Funds Analysis**

| | Road & Bridge | Ditch | Opioid Settlement | Homelessness & Housing | Debt Service | Capital Projects | Landfill (Enterprise) |
|---|---|---|---|---|---|---|---|
| Beginning Fund Balance | $ 18,574,680 | $ 217,409 | $ 172,382 | $ - | $ 1,196,826 | $ 4,157,043 | $ 7,067,445 |
| *2023 Activity* | | | | | | | |
| Total Revenues | 14,542,515 | 350,123 | 42,785 | 246,393 | 1,870,712 | 813,147 | 1,880,002 |
| Less: Total Expenditures | (15,537,803) | (221,780) | - | (1,190) | (1,832,787) | (2,017,152) | (1,112,275) |
| Other Financing Sources (Uses) | 43,230 | - | - | - | - | 900,000 | 138,771 |
| *Change in Fund Balance* | (952,058) | 128,343 | 42,785 | 245,203 | 37,925 | (304,005) | 906,498 |
| Ending Fund Balance | $ 17,622,622 | $ 345,752 | $ 215,167 | $ 245,203 | $ 1,234,751 | $ 3,853,038 | $ 7,973,943 |

The Road and Bridge Fund had a total fund balance of $17,622,622 at the end of the current fiscal year. Road and Bridge's fund balance decreased by $952,058 mainly due construction projects being completed that were budgeted in previous years.

The Ditch Fund had a total fund balance of $345,752 at the end of the current fiscal year. The fund balance increased by $128,343 as the amount collected for special assessments exceeded the expenditures for ditch repairs and favorable weather conditions reducing the need for repairs.

The Opioid Settlement Fund had a total fund balance of $215,167 at the end of the current fiscal year. The fund balance increased by $42,785 as this is the amount received during the year from the nationwide opioid settlement lawsuit. No funds have been spent on abatement or remediation activity as of December 31, 2023.

The Homelessness & Housing fund had a total fund balance of $245,203 at the end of the current fiscal year. The fund balance increased by $245,203 as this is the first year that funds were distributed from the State of

Minnesota for the local homeless prevention aid and housing affordability aid. The funds are being held in a trust by Minnesota Prairie County Alliance and the County will receive a quarterly bill for services provided.

The Debt Service Fund had a total fund balance of $1,234,751 at the end of the current fiscal year. The fund balance increased by $37,925 due to two of the County's general obligation bonds being levied at 105% as required by bond agreements and County resolutions.

The Capital Projects Fund had a total fund balance of $3,853,038 at the end of the current fiscal year. The fund balance decreased by $304,005 mainly due to the completion of capital projects that were budgeted in previous years and the purchase of a new building on Alexander Street. These were offset with a $900,000 transfer that was made to reimburse the capital projects fund with general fund reserves for the fairgrounds electrical project.

The Solid Waste Landfill had a total net position of $7,973,943 at the end of the current fiscal year. The net position increased by $906,498 primarily due to the landfill long-term care costs which estimates the amount of funds that need to be sent aside for required monitoring and closure. This decrease was mainly due to a lowered inflation factor being used in 2023.

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

- The 2023 average unemployment rate for Steele County was 3.0%. This compares favorably to the State's average unemployment rate of 2.8% and the national average of 3.6%.
- The County's estimated market value and net tax capacity showed improved growth for the 2023 pay 2024 property taxes. The 2024 estimated market value of the County totaled $6,636,565,600, an overall increase of 18.1% from the prior year. Net tax capacity for 2024 totaled $67,134,131, an overall increase of 17.0%. (Please note that 2024 estimates are based on 2023 assessment data)
- The County's economic growth helped reduce the County's tax rate from 50.055% to 44.758% in 2024.
- The County's General Fund expenditures for 2024 are budgeted to increase 6.0% over 2023.
- Some challenges faced when preparing the 2024 budget include a competitive workforce market, rising health insurance costs, increases in cyber security threats, and rising costs due to inflation.
- In December of 2023, the 2024 budget and levy were set at $67,084,528 and $29,394,452, respectively.

## 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 Candi Lemarr, Steele County Finance Director, at 507-444-7426.

## Steele County

Statement of Net Position
December 31, 2023

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments | $ 54,575,791 | $ 4,683,852 | $ 59,259,643 |
| Taxes receivable | 321,191 | - | 321,191 |
| Special assessments receivable | 2,888,852 | - | 2,888,852 |
| Accounts receivable | 191,554 | 116,316 | 307,870 |
| Loans receivable | 162,024 | - | 162,024 |
| Leases receivable | 37,933 | - | 37,933 |
| Interest receivable | 398,102 | - | 398,102 |
| Due from other governmental units | 6,734,410 | 926 | 6,735,336 |
| Inventories and prepaid items | 361,369 | 5,047 | 366,416 |
| Restricted cash and investments | - | 2,998,470 | 2,998,470 |
| Capital assets: | | | |
| Construction in progress | 2,396,319 | 282,385 | 2,678,704 |
| Land | 4,602,683 | 451,250 | 5,053,933 |
| Other capital assets, net of depreciation/amortization | 108,522,966 | 2,588,944 | 111,111,910 |
| Investment in joint ventures | 20,703,034 | - | 20,703,034 |
| Total assets | 201,896,228 | 11,127,190 | 213,023,418 |
| **Deferred Outflows of Resources** | | | |
| Other postemployment benefit related amounts | 53,223 | 1,066 | 54,289 |
| Pension related amounts | 7,336,849 | 59,078 | 7,395,927 |
| Total deferred outflows of resources | 7,390,072 | 60,144 | 7,450,216 |
| **Liabilities** | | | |
| Accounts payable | 1,022,811 | 117,765 | 1,140,576 |
| Accrued liabilities and deposits | 698,691 | 18,722 | 717,413 |
| Due to other governments | 330,582 | 19,718 | 350,300 |
| Unearned revenues | 6,724,030 | - | 6,724,030 |
| Current portion lease liabilities | 182,074 | - | 182,074 |
| Current portion subscription liabilities | 36,996 | - | 36,996 |
| Noncurrent liabilities: | | | |
| Due within one year | 3,164,301 | 31,029 | 3,195,330 |
| Due in more than one year | 5,521,936 | 2,709,632 | 8,231,568 |
| Net pension liability | 10,266,798 | 222,685 | 10,489,483 |
| OPEB liability | 633,450 | 12,688 | 646,138 |
| Lease liabilities | 223,815 | - | 223,815 |
| Subscription liabilities | 44,825 | - | 44,825 |
| Total liabilities | 28,850,309 | 3,132,239 | 31,982,548 |
| **Deferred Inflows of Resources** | | | |
| Grants received in advance of meeting time requirements | 243,952 | - | 243,952 |
| Other postemployment benefit related amounts | 234,729 | 4,702 | 239,431 |
| Pension related amounts | 8,813,796 | 76,450 | 8,890,246 |
| Lease related amounts | 44,419 | - | 44,419 |
| Total deferred inflows of resources | 9,336,896 | 81,152 | 9,418,048 |
| **Net Position** | | | |
| Net investment in capital assets | 108,050,666 | 3,322,579 | 111,373,245 |
| Restricted for: | | | |
| General government | 191,109 | - | 191,109 |
| Recorder equipment | 325,683 | - | 325,683 |
| Public safety | 560,193 | - | 560,193 |
| Health | 219,122 | - | 219,122 |
| Highways and streets | 15,861,495 | - | 15,861,495 |
| Conservation of natural resources | 1,082,933 | - | 1,082,933 |
| Affordable housing | 245,203 | - | 245,203 |
| Debt service | 1,243,844 | - | 1,243,844 |
| Ditch | 345,753 | - | 345,753 |
| Landfill | - | 295,193 | 295,193 |
| Unrestricted | 42,973,094 | 4,356,171 | 47,329,265 |
| Total net position | $ 171,099,095 | $ 7,973,943 | $ 179,073,038 |

*See notes to financial statements*

**Steele County**
Statement of Activities
Year Ended December 31, 2023

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position: Governmental Activities | Net (Expenses) Revenues and Changes in Net Position: Business-Type Activity | Net (Expenses) Revenues and Changes in Net Position: Total |
|---|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | | |
| General government | $ 10,328,331 | $ 1,721,413 | $ 502,278 | $ 14,146 | $ (8,090,494) | $ - | $ (8,090,494) |
| Public safety | 12,991,398 | 1,753,304 | 902,911 | - | (10,335,183) | - | (10,335,183) |
| Public works | 12,763,478 | 253,871 | 3,459,085 | 3,571,060 | (5,479,462) | - | (5,479,462) |
| Sanitation | 790,254 | 639,123 | 152,830 | - | 1,699 | - | 1,699 |
| Health and human services | 8,891,678 | 739,125 | 1,378,374 | - | (6,774,179) | - | (6,774,179) |
| Culture, recreation and education | 1,235,706 | 22,794 | - | - | (1,212,912) | - | (1,212,912) |
| Conservation and development | 795,404 | 386,283 | - | - | (409,121) | - | (409,121) |
| Interest and fiscal charges | 148,234 | - | - | - | (148,234) | - | (148,234) |
| Total governmental activities | 47,944,483 | 5,515,913 | 6,395,478 | 3,585,206 | (32,447,886) | - | (32,447,886) |
| **Business-Type Activity** | | | | | | | |
| Solid waste | 1,112,275 | 1,871,777 | - | - | - | 759,502 | 759,502 |
| Total business-type activity | 1,112,275 | 1,871,777 | - | - | - | 759,502 | 759,502 |
| Total primary government | $ 49,056,758 | $ 7,387,690 | $ 6,395,478 | $ 3,585,206 | (32,447,886) | 759,502 | (31,688,384) |
| **General Revenues** | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 26,289,329 | - | 26,289,329 |
| Property taxes, levied for debt service | | | | | 1,717,026 | - | 1,717,026 |
| Other taxes | | | | | 4,809,565 | - | 4,809,565 |
| Intergovernmental revenues not restricted to specific programs | | | | | 3,435,240 | - | 3,435,240 |
| Gifts and contributions | | | | | 100,647 | - | 100,647 |
| Investment income/(loss) | | | | | 4,031,308 | 14,479 | 4,045,787 |
| Gain on disposal of capital assets | | | | | 24,137 | 124,292 | 148,429 |
| Miscellaneous | | | | | 11,122,479 | 8,225 | 11,130,704 |
| Total general revenues | | | | | 51,529,731 | 146,996 | 51,676,727 |
| Change in net position | | | | | 19,081,845 | 906,498 | 19,988,343 |
| **Net Position, Beginning** | | | | | 152,017,250 | 7,067,445 | 159,084,695 |
| **Net Position, Ending** | | | | | $ 171,099,095 | $ 7,973,943 | $ 179,073,038 |

*See notes to financial statements*

## Steele County

Balance Sheet -
Governmental Funds
December 31, 2023

| | General Fund | Special Revenue: Road and Bridge | Special Revenue: Ditch | Special Revenue: Opioid Settlement | Special Revenue: Homelessness & Housing | Debt Service | Capital Projects | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| Cash and investments | $ 23,908,342 | $ 17,557,664 | $ 725,633 | $ 215,167 | $ 246,393 | $ 1,232,408 | $ 10,690,184 | $ 54,575,791 |
| Receivables: | | | | | | | | |
| Taxes | 263,617 | 31,355 | - | - | - | 22,021 | 4,198 | 321,191 |
| Special assessments | 2,440,371 | - | 448,481 | - | - | - | - | 2,888,852 |
| Accounts | 178,575 | 11,168 | 1,811 | - | - | - | - | 191,554 |
| Leases | 29,462 | - | - | - | - | - | 8,471 | 37,933 |
| Loans | 162,024 | - | - | - | - | - | - | 162,024 |
| Interest | 398,102 | - | - | - | - | - | - | 398,102 |
| Due from other governments | 893,276 | 5,826,966 | 14,168 | - | - | - | - | 6,734,410 |
| Due from other funds | 8 | 5,556 | - | - | - | - | - | 5,564 |
| Inventories and prepaid items | 134,952 | 226,417 | - | - | - | - | - | 361,369 |
| Advances to other funds | 352,150 | - | - | - | - | - | - | 352,150 |
| Total assets | $ 28,760,879 | $ 23,659,126 | $ 1,190,093 | $ 215,167 | $ 246,393 | $ 1,254,429 | $ 10,702,853 | $ 66,028,940 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Accounts payable | $ 348,257 | $ 119,589 | $ 4,200 | $ - | $ - | $ 2,150 | $ 7,110 | $ 481,306 |
| Construction contracts payable | 74,238 | 362,675 | - | - | - | - | 104,592 | 541,505 |
| Accrued liabilities and deposits | 625,485 | 64,662 | - | - | - | - | - | 690,147 |
| Due to other governments | 180,415 | 122,145 | 26,832 | - | 1,190 | - | - | 330,582 |
| Due to other funds | 5,556 | 8 | - | - | - | - | - | 5,564 |
| Advances from other funds | - | - | 352,150 | - | - | - | - | 352,150 |
| Unearned revenues | 6,288 | - | - | - | - | - | 6,717,742 | 6,724,030 |
| Total liabilities | 1,240,239 | 669,079 | 383,182 | - | 1,190 | 2,150 | 6,829,444 | 9,125,284 |
| **Deferred Inflows of Resources** | | | | | | | | |
| Unearned revenues | 252,206 | 19,352 | - | - | - | - | 16,813 | 288,371 |
| Unavailable revenues | 3,115,184 | 5,348,073 | 461,159 | - | - | 17,528 | 3,558 | 8,945,502 |
| Total deferred inflows of resources | 3,367,390 | 5,367,425 | 461,159 | - | - | 17,528 | 20,371 | 9,233,873 |
| **Fund Balances** | | | | | | | | |
| Nonspendable | 620,060 | 226,417 | - | - | - | - | - | 846,477 |
| Restricted | 1,349,033 | 10,538,135 | 345,752 | 215,167 | 245,203 | 1,234,751 | - | 13,928,041 |
| Committed | 292,450 | 430,125 | - | - | - | - | - | 722,575 |
| Assigned | 1,484,058 | 6,427,945 | - | - | - | - | 3,853,038 | 11,765,041 |
| Unassigned | 20,407,649 | - | - | - | - | - | - | 20,407,649 |
| Total fund balances | 24,153,250 | 17,622,622 | 345,752 | 215,167 | 245,203 | 1,234,751 | 3,853,038 | 47,669,783 |
| Total liabilities, deferred inflows of resources and fund balances | $ 28,760,879 | $ 23,659,126 | $ 1,190,093 | $ 215,167 | $ 246,393 | $ 1,254,429 | $ 10,702,853 | $ 66,028,940 |

*See notes to financial statements*

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2023

| | | |
|---|---|---|
| **Total Fund Balance, Governmental Funds** | | $ 47,669,783 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. See Note 2. | | 115,521,968 |
| Delinquent taxes, special assessments and certain accounts receivable are reported as unavailable revenue in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements See Note 2. | | 8,945,502 |
| Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts are the net effect of these differences: | | |
| (Premium)/discount on debt | | (299,000) |
| Some deferred outflows of resources do not relate to current financial resources and are not reported in the governmental funds. | | |
| Deferred outflows, pension related amounts | | 7,336,849 |
| Deferred outflows, OPEB related amounts | | 53,223 |
| Some deferred inflows of resources do not relate to current financial resources and are not reported in the governmental funds. | | |
| Deferred inflows, pension related amounts | | (8,813,796) |
| Deferred inflows, OPEB related amounts | | (234,729) |
| Investments in joint ventures are not financial resources and, therefore, are not reported in the funds. | | 20,703,034 |
| Long-term liabilities, including bonds and notes payable, are not due in the current period and, therefore, are not reported in the fund statements. Long-term liabilities at year end consist of: | | |
| General obligation bonds payable | $ (6,580,000) | |
| Loans payable | (113,493) | |
| Accrued interest on debt | (8,545) | |
| Lease liabilities | (405,888) | |
| Subscription liabilities | (81,821) | |
| Net pension liability | (10,266,798) | |
| Other postemployment benefits liability | (633,450) | |
| Vested compensated absences | (1,693,744) | (19,783,739) |
| **Total Net Position, Governmental Activities** | | $ 171,099,095 |

*See notes to financial statements*

## Steele County

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2023

| | General Fund | Special Revenue: Road and Bridge | Special Revenue: Ditch | Special Revenue: Opioid Settlement | Special Revenue: Homelessness & Housing | Debt Service | Capital Projects | Total Governmental Funds |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | |
| Property taxes | $ 23,726,014 | $ 2,539,436 | $ - | $ - | $ - | $ 1,720,154 | $ 166,347 | $ 28,151,951 |
| Other taxes | 48,731 | 4,634,964 | - | - | - | - | - | 4,683,695 |
| Special assessments | 19,710 | - | 338,150 | - | - | - | - | 357,860 |
| Intergovernmental | 5,502,406 | 6,946,218 | - | - | 245,074 | 150,558 | 488,285 | 13,332,541 |
| Licenses and permits | 151,098 | 8,830 | - | - | - | - | - | 159,928 |
| Fines and forfeitures | 8,655 | - | - | - | - | - | - | 8,655 |
| Public charges for services | 3,595,569 | 402,920 | - | - | - | - | - | 3,998,489 |
| Investment income (including unrealized losses) | 4,012,315 | 49 | 7,701 | - | 1,319 | - | 2,139 | 4,023,523 |
| Miscellaneous | 2,341,121 | 10,098 | 4,272 | 42,785 | - | - | 156,376 | 2,554,652 |
| Total revenues | 39,405,619 | 14,542,515 | 350,123 | 42,785 | 246,393 | 1,870,712 | 813,147 | 57,271,294 |
| **Expenditures** | | | | | | | | |
| Current: | | | | | | | | |
| General government | 9,345,348 | - | - | - | - | - | 4,674 | 9,350,022 |
| Public safety | 11,334,716 | - | - | - | - | - | 1,830 | 11,336,546 |
| Public works | - | 15,042,404 | - | - | - | - | - | 15,042,404 |
| Health and human services | 8,806,233 | - | - | - | 1,190 | - | - | 8,807,423 |
| Sanitation | 790,254 | - | - | - | - | - | - | 790,254 |
| Culture, recreation and education | 931,351 | - | - | - | - | - | 90,000 | 1,021,351 |
| Conservation and development | 568,029 | - | 221,780 | - | - | - | - | 789,809 |
| Capital outlay | 1,127,309 | 493,649 | - | - | - | - | 1,920,648 | 3,541,606 |
| Debt service: | | | | | | | | |
| Principal retirement | 491,765 | 1,750 | - | - | - | 1,605,000 | - | 2,098,515 |
| Interest and fiscal charges | 16,812 | - | - | - | - | 227,787 | - | 244,599 |
| Total expenditures | 33,411,817 | 15,537,803 | 221,780 | - | 1,190 | 1,832,787 | 2,017,152 | 53,022,529 |
| Excess (deficiency) of revenues over expenditures | 5,993,802 | (995,288) | 128,343 | 42,785 | 245,203 | 37,925 | (1,204,005) | 4,248,765 |
| **Other Financing Sources (Uses)** | | | | | | | | |
| Proceeds from leases and subscriptions | 182,606 | - | - | - | - | - | - | 182,606 |
| Transfers in | - | - | - | - | - | - | 900,000 | 900,000 |
| Transfers out | (900,000) | - | - | - | - | - | - | (900,000) |
| Proceeds from sale of capital assets | - | 24,137 | - | - | - | - | - | 24,137 |
| Total other financing sources (uses) | (717,394) | 24,137 | - | - | - | - | 900,000 | 206,743 |
| Net change in fund balances | 5,276,408 | (971,151) | 128,343 | 42,785 | 245,203 | 37,925 | (304,005) | 4,455,508 |
| **Fund Balances, Beginning** | 18,876,842 | 18,574,680 | 217,409 | 172,382 | - | 1,196,826 | 4,157,043 | 43,195,182 |
| Change in inventories | - | 19,093 | - | - | - | - | - | 19,093 |
| **Fund Balances, Ending** | $ 24,153,250 | $ 17,622,622 | $ 345,752 | $ 215,167 | $ 245,203 | $ 1,234,751 | $ 3,853,038 | $ 47,669,783 |

*See notes to financial statements*

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2023

| | |
|---|---|
| **Net Change in Fund Balances, Total Governmental Funds** | $ 4,455,508 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differ in their presentation in the two statements: | |
| Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements. | 3,541,606 |
| Some items reported as capital outlay were not capitalized | 1,000 |
| Current expenditures capitalized in the government-wide statements | 8,334,504 |
| Depreciation/amortization is reported in the government-wide statements | (8,094,148) |
| Delinquent taxes, special assessments and certain accounts receivable are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. This is the amount recognized as revenue on the fund statement that was recognized in the government-wide statement in prior years. | |
| Taxes receivable | (19,726) |
| Special assessments | 34,190 |
| Due from other governments | 607,021 |
| Accounts receivable | (33,805) |
| Interest receivable | 8,123 |
| Notes and loans receivable | 2,388,698 |
| Debt issued provides current financial resources to governmental funds, but issuing debt increases in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | |
| Leases issued | (107,369) |
| Subscriptions issued | (190,892) |
| Principal payments | 1,655,082 |
| Leases paid | 317,949 |
| Subscriptions paid | 176,752 |
| The change in inventory is reported as a change in fund balance in the fund financial statements, but is an (increase)/reduction in expense in the government-wide statements. | 19,093 |
| Governmental funds report the effect of debt premiums when debt is issued, where as these amounts are reported as deferred inflows of resources and amortized in the statement of activities. | |
| Debt premium | 93,937 |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These amounts are for the following: | |
| Compensated absences | 25,294 |
| Accrued interest on debt | 2,429 |
| Net pension liability (and pension related deferred outflows/inflows of resources) | (877,953) |
| Other postemployment benefit liability (and related deferred outflows/inflows of resources) | (1,974) |
| The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides or uses current financial resources are not reported in the fund statements. | 6,746,526 |
| **Change in Net Position of Governmental Activities** | $ 19,081,845 |

*See notes to financial statements*

Statement of Net Position -
Enterprise Fund
December 31, 2023

| | Solid Waste |
|---|---|
| **Assets and Deferred Outflows of Resources** | |
| **Current Assets** | |
| Cash and investments | $ 4,683,852 |
| Accounts receivable (net) | 116,316 |
| Due from other governments | 926 |
| Inventories | 5,047 |
| Total current assets | 4,806,141 |
| **Noncurrent Assets** | |
| Restricted cash and investments | 2,998,470 |
| Capital assets: | |
| Construction in progress | 282,385 |
| Land | 451,250 |
| Property and equipment | 11,965,743 |
| Accumulated depreciation | (9,376,799) |
| Total noncurrent assets | 6,321,049 |
| Total assets | 11,127,190 |
| **Deferred Outflows of Resources** | |
| OPEB related amounts | 1,066 |
| Pension related amounts | 59,078 |
| Total deferred outflows of resources | 60,144 |
| **Liabilities, Deferred Inflows of Resources and Net Position** | |
| **Current Liabilities** | |
| Accounts payable | 117,765 |
| Accrued expenses and deposits | 18,722 |
| Due to other governments | 19,718 |
| Due to other funds | - |
| Current portion of vested compensated absences | 31,029 |
| Total current liabilities | 187,234 |
| **Noncurrent Liabilities** | |
| Vested compensated absences | 6,355 |
| OPEB liability | 12,688 |
| Net pension liability | 222,685 |
| Landfill long-term care costs | 2,703,277 |
| Total noncurrent liabilities | 2,945,005 |
| Total liabilities | 3,132,239 |
| **Deferred Inflows of Resources** | |
| OPEB related amounts | 4,702 |
| Pension related amounts | 76,450 |
| Lease related amounts | - |
| Total deferred inflows of resources | 81,152 |
| **Net Position** | |
| Net investment in capital assets | 3,322,579 |
| Restricted for landfill | 295,193 |
| Unrestricted | 4,356,171 |
| Total net position | $ 7,973,943 |

*See notes to financial statements*

## Steele County

Statement of Revenues, Expenses and Changes in Net Position -
Enterprise Fund
Year Ended December 31, 2023

| | Solid Waste |
|---|---|
| **Operating Revenues** | |
| Charges for services | $ 1,871,777 |
| Miscellaneous revenues | 8,225 |
| Total operating revenues | 1,880,002 |
| **Operating Expenses** | |
| Solid waste disposal | (231,085) |
| Supervision and labor | 456,642 |
| Benefits | 92,388 |
| Other services and charges | 71,443 |
| Depreciation | 722,887 |
| Total operating expenses | 1,112,275 |
| Operating income | 767,727 |
| **Nonoperating Revenues** | |
| Investment income | 14,479 |
| Gain/(loss) on disposal of capital assets | 124,292 |
| Total nonoperating revenues | 138,771 |
| Change in net position | 906,498 |
| **Net Position, Beginning** | 7,067,445 |
| **Net Position, Ending** | $ 7,973,943 |

*See notes to financial statements*

## Steele County

Statement of Cash Flows -
Enterprise Fund
Year Ended December 31, 2023

| | Solid Waste |
|---|---|
| **Cash Flows From Operating Activities** | |
| Cash received from customers | $ 1,885,002 |
| Cash paid to suppliers for goods and services | (644,052) |
| Cash paid to employees for services | (380,077) |
| Net cash flows from operating activities | 860,873 |
| **Cash Flows From Investing Activities** | |
| Interest on investments | 14,479 |
| **Cash Flows From Capital and Related Financing Activities** | |
| Acquisition and construction of capital assets | (1,340,692) |
| Net change in cash and cash equivalents | (465,340) |
| **Cash and Cash Equivalents, Beginning** | 8,147,662 |
| **Cash and Cash Equivalents, Ending** | $ 7,682,322 |
| **Reconciliation of Operating Income to Net Cash Flows From Operating Activities** | |
| Operating income | $ 767,727 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | |
| Noncash items included in operating income: | |
| Depreciation | 722,887 |
| Landfill closure liability | (728,324) |
| Change in assets, liabilities and deferred outflows and inflows of resources: | |
| Receivables | 5,114 |
| Materials, supplies and prepaid items | 2,790 |
| Accounts payable and due to other governments | 52,287 |
| Accrued expenses | 11,351 |
| Due to other funds | (3,991) |
| Post employment retirement benefit liability and related deferrals | 2,741 |
| Pension related deferrals and liability | 28,291 |
| Net cash flows from operating activities | $ 860,873 |
| **Reconciliation of Cash and Cash Equivalents** | |
| Cash and investments per Statement of Net Position | $ 4,683,852 |
| Noncurrent restricted cash | 2,998,470 |
| **Cash and Cash Equivalents, Ending** | $ 7,682,322 |

**Noncash Capital, Investing and Financing Activities**

None.

*See notes to financial statements*

# Steele County

Statement of Fiduciary Net Position
December 31, 2023

| | Private-Purpose Trust | Custodial Funds |
|---|---|---|
| **Assets** | | |
| Cash and investments | $ 212,075 | $ 2,350,988 |
| Accounts receivable | - | 170 |
| Taxes receivable, other governments | - | 539,000 |
| Due from other governments | - | 46,521 |
| Prepaid items | - | 73,142 |
| Total assets | 212,075 | 3,009,821 |
| **Liabilities** | | |
| Accounts payable | - | 19,944 |
| Accrued security deposits | 12,965 | - |
| Accrued wages | - | 72,894 |
| Due to individuals and other governments | - | 477,578 |
| Unearned revenues | - | 134,095 |
| Total liabilities | 12,965 | 704,511 |
| **Deferred Inflows of Resources** | | |
| Taxes collected in advance of levy | - | 192,627 |
| **Net Position** | | |
| Restricted for individuals, organizations or other governments | $ 199,110 | $ 2,112,683 |

*See notes to financial statements*

## Steele County

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

| | Private-Purpose Trust | Custodial Funds |
|---|---|---|
| **Additions** | | |
| Property tax collections for other governments | $ - | $ 49,632,719 |
| License and fees collected for state | - | 1,411,185 |
| Intergovernmental revenues | - | 3,203,692 |
| Charges for services | - | 51,999 |
| Contributions, individuals | - | 148,938 |
| Investment earnings | 2,219 | - |
| Miscellaneous | - | 54,807 |
| Total additions | 2,219 | 54,503,340 |
| **Deductions** | | |
| Payments of property tax to other governments | - | 49,878,335 |
| Payments to state | - | 1,411,763 |
| Public safety expenditures | - | 3,259,668 |
| Beneficiary payments to individuals | - | 148,938 |
| Total deductions | - | 54,698,704 |
| Change in fiduciary net position | 2,219 | (195,364) |
| **Net Position, Beginning** | 196,891 | 2,308,047 |
| **Net Position, Ending** | $ 199,110 | $ 2,112,683 |

*See notes to financial statements*

## 1. Summary of Significant Accounting Policies

The accounting policies of Steele County, Minnesota (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### Reporting Entity

The County was established February 20, 1855 and is an organized county having the powers, duties and privileges granted counties by Minn. Statute ch. 373. The County is governed by a five-member board of commissioners elected from districts within the County. The board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Auditor, elected on a County-wide basis, serves as the clerk of the board of commissioners but has no vote.

This report includes all of the funds of the County. The reporting entity for the County consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The County has not identified any organizations that meet this criteria.

### Government-Wide and Fund Financial Statements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement establishes accounting and financial reporting requirements related to subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This standard was implemented January 1, 2023. As of the date of implementation of GASB Statement No. 96, subscription assets and liabilities were deemed immaterial. Therefore, implementation is presented as current year activity.

#### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which generally are financed through taxes, intergovernmental revenues and other nonexchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

### Fund Financial Statements

Financial statements of the County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all governmental or enterprise funds.

b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

#### General Fund

General Fund accounts for the County's primary operating activities. It is used to account for and report all financial resources except those required to be accounted for in another fund.

#### Road and Bridge Special Revenue Fund

Road and Bridge Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures relating to public works for the establishment, location, vacation, construction, reconstruction, improvement and maintenance of county state-aid highways, county highways and county bridges.

#### Ditch Special Revenue Fund

Ditch Special Revenue Fund is used to account for and report resources restricted, committed or assigned for the financing of construction and maintenance of the County's ditches.

#### Opioid Settlement Special Revenue Fund

Opioid Settlement Fund is used to account for and report financial resources that are restricted from the National Opioid Settlement Fund for forward-looking strategies, programming, and services to abate the opioid endemic.

**Homeless Prevention and Housing Affordability Special Revenue Fund**

Homeless Prevention and Housing Affordability Special Revenue fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures relating to homeless prevention and housing affordability programs in the County.

**Debt Service Fund**

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs.

**Capital Projects Fund**

Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Steele County reports the following major enterprise fund:

**Solid Waste Fund**

Solid Waste Fund accounts for and reports the operation of solid waste activities, including landfill and recycling. The fund also accounts for funds being accumulated for closure and post-closure care costs associated with the landfill.

In addition, Steele County reports the following fund types:

**Private-Purpose Trust Fund**

Private-Purpose Trust Fund is used to account for and report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations or other governments.

Cemetery Investment

**Custodial Funds**

Custodial funds are used to account for and report assets controlled by the County and the assets are for the benefit of individuals, private organizations and/or other governmental units.

| | |
|---|---|
| Taxes and Penalties | Consolidated Dispatch |
| State Collections | Jail Canteen |

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

#### Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded as receivables in the year levied. They are recognized as revenues when collected in the current year and in the first 60 days of the succeeding year.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to the County, which are not available, are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### All Financial Statements

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

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

### Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Minnesota statutes authorize the County board to designate a depository for public funds and to invest in certificates of deposit. Minnesota statutes require that all deposits be covered by insurance, surety bond or collateral.

Investments are limited to:

a. Bonds, notes, bills, mortgages and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities or organizations created by Congress, except mortgage-backed securities defined as "high risk" by Minnesota statutes.

b. State and local securities that meet specified bond ratings by a national rating service.

c. Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

d. Mutual fund through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments.

e. Banker's acceptances of United States banks.

f. Repurchase agreements, securities lending agreements, joint powers investment trusts and guaranteed investment contracts, with certain restrictions.

The County has adopted an investment policy. This policy follows the state statutes for allowable investments and contains the following guidelines:

**Custodial Credit Risk** - The policy states that full collateralization will be required on all demand deposit accounts, including checking accounts and nonnegotiable certificates of deposits. The County follows state statutes related to this risk.

**Credit Risk** - The investment policy addresses credit risk through the investment restrictions detailed above.

**Concentration of Credit Risk** - The policy requires diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Interest Rate Risk** - The investment policy specifies the portfolio will be structured so that securities mature as needed for ongoing operations, thereby avoiding the need to sell securities in the open market. The average maturity shall not exceed five years from the date of purchase.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is generally allocated to the General Fund. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Statute 471.59. The County's MAGIC portfolio investment is reported at amortized cost. Shares of the County's MAGIC term series investment are purchased to mature upon pre-determined dates and are reported at a net asset value. Financial information for the MAGIC Fund can be obtained online at https://www.magicfund.org/forms-and-documents/.

See Note 2 for further information.

**Receivables**

The County levies and collects property taxes and special assessments for all governmental units within the County. Property tax collections and payments to other governmental units are accounted for in custodial funds.

The County is required to distribute the collections to the various governmental units three times each year on a schedule prescribed in Minn. Statute 276.

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

No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property.

The County has entered into an agreement with the Saint Paul Port Authority to facilitate the implementation and administration of the MinnPACE loan program. Through this program, qualifying commercial building owners within the County can receive loans from the Port Authority for the purpose of financing energy efficiency and conservation building improvement projects. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. By participating, the County has agreed to: (1) levy assessments against the related properties in accordance with the loan agreements between the Port Authority and property owners, (2) collect scheduled assessment payments, and (3) transfer all collections to the Port Authority. The County has met those responsibilities for 2023.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

### Inventories and Prepaid Items

Inventory, if material, is valued at cost based on first-in, first-out and consists of supplies held for consumption. Reported inventories are offset by nonspendable fund balance in the fund financial statements to indicate they are not available, spendable resources.

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

### Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

### Capital Assets

#### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year and an initial cost of $5,000 or more, except for infrastructure, which is capitalized at a threshold of $100,000 or more. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | Years |
|---|---|
| Machinery and equipment | 3-15 |
| Improvements | 20-30 |
| Buildings | 25-75 |
| Roads and bridges (Infrastructure) | 25-75 |

Lease assets are typically amortized over the lease term.

#### Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

### Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

### Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2023 are determined on the basis of current salary rates and include salary related payments.

### Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds and notes payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

### Leases

The County is a lessor because it leases capital assets to other entities. As a lessor, the County reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The County continues to report and depreciate the capital assets being leased as capital assets of the primary government.

The County is a lessee because it leases capital assets from other entities. As a lessee, the County reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the County recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

### Subscription-Based Information Technology Arrangements

The County reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the County recognizes subscription proceeds and capital outlay at initiation of the subscription, and the outflow of resources for the subscription liability as a debt service payment.

### Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

### Equity Classifications

#### Government-Wide Statements

Equity is classified as net position and displayed in three components:

a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. **Unrestricted Net Position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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.

#### Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. **Restricted** - Consists of fund balances with constraints placed on their use either by: 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the County Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed required the same formal action of the County board that originally created the commitment.

d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following: 1) the County Board or County Treasurer, who has been delegated that authority by Board resolution and 2) all remaining positive spendable amounts in governmental funds, other than the General Fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.

e. **Unassigned** - Includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The County considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The County Board has approved a minimum fund balance policy. The target is to maintain a General Fund assigned plus unassigned fund balance that does not fall below a minimum of 45%, or exceed a maximum of 55%, of subsequent years' budgeted expenditures. Surpluses will be considered for one-time expenditures that are nonrecurring in nature. At December 31, 2023, the combined assigned and unassigned fund balance in the General Fund was approximately 61% of the subsequent year's budgeted expenditures.

**Pension**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability and OPEB expense, the County's single-employer defined benefit retiree healthcare plan recognizes benefit payments when due and payable in accordance with the benefit terms.

## 2. Detailed Notes on All Funds

### Deposits and Investments

The County maintains a cash and investment pool that is available for use by all funds. Each fund's portion in this pool is displayed on statement of net position and balance sheet as cash and investments.

| | Carrying Value | Statement Balances | Associated Risks |
|---|---|---|---|
| Deposits | $ 2,138,183 | $ 2,192,790 | Custodial credit |
| Negotiable CD's | 15,485,669 | 15,485,669 | Custodial credit, credit, concentration of credit, interest rate |
| MAGIC portfolio | 6,739,886 | 7,409,784 | Credit, interest rate |
| U.S. agencies, implicitly guaranteed | 9,952,249 | 9,952,249 | Custodial credit, credit, concentration of credit, interest rate |
| Municipal bonds | 30,503,264 | 30,503,264 | Custodial credit, credit, concentration of credit, interest rate |
| Petty cash | 1,925 | - | N/A |
| Total cash and investments | $ 64,821,176 | $ 65,543,756 | |

| | |
|---|---|
| Reconciliation to the financial statements: | |
| Per statement of net position: | |
| Unrestricted cash and investments | $ 59,259,643 |
| Restricted cash and investments | 2,998,470 |
| Per statement of fiduciary net position: | |
| Private purpose trust | 212,075 |
| Custodial funds | 2,350,988 |
| Total cash and investments | $ 64,821,176 |

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts and $250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposits.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of $500,000 per customer, of which $250,000 may be in cash. Additionally, through UBS Financial Services, Inc., accounts have additional securities coverage of up to a firm aggregate of $500 million.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Quoted market prices
- Matrix pricing models

| | December 31, 2023 | | | |
|---|---|---|---|---|
| **Investment Type** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Negotiable CDs | $ - | $ 15,485,669 | $ - | $ 15,485,669 |
| U.S. agencies, implicitly guaranteed | - | 9,952,249 | - | 9,952,249 |
| Municipal bonds | - | 30,503,264 | - | 30,503,264 |
| Total | $ - | $ 55,941,182 | $ - | $ 55,941,182 |

**Custodial Credit Risk**

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to the County. The County does not have any deposits exposed to custodial credit risk.

Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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 does not have any investments exposed to custodial credit risk.

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2023, the County's investments were rated as follows:

| **Investment Type** | **Standard & Poors** | **Moody's Investor Service** |
|---|---|---|
| Municipal bonds | AAA, AA+, AA-, AA, A+ | AAA, AA3, AA2, AA1, A2, A1 |

The County also had the following unrated investments:

Minnesota Association of Governments Investing for Counties (MAGIC)
Negotiable certificates of deposit

### 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.

As of December 31, 2023, the investment portfolio was concentrated as follows:

| Issuer | Investment Type | Percentage of Portfolio |
|---|---|---|
| Federal National Mortgage Association | U.S. Agencies - Implicitly Guaranteed | 6.9 % |
| Federal Home Loan Mortgage Corporation | U.S. Agencies - Implicitly Guaranteed | 9.0 % |

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2023, the County's investments were as follows:

| | | Maturity in Years | | |
|---|---|---|---|---|
| **Investment Type** | **Bank Balance** | **Less Than 1 Year** | **1-5 Years** | **Greater Than 5 Years** |
| Negotiable CD's | $ 15,485,669 | $ 5,879,865 | $ 9,605,804 | $ - |
| U.S. Agencies, implicitly guaranteed | 9,952,249 | - | 6,892,964 | 3,059,285 |
| Municipal bonds | 30,503,264 | 1,601,667 | 15,780,312 | 13,121,285 |
| MAGIC | 6,739,886 | 6,739,886 | - | - |
| Total | $ 62,681,068 | $ 14,221,418 | $ 32,279,080 | $ 16,180,570 |

See Note 1 for further information on deposit and investment policies.

### Receivables

All receivables are expected to be collected within one year except for $135,650 of loans receivable and $2,311,619 of special assessments in the General Fund and $133,567 of special assessments in the ditch fund.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

| | Unearned | Unavailable |
|---|---|---|
| Property taxes receivable | $ - | $ 291,528 |
| Special assessments receivable | - | 2,846,081 |
| Due from other governments | - | 5,692,499 |
| Interest receivable | - | 93,436 |
| Loans receivable | - | 8,039 |
| Accounts receivable | - | 13,919 |
| Leases receivable | 44,419 | - |
| Grants received in advance of period to be spent | 243,952 | - |
| Grants received in advance of incurring allowable expenditures | 6,724,030 | - |
| Total unavailable/unearned revenue for governmental funds | $ 7,012,401 | $ 8,945,502 |
| Unearned revenue included in liabilities | $ 6,724,030 | |
| Unearned revenue included in deferred inflows | 288,371 | |
| Total unearned revenue for governmental funds | $ 7,012,401 | |

### Restricted Assets

The County makes annual contributions to a trust to finance closure and post-closure care of the County landfill. As of December 31, 2023, investments of $2,998,470 are held for these purposes. See Note 2.

### Capital Assets

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

| | Beginning Balance | Additions | Deletions | Adjustments** | Ending Balance |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Capital assets not being depreciated/amortized: | | | | | |
| Land | $ 4,538,792 | $ 63,891 | $ - | $ - | $ 4,602,683 |
| Construction in progress | 3,537,243 | 8,865,553 | 10,006,477 | - | 2,396,319 |
| Total capital assets not being depreciated/ amortized | $ 8,076,035 | $ 8,929,444 | $ 10,006,477 | $ - | $ 6,999,002 |
| Capital assets being depreciated/amortized: | | | | | |
| Right-of-use asset | $ 339,804 | $ - | $ 253,680 | $ (86,124) | $ - |
| Subscription asset | - | 287,449 | - | - | 287,449 |
| Buildings | 50,956,933 | 2,158,444 | - | - | 53,115,377 |
| Improvements | 308,918 | 174,048 | - | - | 482,966 |
| Machinery, furniture and equipment | 11,819,218 | 1,021,172 | 234,687 | 86,124 | 12,691,827 |
| Infrastructure | 155,504,813 | 9,273,342 | - | - | 164,778,155 |
| Leased building | 128,764 | 107,369 | - | - | 236,133 |
| Leased machinery and equipment | 746,394 | - | - | - | 746,394 |
| Total capital assets being depreciated/ amortized | 219,804,844 | 13,021,824 | 488,367 | - | 232,338,301 |
| Less accumulated depreciation/amortization for: | | | | | |
| Right-of-use asset | (272,123) | - | 185,999 | 86,124 | - |
| Subscription asset | - | (131,810) | - | - | (131,810) |
| Buildings | (16,272,343) | (1,508,978) | - | - | (17,781,321) |
| Improvements | (112,487) | (16,225) | - | - | (128,712) |
| Machinery, furniture and equipment | (8,138,986) | (889,561) | 234,687 | (86,124) | (8,879,984) |
| Infrastructure | (91,064,748) | (5,245,154) | - | - | (96,309,902) |
| Leased building | (70,235) | (79,739) | - | - | (149,974) |
| Leased machinery and equipment | (210,951) | (222,681) | - | - | (433,632) |
| Total accumulated depreciation/ amortization | (116,141,873) | (8,094,148) | 420,686 | - | (123,815,335) |
| Total capital assets being depreciated/ amortized, net of depreciation/ amortization | $ 103,662,971 | $ 4,927,676 | $ 67,681 | $ - | $ 108,522,966 |

*** During 2023, the County executed a buyout of a fully depreciated leased asset with an original value of $86,124.*

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| **Governmental Activities** | |
| General government | $ 859,034 |
| Public safety | 1,129,522 |
| Health | 1,239 |
| Culture and recreation | 190,507 |
| Conservation | 2,274 |
| Public works | 5,911,572 |
| Total governmental activities depreciation/amortization expense | $ 8,094,148 |

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Business-Type Activities** | | | | |
| Capital assets not being depreciated: | | | | |
| Land and right of way | $ 451,250 | $ - | $ - | $ 451,250 |
| Construction in progress | 20,535 | 261,850 | - | 282,385 |
| Total capital assets not being depreciated | $ 471,785 | $ 261,850 | $ - | $ 733,635 |
| Capital assets being depreciated: | | | | |
| Buildings | $ 432,521 | $ - | $ - | $ 432,521 |
| Improvements | 104,831 | 5,000 | - | 109,831 |
| Landfill | 8,594,911 | - | - | 8,594,911 |
| Subscription asset | - | 1,880 | - | 1,880 |
| Machinery, furniture and equipment | 2,287,505 | 1,206,345 | 667,250 | 2,826,600 |
| Total capital assets being depreciated | 11,419,768 | 1,213,225 | 667,250 | 11,965,743 |
| Less accumulated depreciation for: | | | | |
| Buildings | (334,733) | (14,263) | - | (348,996) |
| Improvements | (72,196) | (4,753) | - | (76,949) |
| Landfill | (7,240,312) | (429,629) | - | (7,669,941) |
| Subscription asset | - | (778) | - | (778) |
| Machinery, furniture and equipment | (1,661,726) | (273,464) | 655,055 | (1,280,135) |
| Total accumulated depreciation | (9,308,967) | (722,887) | 655,055 | (9,376,799) |
| Total capital assets being depreciated, net of depreciation | $ 2,110,801 | $ 490,338 | $ (12,195) | $ 2,588,944 |

Depreciation expense of $722,887 was charged to the solid waste business-type activities.

### Interfund Receivables/Payables, Advances and Transfers

#### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| Road and Bridge | General fund | $ 5,556 |
| General fund | Road and Bridge | 8 |
| Subtotal, fund financial statements | | 5,564 |
| Less fund eliminations | | (5,564) |
| Total government-wide statement of net position | | $ - |

All amounts are expected to be repaid within one year.

These interfunds resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

#### Advances

The following is a schedule of interfund advances:

| Receivable Fund | Payable Fund | Amount | Amount Not Due Within One Year |
|---|---|---|---|
| General fund | Ditch | $ 352,150 | $ 352,150 |
| Subtotal, fund financial statements | | 352,150 | |
| Less fund eliminations | | (352,150) | |
| Total, government-wide statement of activities | | $ - | |

The general fund has advanced funds to the ditch fund for cash flow purposes. There is no repayment schedule set up for the advances. Per County policy, repayment or additional borrowing is determined at year end by all 30 ditch systems maintaining a minimum cash balance of $1,000.

### Transfers

The following is a schedule of interfund transfers:

| Fund Transferred To | Fund Transferred From | Amount | Principal Purpose |
|---|---|---|---|
| Capital Projects | General fund | $ 900,000 | Cash flow for Fairgrounds Electrical project |
| Total, fund financial statements | | 900,000 | |
| Less fund eliminations | | (900,000) | |
| Total transfers, government-wide statement of activities | | $ - | |

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### Long-Term Obligations

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

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation bonds | $ 8,185,000 | $ - | $ 1,605,000 | $ 6,580,000 | $ 1,645,000 |
| General obligation note from direct borrowing | 7,885 | - | 7,885 | - | - |
| Clean water partnership loans, direct borrowing | 155,690 | - | 42,197 | 113,493 | 113,493 |
| Unamortized bond premium | 392,937 | - | 93,937 | 299,000 | - |
| Subtotal | 8,741,512 | - | 1,749,019 | 6,992,493 | 1,758,493 |
| Other liabilities: | | | | | |
| Compensated absences | 1,719,038 | 1,352,322 | 1,377,616 | 1,693,744 | 1,405,808 |
| Total governmental activities long-term liabilities | $ 10,460,550 | $ 1,352,322 | $ 3,126,635 | $ 8,686,237 | $ 3,164,301 |
| **Business-Type Activities** | | | | | |
| Compensated absences | $ 31,307 | $ 36,444 | $ 30,367 | $ 37,384 | $ 31,029 |
| Landfill liability | 3,431,601 | - | 728,324 | 2,703,277 | - |
| Total business-type activities long-term liabilities | $ 3,462,908 | $ 36,444 | $ 758,691 | $ 2,740,661 | $ 31,029 |

### General Obligation Debt

All general obligation bonds and notes payable are backed by the full faith and credit of the County. General obligation bonds will be retired by future property tax levies accumulated by the debt service fund.

In accordance with Minnesota Statutes, net indebtedness of the County may not exceed 3% of the market value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2023 was approximately $162.5 million. General obligation debt outstanding at year-end subject to the debt limit was $6,580,000.

General obligation debt payable for the County at December 31, 2023, consists of the following:

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2023 |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| GO Refunding Bonds | 2015 | 2024 | 1.75-3.00% | $ 9,720,000 | $ 1,030,000 |
| Capital Improvement Bonds | 2018 | 2026 | 3.00-4.00 | 3,190,000 | 1,765,000 |
| GO Jail Bonds | 2020 | 2030 | 2.00-3.00 | 4,505,000 | 3,785,000 |
| Total governmental activities, general obligation bonds | | | | | $ 6,580,000 |

Debt service requirements to maturity are as follows:

| | Governmental Activities General Obligation Bonds | |
|---|---|---|
| | Principal | Interest |
| Years ending December 31: | | |
| 2024 | $ 1,645,000 | $ 181,850 |
| 2025 | 945,000 | 139,300 |
| 2026 | 975,000 | 103,950 |
| 2027 | 725,000 | 67,550 |
| 2028 | 750,000 | 45,800 |
| 2029-2030 | 1,540,000 | 46,400 |
| Total | $ 6,580,000 | $ 584,850 |

### Clean Water Partnership Loans

The County has entered into agreements with the Minnesota Pollution Control Agency to provide loans for financing septic systems. The loans are secured by special assessments placed on the individual's parcels requesting repaid of septic systems.

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2023 |
|---|---|---|---|---|---|
| **Clean Water Partnership Loans** | | | | | |
| Loan payable - SRF0259* | 2017 | 2026 | 2.00% | $ 390,847 | $ 113,493 |

**considered direct placement or direct borrowing*

Debt service requirements to maturity are as follows:

| | Clean Water Partnership Loans From Direct Borrowings | |
|---|---|---|
| | Principal | Interest |
| Years ending December 31: | | |
| 2024* | $ 113,493 | $ 1,318 |
| Total | $ 113,493 | $ 1,318 |

**In May 2024, the County Board approved an early payoff of the Clean Water Partnership loan.*

**Other Debt Information**

Estimated payments of compensated absences are not included in the debt service requirement schedules. These liabilities attributable to governmental activities will be liquidated primarily by the general fund and road and bridge fund for their proportionate shares.

Additionally, the County's outstanding clean water partnership loans from direct borrowing in the amount of $113,493 contain clauses that upon the event of default, demand will be made for full payment of all amounts due, including attorney's fees and interest incurred by MPCA to recover payments.

**Lease Disclosures**

**Lessee - Lease Liabilities**

Lease liability activity for the year ended December 31, 2023 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Leases payable | $ 616,469 | $ 107,369 | $ 317,949 | $ 405,889 | $ 182,074 |

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2023 |
|---|---|---|---|---|---|
| **Lease Liabilities** | | | | | |
| Community Corrections office space | 2023 | 2025 | 4.59% | $ 88,830 | $ 86,170 |
| Vehicles | 2018-2022 | 2023-2027 | 0.43-2.9 | not applicable | 301,123 |
| Mailing machines | 2021-2022 | 2026-2027 | 1.12-2.88 | 29,657 | 18,596 |
| Total governmental activities, lease liabilities | | | | | $ 405,889 |

Debt service requirements to maturity are as follows:

| | Leases Principal | Leases Interest |
|---|---|---|
| Years ending December 31: | | |
| 2024 | $ 182,074 | $ 9,199 |
| 2025 | 88,852 | 4,774 |
| 2026 | 56,137 | 2,927 |
| 2027 | 78,826 | 1,084 |
| Total | $ 405,889 | $ 17,984 |

**Lessor - Lease Receivables**

| | Date of Inception | Final Maturity | Interest Rates | Balance December 31, 2023 |
|---|---|---|---|---|
| **Lease Receivables** | | | | |
| 911 Center office space | 2021 | 2024 | 1.12% | $ 29,462 |
| Cybex building | 2023 | 2024 | 4.09 | 8,471 |
| Total governmental activities, lease receivables | | | | $ 37,933 |

The County recognized $133,824 of lease principal revenue during the fiscal year.

The County recognized $4,487 of lease interest revenue during the fiscal year.

**Subscription Disclosures**

**Subscription Liabilities**

Subscription liability activity for the year ended December 31, 2023 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Subscription liabilities | $ - | $ 258,573 | $ 176,752 | $ 81,821 | $ 36,996 |

| | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2023 |
|---|---|---|---|---|---|
| **Subscription Liabilities** | | | | | |
| Right to use software subscriptions | various | 2024 - 2027 | 3.33-3.80% | $ 113,719 | $ 81,821 |
| Total governmental activities, subscription liabilities | | | | | $ 81,821 |

Future minimum subscription payments are as follows:

| | Principal | Interest |
|---|---|---|
| Years ending December 31: | | |
| 2024 | $ 36,996 | $ 2,879 |
| 2025 | 17,255 | 1,543 |
| 2026 | 13,552 | 948 |
| 2027 | 14,018 | 482 |
| Total | $ 81,821 | $ 5,852 |

**Closure and Postclosure Care Cost**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $2,703,277 reported as landfill closure and postclosure care liability at December 31, 2023, represents the cumulative amount reported to date based on the use of approximately 89.3% of the estimated permitted capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care costs of $324,990 as the remaining estimated capacity is filled. The County expects to close the landfill in 2040. The landfill closure and postclosure care liability is based on 2023 costs. Actual costs may be higher due to inflation, changes in technology or changes in regulation.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2023, investments of $2,998,470 are held for these purposes. These are reported as restricted assets on the statement of net position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

**Net Position/Fund Balances**

Net position reported on the government wide statement of net position at December 31, 2023 includes the following:

| | |
|---|---|
| Net investment in capital assets: | |
| Construction in progress | $ 2,396,319 |
| Land | 4,602,683 |
| Other capital assets, net of accumulated depreciation/amortization | 108,522,966 |
| Less related long-term debt outstanding (excluding unspent capital related debt proceeds) | (7,172,302) |
| Less unamortized premium | (299,000) |
| Total net investment in capital assets | $ 108,050,666 |

Governmental fund balances reported on the fund financial statements at December 31, 2023, include the following:

| | General Fund | Road and Bridge | Ditch | Opioid Settlement | Homelessness & Housing | Debt Service | Capital Projects | Total |
|---|---|---|---|---|---|---|---|---|
| **Nonspendable:** | | | | | | | | |
| Inventories and prepaids | $ 134,952 | $ 226,417 | $ - | $ - | $ - | $ - | $ - | $ 361,369 |
| Loans receivables | 132,958 | - | - | - | - | - | - | 132,958 |
| Advances to other funds | 352,150 | - | - | - | - | - | - | 352,150 |
| Subtotal | 620,060 | 226,417 | - | - | - | - | - | 846,477 |
| **Restricted for:** | | | | | | | | |
| Fish and wildlife | 53,280 | - | - | - | - | - | - | 53,280. |
| Law library | 139,704 | - | - | - | - | - | - | 139,704 |
| Recorder technology | 199,883 | - | - | - | - | - | - | 199,883 |
| Recorder compliance fund | 125,799 | - | - | - | - | - | - | 125,799 |
| CWP loans | 105,454 | - | - | - | - | - | - | 105,454 |
| U of M extension | 2,919 | - | - | - | - | - | - | 2,919 |
| Veterans donation | 13,206 | - | - | - | - | - | - | 13,206 |
| Sheriff drug and alcohol forfeitures | 28,452 | - | - | - | - | - | - | 28,452 |
| Sheriff handgun | 274,413 | - | - | - | - | - | - | 274,413 |
| Sheriff special deputies | 2,836 | - | - | - | - | - | - | 2,836 |
| Sheriff K9 project | 11,362 | - | - | - | - | - | - | 11,362 |
| Public safety funds | 211,815 | - | - | - | - | - | - | 211,815 |
| SCRAM | 31,315 | - | - | - | - | - | - | 31,315 |
| County attorney | 24,130 | - | - | - | - | - | - | 24,130 |
| Public health | 3,955 | - | - | - | - | - | - | 3,955 |
| Bixby project | 109,360 | - | - | - | - | - | - | 109,360 |
| HAVA election grant | 11,150 | - | - | - | - | - | - | 11,150 |
| Highways and streets | - | 10,538,135 | - | - | - | - | - | 10,538,135 |
| Debt service | - | - | - | - | - | 1,234,751 | - | 1,234,751 |
| Ditch maintenance & repair | - | - | 345,752 | - | - | - | - | 345,752 |
| Opioid settlement | - | - | - | 215,167 | - | - | - | 215,167 |
| Homeless Prevention | - | - | - | - | 245,203 | - | - | 245,203 |
| Subtotal | 1,349,033 | 10,538,135 | 345,752 | 215,167 | 245,203 | 1,234,751 | - | 13,928,041 |
| **Committed to:** | | | | | | | | |
| Equipment purchases | - | 430,125 | - | - | - | - | - | 430,125 |
| Employee wellness | 92,450 | - | - | - | - | - | - | 92,450 |
| Building purchase | - | - | - | - | - | - | - | - |
| Capital projects | 200,000 | - | - | - | - | - | - | 200,000 |
| Subtotal | 292,450 | 430,125 | - | - | - | - | - | 722,575 |
| **Assigned to:** | | | | | | | | |
| Compensated absences | 1,484,058 | 209,686 | - | - | - | - | - | 1,693,744 |
| Bridges, roads and Streets | - | 6,218,259 | - | - | - | - | - | 6,218,259 |
| Capital projects | - | - | - | - | - | - | 3,853,038 | 3,853,038 |
| Subtotal | 1,484,058 | 6,427,945 | - | - | - | - | 3.853.038 | 11,765,041 |
| Unassigned | 20,407,649 | - | - | - | - | - | - | 20,407,649 |
| Total fund balances | $24,153,250 | $17,622,622 | $ 345,752 | $ 215,167 | $ 245,203 | $ 1,234,751 | $3,853,038 | $47,669,783 |

## 3. Other Information

### Employees' Retirement System

#### Public Employees Retirement Association (PERA)

##### Plan Description

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

##### General Employees Retirement Plan

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

##### Public Employees Police and Fire Plan

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

##### Local Government Correctional Plan

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

#### 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.

##### General Employees Plan Benefits

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

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

**Police and Fire Plan Benefits**

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

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

**Correctional Plan Benefits**

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. In 2023, legislation clarified that if the annual increase cap was reduced to 1%, there is a way to return to the 2.5% increase if certain criteria are met. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

**Contributions**

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

### General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the County was required to contribute 7.50% for Coordinated Plan members. The County contributions to the General Employees Fund for the year ended December 31, 2023, were $824,013. Contributions were equal to the required contributions as set by state statute.

### Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and the County was required to contribute 17.70% for Police and Fire Plan members. The County contributions to the Police and Fire Fund for the year ended December 31, 2023, were $343,637. Contributions were equal to the required contributions as set by state statute.

### Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2023 and the County was required to contribute 8.75% for Correctional Plan members. The County contributions to the Correctional Fund for the year ended December 31, 2023, were $203,510. Contributions were equal to the required contributions as set by state statute.

## Pension Costs

### General Employees Fund Pension Costs

At December 31, 2023, the County reported a liability of $7,526,681 for its proportionate share of the General Employees Fund's net pension liability. The 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 $207,469.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportionate share of the net pension liability was based on the County contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1346% at the end of the measurement period and 0.1360% for the beginning of the period.

| | |
|---|---|
| County's proportionate share of the net pension liability | $ 7,526,681 |
| State of Minnesota's proportionate share of the net pension liability associated with the County | 207,469 |
| Total | $ 7,734,150 |

For the year ended December 31, 2023, the County recognized pension expense of $1,207,068 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional $932 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, 2023, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 247,797 | $ 53,391 |
| Changes in actuarial assumptions | 1,253,736 | 2,063,000 |
| Net collective difference between projected and actual investment earnings | - | 328,902 |
| Changes in proportion | 26,980 | 138,676 |
| Contributions paid to PERA subsequent to the measurement date | 415,089 | - |
| Total | $ 1,943,602 | $ 2,583,969 |

$415,089 is 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, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Years ending December 31: | |
|---|---|
| 2024 | $ 163,085 |
| 2025 | (1,213,302) |
| 2026 | 158,038 |
| 2027 | (163,277) |

**Police and Fire Fund Pension Costs**

At December 31, 2023, the County reported a liability of $2,531,591 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on County contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County proportionate share was 0.1466% at the end of the measurement period and 0.1553% 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, 2023. The contribution consisted of $9 million in direct state aid that does meet the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled $101,971.

| | | |
|---|---|---|
| County's proportionate share of the net pension liability | $ | 2,531,591 |
| State of Minnesota's proportionate share of the net pension liability associated with the County | | 101,971 |
| Total | $ | 2,633,562 |

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the County recognized pension expense of $724,125 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized ($6,142) 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.

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. The County recognized $13,194 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 707,028 | $ - |
| Changes in actuarial assumptions | 3,033,085 | 3,559,521 |
| Net collective difference between projected and actual investment earnings | - | 24,581 |
| Changes in proportion | 66,444 | 354,071 |
| Contributions paid to PERA subsequent to the measurement date | 179,684 | - |
| Total | $ 3,986,241 | $ 3,938,173 |

$179,684 is 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---|---|
| Years ending December 31: | |
| 2024 | $ 109,594 |
| 2025 | 21,694 |
| 2026 | 614,100 |
| 2027 | (185,802) |
| 2028 | (691,202) |

### Correctional Plan Pension Costs

At December 31, 2023, the County reported a liability of $431,211 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.9539% at the end of the measurement period and 1.0772% for the beginning of the period.

For the year ended December 31, 2023 the County recognized pension expense of $341,114 for its proportionate share of the Correctional Plan's pension expense.

At December 31, 2023, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ 166,084 | $ 43,401 |
| Changes in actuarial assumptions | 1,182,487 | 1,967,238 |
| Net collective difference between projected and actual investment earnings | - | 84,232 |
| Changes in proportion | 6,409 | 273,233 |
| Contributions paid to PERA subsequent to the measurement date | 111,104 | - |
| Total | $ 1,466,084 | $ 2,368,104 |

$111,104 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Years ending December 31: | |
|---|---|
| 2024 | $ (7,206) |
| 2025 | (1,202,558) |
| 2026 | 242,147 |
| 2027 | (45,507) |

The total pension expense recognized for all three plans was $2,267,097 for the year ended December 31, 2023.

### Long-Term Expected Return on Investment

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

| Asset Class | Long-Term Real Rate of Return | Target Allocations |
|---|---|---|
| Domestic equity | 5.10 % | 33.5 % |
| International equity | 5.30 | 16.5 |
| Bonds (fixed income) | 0.75 | 25.0 |
| Private Markets | 5.90 | 25.0 |

### Actuarial Methods and Assumptions

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

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

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

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

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

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

**General Employees Fund**

Changes in Actuarial Assumptions:

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

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.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of $19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**Correctional Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of $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.

**Discount Rate**

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

**Pension Liability Sensitivity**

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

| | 1% Decrease in Discount Rate | Current Discount Rate | 1% Increase to Discount Rate |
|---|---|---|---|
| County's proportionate share of the General Employees Fund net pension liability | $ 13,315,304 | $ 7,526,681 | $ 2,765,319 |
| County's proportionate share of the Police and Fire Fund net pension liability | 5,022,979 | 2,531,591 | 483,337 |
| County's proportionate share of the Correctional Fund net pension liability (asset) | 2,272,962 | 431,211 | (1,038,272) |

**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.

## Other Postemployment Benefits

### General Information about the OPEB Plan

#### Plan Description

The County administers a single employer defined benefit healthcare plan. The County's other postemployment benefit (OPEB) plan provides health insurance benefits for eligible retirees and their eligible dependent(s) through the County's group health insurance plan, which covers both active and retired members. The County provides benefits for retirees as required by Minnesota Statute §471.61 subdivision 2b. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

#### Benefits Provided

Active employees, who retire from the County and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program indefinitely. Retirees are required to pay 100% of the total group rate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees, whose costs are statistically higher than the group average, are receiving an implicit rate "subsidy."

#### Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefit payments | 4 |
| Active plan members | 190 |
| | 194 |

### Total OPEB Liability

The County's total OPEB liability of $646,138 was measured as of January 1, 2023 and was determined by an actuarial valuation as of that date.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Discount Rate | 2.00%, based on the estimated yield of a 20-year AA-rated municipal bond. |
| Inflation | 2.00% |
| Salary Increases | Service Graded Table |
| Health Care Tend Rate | 6.50%, decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years. |
| Dental Trend Rate | N/A |
| Mortality Rate | Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale. |

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return were based on published rate information for 20-year high quality, tax exempt general obligation municipal bonds as of the measurement date.

The actuarial assumptions used in the January 1, 2023 valuation were based on input from a variety of published sources of historical and project future financial data. The assumptions around retirement and withdrawal are similar to those used to value pension liabilities for Minnesota public employees.

**Changes in the Total OPEB Liability**

| | Total OPEB Liability |
|---|---|
| Balance at December 31, 2022 | $ 595,621 |
| Changes for the year: | |
| Service cost | 65,919 |
| Interest cost | 12,949 |
| Assumption changes | - |
| Differences between expected and actual experience | - |
| Benefit payments | (28,351) |
| Net changes | 50,517 |
| Balance at December 31, 2023 | $ 646,138 |

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| | 1% Decrease (1.00%) | Discount Rate (2.00%) | 1% Increase (3.00%) |
|---|---|---|---|
| Total OPEB liability | $ 697,960 | $ 646,138 | $ 597,563 |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 564,367 | $ 646,138 | $ 744,114 |

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

For the year ended December 31, 2023, the County recognized OPEB expense of $4,601. At December 31, 2023, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ - | $ 232,101 |
| Changes in actuarial assumptions | 26,054 | 7,330 |
| Contributions subsequent to the measurement date | 28,235 | - |
| Total | $ 54,289 | $ 239,431 |

$28,235 reported as deferred outflows of resources related to employer contributions made after the measurement date and before the reporting date will be recognized as a reduction of the total pension liability in the year ended December 31, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

| Years ending December 31: | |
|---|---|
| 2024 | $ (46,031) |
| 2025 | (46,031) |
| 2026 | (46,031) |
| 2027 | (46,031) |
| 2028 | (29,253) |

### Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT) to protect against liabilities from workers compensation and property and casualty. The County purchases commercial insurance to cover all other risks. Settled claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

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 claim liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at $500,000 per claim in 2023. Should workers compensation liabilities of the MCIT workers compensation division exceed its assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

### Commitments and Contingencies

From time to time, the County is party to various other pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

As of December 31, 2023, the County has commitments for construction projects in progress and other contracts of approximately $1,574,000.

### Jointly-Governed Organizations

Jointly governed organizations are a regional government or multi-governmental arrangement governed by representatives of each creating government. Participants do not retain an ongoing financial interest or responsibility.

Steele County, in conjunction with other local governments, has formed joint powers boards to provide a variety of services. The County appoints at least one member to the following organizations:

- Minnesota Counties Computer Cooperative
- Southeastern Minnesota Community Action Council
- South Central Drug Investigations
- Southeastern Minnesota Private Industry Council
- Southeast Minnesota Water Resources Board
- Southeast Minnesota Regional Radio Board
- Counties Providing Technology

All 2023 payments to the jointly-governed organizations were minimal.

### Joint Ventures

#### South Central Human Relations Center

Steele County is a participant with Dodge and Waseca Counties in a joint venture to contract with the South Central Human Relations Center (SCHRC) (a nonprofit corporation) for mental health services and in-home family services. On dissolution of the corporation, net position shall be divided in proportion to the contributions made by all participants. The counties are obligated by contract to provide financial support annually based on population and usage factors.

No financial support payments were made to this entity during 2023. In 2023, the corporation experienced a negative change in unrestricted net assets of $282,155. Complete financial statements for the SCHRC can be obtained from its administrative office at 610 Florence Avenue, Owatonna, Minnesota 55060.

#### Consolidated Dispatch

Steele County is a participant with Rice County, the City of Faribault, the City of Northfield and the City of Owatonna in the Consolidated Dispatch joint venture to provide enhanced 911 services to public safety entities in their service area. On dissolution, net position will be distributed in proportion to the total contributions made by all the participants. Beginning in 2002, annual operating costs are split between the two county participants on a per capita basis, using the most recent census figures. Total payments made to this entity during 2023 were $954,770. Complete financial statements can be obtained from the Steele County Administrator's Office at 630 Florence Avenue, Owatonna, Minnesota 55060.

#### Minnesota Prairie County Alliance

Effective January 1, 2015, Steele County is a participant with Dodge and Waseca Counties in a joint venture to form a separate joint powers entity known as the Minnesota Prairie County Alliance (MNPrairie) under Minnesota Statutes §471.59 and §402A.35. The purpose of the entity is to administer essential human services programs and services mandated by Minnesota Statutes §402A.10. No county may withdraw from the agreement for five years from the original agreement date. A withdrawing member is allowed to recover their original equity contribution; however, the amount returned will not exceed its proportional share of MNPrairie's fund balance.

MNPrairie is governed by a joint powers board, which consists of two representatives of each member county.

During the year, Steele County made payments of approximately $5.6 million to MNPrairie. Each county is required to make an annual operating contribution. The operating contribution is based 50% on the proportion of each member county's population and 50% on each member county's estimated market value. The equity interest at December 31, 2023 is $3,051,703, equal to the amount at December 31, 2022. No additional equity was required to be paid in for 2023.

During the year the County received an equity distribution payment from MNPrairie in the amount of $1,157,955. This payment was the result of the fund balance exceeding the minimum target that the Joint Powers Board originally established.

Dodge County is acting as fiscal agent. Complete financial statements for MNPrairie can be obtained from the administrative office at 630 Florence Avenue, Owatonna, Minnesota 55060.

### South Country Health Alliance

South Country Health Alliance (SCHA) was created by a Joint Powers Agreement between Brown, Cass, Crow Wing, Dodge, Freeborn, Goodhue, Kanabec, Morrison, Sibley, Todd, Wabasha, Wadena, Waseca and Steele counties on July 24, 1998, under Minnesota Statute §471.59. Mower, Freeborn, Cass, Crow Wing, Morrison, Todd and Wadena counties have since withdrawn. The agreement was in accordance with Section 256B.692, which allows the formation of a board of directors to operate, control and manage all matters concerning the eleven participating member counties health care functions, referred to as County Based Purchasing.

SCHA is authorized to provide prepaid comprehensive health maintenance services to persons enrolled under Medicaid and General Assistance Medical Care in each of the above listed member counties.

While SCHA was created on July 2, 1998, it did not begin providing health maintenance services until November 1, 2001. At that time, SCHA began coverage of the beneficiaries enrolled under Medicaid and General Assistance Medical Care in the specified counties. Funding is provided from the State of Minnesota based on eligible participants within the member counties. In the event SCHA incurs operating deficits, the member counties would maintain SCHA's reserves to meet statutory and regulatory reserves requirements. Minnesota Statutes require SCHA to maintain capital surplus equal to or greater than one month's expenditures, but less than three months' expenditures. The County has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2023 is $17,651,331, up from $10,904,805 December 31, 2022. No additional equity was required to be paid in for 2023.

Complete financial statements for SCHA can be obtained from Steele County Administrator's Office at 630 Florence Avenue, P.O. Box 890, Owatonna, Minnesota 55060-0890.

## Tax Abatements

The County levies and collects property taxes for all governmental units with the County. The City of Owatonna, through its tax increment financing districts, provides tax abatements to local businesses pursuant to Minn. Statutes 469.174-.179 to promote economic development, housing districts for low to moderate income and redevelopment. The County is currently collecting tax increments that are paid through the property tax collection process. The requirement for businesses to receive the excess tax increments from the County is to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. Aggregate excess tax increment the County paid for the year ended December 31, 2023 was $856,603.

## Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

When they become effective, application of these standards may restate portions of these financial statements.

# REQUIRED SUPPLEMENTARY INFORMATION

## Steele County

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

| | Budget Original/Final | Actual | Variance With Budget |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 23,622,713 | $ 23,726,014 | $ 103,301 |
| Other taxes | 45,000 | 48,731 | 3,731 |
| Special assessments | - | 19,710 | 19,710 |
| Intergovernmental | 4,572,199 | 5,502,406 | 930,207 |
| Licenses and permits | 186,000 | 151,098 | (34,902) |
| Fines and forfeitures | 12,000 | 8,655 | (3,345) |
| Public charges for services | 3,417,557 | 3,595,569 | 178,012 |
| Investment income (including unrealized gains/losses) | 305,000 | 4,012,315 | 3,707,315 |
| Miscellaneous | 1,401,982 | 2,341,121 | 939,139 |
| Total revenues | 33,562,451 | 39,405,619 | 5,843,168 |
| **Expenditures** | | | |
| General government: | | | |
| Commissioners | 231,496 | 230,638 | 858 |
| Court administration | 364,750 | 383,846 | (19,096) |
| County administration | 309,926 | 310,336 | (410) |
| County auditor / treasurer | 1,151,508 | 1,012,434 | 139,074 |
| Human resources | 534,942 | 522,594 | 12,348 |
| County assessor | 762,388 | 706,997 | 55,391 |
| Elections | 71,406 | 42,466 | 28,940 |
| Data processing | 608,926 | 545,737 | 63,189 |
| Attorney | 1,322,501 | 1,286,401 | 36,100 |
| Recorder | 469,450 | 560,627 | (91,177) |
| Law library | 20,000 | 13,565 | 6,435 |
| Surveyor | 30,000 | 29,583 | 417 |
| Planning and zoning | 618,331 | 624,160 | (5,829) |
| Buildings and plant | 1,775,908 | 1,668,319 | 107,589 |
| GIS | 133,774 | 124,597 | 9,177 |
| Veterans services | 244,651 | 238,664 | 5,987 |
| Central services | 439,366 | 403,734 | 35,632 |
| Other | 727,502 | 640,650 | 86,852 |
| Total general government | 9,816,825 | 9,345,348 | 471,477 |
| Public safety: | | | |
| Sheriff | 4,101,632 | 3,813,816 | 287,816 |
| Boat and water safety | 1,427 | 3,603 | (2,176) |
| Coroner | 110,000 | 69,375 | 40,625 |
| Emergency government | 237,456 | 241,258 | (3,802) |
| E-911 | 954,770 | 954,770 | - |
| County jail | 4,444,660 | 3,999,311 | 445,349 |
| Community corrections | 1,885,779 | 1,810,249 | 75,530 |
| Law enforcement center | 597,432 | 442,334 | 155,098 |
| Total public safety | 12,333,156 | 11,334,716 | 998,440 |
| Health and human services: | | | |
| Minnesota Prairie | 5,611,620 | 5,611,620 | - |
| Nursing service | 3,347,204 | 3,194,613 | 152,591 |
| Total health and human services | 8,958,824 | 8,806,233 | 152,591 |

*See notes to required supplementary information*

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2023

| | Budget Original/Final | Actual | Variance With Budget |
|---|---|---|---|
| Sanitation: | | | |
| Solid waste | $ 754,578 | $ 790,254 | $ (35,676) |
| Total sanitation | 754,578 | 790,254 | (35,676) |
| Culture, recreation and education: | | | |
| Parks | 339,117 | 371,859 | (32,742) |
| Historical society | 8,000 | 8,000 | - |
| Four seasons | 526,219 | 536,792 | (10,573) |
| Other | 17,200 | 14,700 | 2,500 |
| Total culture, recreation and education | 890,536 | 931,351 | (40,815) |
| Conservation and development: | | | |
| Cooperative extension | 392,222 | 362,666 | 29,556 |
| Soil and water conservation | 135,000 | 135,000 | - |
| Agricultural society | 72,500 | 46,666 | 25,834 |
| Bixby Sewer Project | 8,900 | 3,987 | 4,913 |
| PACE loans | - | 19,710 | (19,710) |
| Total conservation and development | 608,622 | 568,029 | 40,593 |
| Capital outlay: | | | |
| General government | - | 239,590 | (239,590) |
| Public safety | 465,000 | 779,853 | (314,853) |
| Human services | - | 98,811 | (98,811) |
| Other | - | 9,055 | (9,055) |
| Total capital outlay | 465,000 | 1,127,309 | (662,309) |
| Debt service: | | | |
| Principal | 50,082 | 491,765 | (441,683) |
| Interest | 3,328 | 16,812 | (13,484) |
| Total debt service | 53,410 | 508,577 | (455,167) |
| Total expenditures | 33,880,951 | 33,411,817 | 469,134 |
| Excess (deficiency) of revenues over expenditures | (318,500) | 5,993,802 | 6,312,302 |
| **Other Financing Sources (Uses)** | | | |
| Proceeds from leases | - | 182,606 | 182,606 |
| Transfers in | 318,500 | - | (318,500) |
| Transfers out | - | (900,000) | (900,000) |
| Total other financing sources (uses) | 318,500 | (717,394) | (1,035,894) |
| Net change in fund balance | - | 5,276,408 | 5,276,408 |
| **Fund Balance, Beginning** | 18,876,842 | 18,876,842 | - |
| **Fund Balance, Ending** | $ 18,876,842 | $ 24,153,250 | $ 5,276,408 |

*See notes to required supplementary information*

## Steele County

Budgetary Comparison Schedule -
Road and Bridge Fund
Year Ended December 31, 2023

| | Budget Original / Final | Actual | Variance With Budget |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | $ 2,512,001 | $ 2,539,436 | $ 27,435 |
| Other taxes | 4,085,000 | 4,634,964 | 549,964 |
| Intergovernmental | 8,323,051 | 6,946,218 | (1,376,833) |
| Public charges for services | 2,302,000 | 402,920 | (1,899,080) |
| Interest income | - | 49 | 49 |
| Licenses and permits | 8,000 | 8,830 | 830 |
| Miscellaneous | 7,500 | 10,098 | 2,598 |
| Total revenues | 17,237,552 | 14,542,515 | (2,695,037) |
| **Expenditures** | | | |
| Current: | | | |
| Public works: | | | |
| Administration | 487,836 | 479,271 | 8,565 |
| Operation and maintenance | 6,228,650 | 4,621,435 | 1,607,215 |
| Street construction | 11,238,178 | 9,677,866 | 1,560,312 |
| Other | 365,546 | 263,832 | 101,714 |
| Capital outlay: | | | |
| Highway and streets | 683,000 | 493,649 | 189,351 |
| Debt service | | | |
| Principal retirement | - | 1,750 | (1,750) |
| Total expenditures | 19,003,210 | 15,537,803 | 3,465,407 |
| Excess (deficiency) of revenues over expenditures | (1,765,658) | (995,288) | 770,370 |
| **Other Financing Sources** | | | |
| Transfers in | 1,765,658 | - | (1,765,658) |
| Sale of fixed assets | - | 24,137 | 24,137 |
| Total other financing sources | 1,765,658 | 24,137 | (1,741,521) |
| Net change in fund balances | - | (971,151) | (971,151) |
| **Fund Balances, Beginning** | 18,574,680 | 18,574,680 | - |
| Change in inventories | - | 19,093 | 19,093 |
| **Fund Balances, Ending** | $ 18,574,680 | $ 17,622,622 | $ (952,058) |

*See notes to required supplementary information*

## Steele County

Budgetary Comparison Schedule -
Ditch Fund
Year Ended December 31, 2023

| | Budget Original/Final | Actual | Variance With Budget |
|---|---|---|---|
| **Revenues** | | | |
| Special assessments | $ - | $ 338,150 | $ 338,150 |
| Investment income | - | 7,701 | 7,701 |
| Miscellaneous | 300,000 | 4,272 | (295,728) |
| Total revenues | 300,000 | 350,123 | 50,123 |
| **Expenditures** | | | |
| Current: | | | |
| Conservation and development | 300,000 | 221,780 | 78,220 |
| Total expenditures | 300,000 | 221,780 | 78,220 |
| Net change in fund balances | - | 128,343 | 128,343 |
| **Fund Balances, Beginning** | 217,409 | 217,409 | - |
| **Fund Balances, Ending** | $ 217,409 | $ 345,752 | $ 128,343 |

*See notes to required supplementary information*

## Steele County

Schedule of County's Proportionate Share of the Net Pension Liability -
PERA General Employees' Retirement Fund
Year Ended December 31, 2023

| County Fiscal Year End Date | PERA Fiscal Year End Date (Measurement Date) | County's Proportion of the Net Pension Liability | County's Proportionate Share of the Net Pension Liability (a) | State's Proportionate Share of the Net Pension Liability Associated With County (b) | County's and State's Proportionate Share of the Net Pension Liability Associated With County (a+b) | County's Covered Payroll (c) | County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|---|---|
| 12/31/23 | 6/30/23 | 0.1346 % | $ 7,526,681 | $ 207,469 | $ 7,734,150 | $ 10,694,200 | 70.38 % | 83.10 % |
| 12/31/22 | 6/30/22 | 0.1360 | 10,771,245 | 315,810 | 11,087,055 | 10,185,351 | 105.75 | 76.70 |
| 12/31/21 | 6/30/21 | 0.1386 | 5,918,841 | 180,708 | 6,099,549 | 9,932,804 | 59.59 | 87.00 |
| 12/31/20 | 6/30/20 | 0.1368 | 8,201,785 | 252,881 | 8,454,666 | 9,743,482 | 84.18 | 79.10 |
| 12/31/19 | 6/30/19 | 0.1295 | 7,159,765 | 222,490 | 7,382,255 | 9,138,211 | 78.35 | 80.20 |
| 12/31/18 | 6/30/18 | 0.1293 | 7,173,034 | 235,216 | 7,408,250 | 8,532,121 | 84.07 | 79.50 |
| 12/31/17 | 6/30/17 | 0.1344 | 8,580,007 | 107,852 | 8,687,859 | 8,360,730 | 102.62 | 75.90 |
| 12/31/16 | 6/30/16 | 0.1286 | 10,441,682 | 136,372 | 10,578,054 | 7,967,772 | 131.05 | 68.90 |
| 12/31/15 | 6/30/15 | 0.1534 | 7,949,985 | n/a | 7,949,985 | 8,665,124 | 91.75 | 78.20 |

Schedule of Employer Contributions -
PERA General Employees' Retirement Fund
Year Ended December 31, 2023

| County Fiscal Year End Date | Statutorily Required Contributions (a) | Contributions in Relation to the Statutorily Required Contributions (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|---|---|---|---|---|---|
| 12/31/23 | $ 824,013 | $ 824,013 | $ - | $ 10,954,162 | 7.50 % |
| 12/31/22 | 772,441 | 772,441 | - | 10,299,603 | 7.50 |
| 12/31/21 | 761,114 | 761,114 | - | 10,147,821 | 7.50 |
| 12/31/20 | 740,145 | 740,145 | - | 9,868,579 | 7.50 |
| 12/31/19 | 711,148 | 711,148 | - | 9,421,991 | 7.55 |
| 12/31/18 | 672,661 | 672,661 | - | 8,965,303 | 7.50 |
| 12/31/17 | 640,336 | 640,336 | - | 8,360,730 | 7.66 |
| 12/31/16 | 609,601 | 609,601 | - | 8,115,735 | 7.51 |
| 12/31/15 | 616,105 | 616,105 | - | 8,187,493 | 7.52 |

*See notes to required supplementary information*

## Steele County

Schedule of County's Proportionate Share of the Net Pension Liability -
PERA Police and Fire Fund
Year Ended December 31, 2023

| County Fiscal Year End Date | PERA Fiscal Year End Date (Measurement Date) | County's Proportion of the Net Pension Liability | County's Proportionate Share of the Net Pension Liability (a) | State's Proportionate Share of the Net Pension Liability Associated With County (b) | County's and State's Proportionate Share of the Net Pension Liability Associated With County (a+b) | County's Covered Payroll (b) | County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|---|---|
| 12/31/23 | 6/30/23 | 0.1466 % | $ 2,531,591 | $ 101,971 | $ 2,633,562 | $ 1,925,138 | 131.50 % | 86.50 % |
| 12/31/22 | 6/30/22 | 0.1553 | 6,758,043 | 295,257 | 7,053,300 | 1,887,002 | 358.14 | 70.50 |
| 12/31/21 | 6/30/21 | 0.1437 | 1,109,212 | 49,880 | 1,159,092 | 1,645,691 | 67.40 | 93.70 |
| 12/31/20 | 6/30/20 | 0.1446 | 1,905,983 | 44,900 | 1,950,883 | 1,632,499 | 116.75 | 87.20 |
| 12/31/19 | 6/30/19 | 0.1538 | 1,637,356 | n/a | 1,637,356 | 1,623,072 | 100.88 | 89.30 |
| 12/31/18 | 6/30/18 | 0.1500 | 1,598,846 | n/a | 1,598,846 | 1,581,023 | 101.13 | 88.80 |
| 12/31/17 | 6/30/17 | 0.1500 | 2,025,179 | n/a | 2,025,179 | 1,547,524 | 130.87 | 85.40 |
| 12/31/16 | 6/30/16 | 0.1400 | 5,618,444 | n/a | 5,618,444 | 1,344,913 | 417.76 | 63.90 |
| 12/31/15 | 6/30/15 | 0.1330 | 1,511,191 | n/a | 1,511,191 | 1,223,553 | 123.51 | 86.60 |

Schedule of Employer Contributions -
PERA Police and Fire Fund
Year Ended December 31, 2023

| County Fiscal Year End Date | Statutorily Required Contributions (a) | Contributions in Relation to the Statutorily Required Contributions (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|---|---|---|---|---|---|
| 12/31/23 | $ 343,637 | $ 343,637 | $ - | $ 1,941,452 | 17.70 % |
| 12/31/22 | 340,197 | 340,197 | - | 1,922,020 | 17.70 |
| 12/31/21 | 322,340 | 322,340 | - | 1,821,129 | 17.70 |
| 12/31/20 | 288,413 | 288,413 | - | 1,629,452 | 17.70 |
| 12/31/19 | 278,002 | 278,002 | - | 1,639,409 | 16.96 |
| 12/31/18 | 258,223 | 258,223 | - | 1,593,972 | 16.20 |
| 12/31/17 | 248,762 | 248,762 | - | 1,547,524 | 16.07 |
| 12/31/16 | 234,065 | 234,065 | - | 1,444,845 | 16.20 |
| 12/31/15 | 210,200 | 210,200 | - | 1,297,530 | 16.20 |

*See notes to required supplementary information*

## Steele County

Schedule of County's Proportionate Share of the Net Pension Liability (Asset) -
PERA Correctional Fund
Year Ended December 31, 2023

| County Fiscal Year End Date | PERA Fiscal Year End Date (Measurement Date) | County's Proportion of the Net Pension Liability (Asset) | County's Proportionate Share of the Net Pension Liability (Asset) (a) | County's Covered Payroll (b) | County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|
| 12/31/23 | 6/30/23 | 0.9539 % | $ 431,211 | $ 2,236,809 | 19.28 % | 95.90 % |
| 12/31/22 | 6/30/22 | 1.0772 | 3,580,613 | 2,366,321 | 151.32 | 74.60 |
| 12/31/21 | 6/30/21 | 1.1444 | (188,002) | 2,402,444 | 7.83 | 101.60 |
| 12/31/20 | 6/30/20 | 1.1313 | 306,967 | 2,460,209 | 12.48 | 96.70 |
| 12/31/19 | 6/30/19 | 1.0965 | 151,810 | 2,338,892 | 6.49 | 98.20 |
| 12/31/18 | 6/30/18 | 1.1116 | 182,825 | 2,305,825 | 7.93 | 97.60 |
| 12/31/17 | 6/30/17 | 1.0800 | 3,078,011 | 2,115,325 | 145.51 | 67.90 |
| 12/31/16 | 6/30/16 | 1.1700 | 4,274,174 | 2,198,788 | 194.39 | 58.20 |
| 12/31/15 | 6/30/15 | 1.1200 | 173,152 | 2,018,597 | 8.58 | 96.90 |

Schedule of Employer Contributions -
PERA Correctional Fund
Year Ended December 31, 2023

| County Fiscal Year End Date | Statutorily Required Contributions (a) | Contributions in Relation to the Statutorily Required Contributions (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|---|---|---|---|---|---|
| 12/31/23 | $ 203,510 | $ 203,510 | $ - | $ 2,325,597 | 8.80 % |
| 12/31/22 | 203,149 | 203,149 | - | 2,322,130 | 8.70 |
| 12/31/21 | 214,008 | 214,008 | - | 2,443,375 | 8.76 |
| 12/31/20 | 218,231 | 218,231 | - | 2,494,062 | 8.75 |
| 12/31/19 | 209,541 | 209,541 | - | 2,393,306 | 8.76 |
| 12/31/18 | 198,653 | 198,653 | - | 2,305,825 | 8.62 |
| 12/31/17 | 186,847 | 186,847 | - | 2,115,325 | 8.83 |
| 12/31/16 | 182,191 | 182,191 | - | 2,082,175 | 8.75 |
| 12/31/15 | 192,416 | 192,416 | - | 2,199,124 | 8.75 |

*See notes to required supplementary information*

## Steele County

Schedule of Changes in the Total OPEB Liability and Related Ratios
Year Ended December 31, 2023

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | |
| Service cost | $ 72,584 | $ 74,762 | $ 79,870 | $ 82,466 | $ 63,999 | $ 65,919 |
| Interest | 22,318 | 23,799 | 26,217 | 21,541 | 23,031 | 12,949 |
| Assumption changes | - | - | (14,666) | - | 36,478 | - |
| Differences between expected and actual | - | - | (119,566) | - | (241,247) | - |
| Benefit payments | (61,121) | (43,110) | (17,502) | (34,849) | (33,408) | (28,351) |
| Net change in total OPEB liability | 33,781 | 55,451 | (45,647) | 69,158 | (151,147) | 50,517 |
| **Total OPEB Liability, Beginning** | 634,025 | 667,806 | 723,257 | 677,610 | 746,768 | 595,621 |
| **Total OPEB Liability, Ending** | $ 667,806 | $ 723,257 | $ 677,610 | $ 746,768 | $ 595,621 | $ 646,138 |
| Covered-employee payroll | $ 11,555,589 | $ 11,902,257 | $ 13,383,026 | $ 13,817,974 | $ 13,553,478 | $ 13,960,082 |
| Total OPEB liability as a percentage of | 5.78% | 6.08% | 5.06% | 5.40% | 4.39% | 4.63% |

*See notes to required supplementary information*

## 1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. Changes to the overall budget must be approved by board action. Appropriations lapse at year-end unless specifically carried over. Budgets are adopted at the fund level of expenditure. Budgets have not been adopted for the opioid settlement or homeless prevention and housing affordability special revenue funds.

## 2. Public Employees Retirement Association (PERA)

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The County is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented. For purposes of these schedules, covered payroll is defined as "pensionable wages."

### Changes in Benefit Terms

There were no changes of benefit terms for any participating employer in the PERA.

### Changes in Actuarial Assumptions and Plan Provisions

#### General Employees Fund

2023 Changes

*Changes in Actuarial Assumptions:*

- The investment return assumption was changed from 6.5% to 7.0%.

*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

*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

*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

*Changes in Actuarial Assumptions:*

- The price inflation assumption was decreased from 2.50% to 2.25%.

- The payroll growth assumption was decreased from 3.25% to 3.00%.

- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) 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, 2021 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2021.

2019 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

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

2018 Changes

*Changes in Actuarial Assumptions:*

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% 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 4.0% to 3.0%, 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 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

*Changes in Actuarial Assumptions:*

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.00% for vested deferred member liability and 3.00% for nonvested deferred member liability.

- The assumed postretirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% 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.

2016 Changes

*Changes in Actuarial Assumptions:*

- The assumed postretirement 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 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.

2015 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of $6 million, which meets the special funding situation definition, is due September 2015.

**Police and Fire Fund**

2023 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

- Additional one-time direct state aid contribution of $19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

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

2021 Changes

*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 MP-2020.

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

*Changes in Plan Provisions:*

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

2020 Changes

*Changes in Actuarial Assumptions:*

- The morality 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

*Changes in Actuarial Assumptions:*

- The morality 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

*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 4.0% to 3.0%, 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.

2017 Changes

*Changes in Actuarial Assumptions:*

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

*Changes in Plan Provisions:*

- There have been no changes since the prior valuation.

2016 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

- The postretirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.50%, to a fixed rate of 2.50%.

**Correctional Fund**

2023 Changes

*Changes in Actuarial Assumptions:*

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

*Changes in Plan Provisions:*

- Additional one-time direct state aid contribution of $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

*Changes in Actuarial Assumptions:*

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.
- The benefit increase assumption was change from 2.00% per annum to 2.00% per annum through December 31, 2054 and 1.5% per annum thereafter.

*Changes in Plan Provisions:*

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

2021 Changes

*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 MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability 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 were no changes in plan provisions since the previous valuation.

2020 Changes

*Changes in Actuarial Assumptions:*

- The morality 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

*Changes in Actuarial Assumptions:*

- The morality 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

*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 postretirement benefit increase was changed from 2.50% per year to 2.00% per year.

*Changes in Plan Provisions:*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, 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 2.5%, 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

*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% for vested and nonvested, deferred members. The CSA has been changed to 35% for vested members and 1% for nonvested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

*Changes in Plan Provisions:*

- There have been no changes since the prior valuation.

2016 Changes

*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 2.50% for inflation.

*Changes in Plan Provisions:*

- There have been no changes since the prior valuation.

2015 Changes

*Changes in Actuarial Assumptions:*

- There have been no changes since the prior valuation.

*Changes in Plan Provisions:*

- There have been no changes since the prior valuation.

**3. Other Postemployment Benefits**

The County implemented GASB Statement No. 75 in fiscal year 2018. Information provided prior to fiscal year 2018 is not available.

Assets have not been accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The following changes of assumptions were reflected in the OPEB actuarial valuations:

2023 Changes

- There were no changes to assumptions or benefit terms in 2023.

2022 Changes

- 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, retirement and withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

2021 Changes

- There were no changes to assumptions to benefit terms in 2021.

2020 Changes

- The discount rate was changed from 3.30% to 2.90%.
- Health care trend rates were changed to better anticipate short term and long-term medical increases.
- Mortality tables were updated from RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2019 Generational Improvement Scale.
- Salary increase rates were changed from a flat 3% per year for all employees to rates which vary by service and contract group.

2019 Changes

- There were no changes to assumptions to benefit terms in 2019.

2018 Changes

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- Mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for police and fire personnel) to RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for all employees were updated.
- The retirement plan participation assumption for participants was changed from 35% to 25%.
- The discount rate was changed from 3.50% to 3.30%.

# SUPPLEMENTARY INFORMATION

## Steele County

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

| | Taxes and Penalties | State Collections | Consolidated Dispatch | Jail Canteen | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and investments | $ 665,721 | $ 135,728 | $ 1,530,369 | $ 19,170 | $ 2,350,988 |
| Accounts receivable | - | 170 | - | - | 170 |
| Taxes receivable from other governments | 539,000 | - | - | - | 539,000 |
| Due from other governments | - | 20 | 46,501 | - | 46,521 |
| Prepaid items | - | - | 73,142 | - | 73,142 |
| Total assets | 1,204,721 | 135,918 | 1,650,012 | 19,170 | 3,009,821 |
| **Liabilities** | | | | | |
| Accounts payable | - | - | 2,497 | 17,447 | 19,944 |
| Accrued wages | - | - | 72,894 | - | 72,894 |
| Due to individuals and other governments | 350,211 | 111,761 | 13,883 | 1,723 | 477,578 |
| Unearned revenues | - | - | 134,095 | - | 134,095 |
| Total liabilities | 350,211 | 111,761 | 223,369 | 19,170 | 704,511 |
| **Deferred Inflows of Resources** | | | | | |
| Taxes collected in advance of levy | 192,627 | - | - | - | 192,627 |
| **Net Position** | | | | | |
| Restricted for individuals, organizations or other governments | $ 661,883 | $ 24,157 | $ 1,426,643 | $ - | $ 2,112,683 |

## Steele County

Combining Statement of Changes in Fiduciary Net Position -
Custodial Funds
Year Ended December 31, 2023

| | Taxes and Penalties | State Collections | Consolidated Dispatch | Jail Canteen | Total |
|---|---|---|---|---|---|
| **Additions** | | | | | |
| Property tax collections for other governments | $ 49,632,719 | $ - | $ - | $ - | $ 49,632,719 |
| License and fees collected for state | - | 1,411,185 | - | - | 1,411,185 |
| Intergovernmental revenues | - | - | 3,203,692 | - | 3,203,692 |
| Charges for services | - | - | 51,999 | - | 51,999 |
| Contributions, individuals | - | - | - | 148,938 | 148,938 |
| Miscellaneous | - | - | 54,807 | - | 54,807 |
| Total additions | 49,632,719 | 1,411,185 | 3,310,498 | 148,938 | 54,503,340 |
| **Deductions** | | | | | |
| Payments of property tax to other governments | 49,878,335 | - | - | - | 49,878,335 |
| Payments to state | - | 1,411,763 | - | - | 1,411,763 |
| Public safety expenditures | - | - | 3,259,668 | - | 3,259,668 |
| Beneficiary payments | - | - | - | 148,938 | 148,938 |
| Total deductions | 49,878,335 | 1,411,763 | 3,259,668 | 148,938 | 54,698,704 |
| Change in fiduciary net position | (245,616) | (578) | 50,830 | - | (195,364) |
| **Net Position, Beginning** | 907,499 | 24,735 | 1,375,813 | - | 2,308,047 |
| **Net Position, Ending** | $ 661,883 | $ 24,157 | $ 1,426,643 | $ - | $ 2,112,683 |

## Steele County

Schedule of Intergovernmental Revenues
Year Ended December 31, 2023

| | General Fund | Road and Bridge | Homelessness & Housing | Debt Service | Capital Projects | Total All Funds |
|---|---|---|---|---|---|---|
| **Shared Revenue** | | | | | | |
| State: | | | | | | |
| County Program Aid | $ 1,826,300 | $ 197,763 | $ - | $ 133,976 | $ 12,588 | $ 2,170,627 |
| Local Performance Aid | 5,429 | - | - | - | - | 5,429 |
| PERA Rate Reimbursement | (5,210) | - | - | - | - | (5,210) |
| Disparity Reduction Aid | 21,956 | 2,378 | - | 1,611 | 151 | 26,096 |
| Police Aid | 244,105 | - | - | - | - | 244,105 |
| Highway Users Tax | - | 6,484,303 | - | - | - | 6,484,303 |
| Aquatic Invasive Species | 17,101 | - | - | - | - | 17,101 |
| Market Value Credit | 206,344 | 22,096 | - | 14,971 | 1,407 | 244,818 |
| Riparian Protection Aid | 75,724 | - | - | - | - | 75,724 |
| SCORE | 109,652 | - | - | - | - | 109,652 |
| Affordable Housing Aid | - | - | 119,261 | - | - | 119,261 |
| Local Homeless Prevention Aid | - | - | 125,813 | - | - | 125,813 |
| Total shared revenue | 2,501,401 | 6,706,540 | 245,074 | 150,558 | 14,146 | 9,617,719 |
| **Reimbursement for Services** | | | | | | |
| Local: | | | | | | |
| MNPrairie County Alliance | 61,973 | - | - | - | - | 61,973 |
| Local, Payments in Lieu of Taxes | 42,975 | - | - | - | - | 42,975 |
| Total reimbursement for services | 104,948 | - | - | - | - | 104,948 |
| **Grants** | | | | | | |
| State: | | | | | | |
| Minnesota Department of: | | | | | | |
| Corrections | 839,836 | - | - | - | - | 839,836 |
| Natural Resources | 4,463 | - | - | - | - | 4,463 |
| Health | 620,343 | - | - | - | - | 620,343 |
| Veterans Affairs | 10,000 | - | - | - | - | 10,000 |
| Water and Soil Resources | 71,955 | - | - | - | - | 71,955 |
| Public Safety | 630,258 | - | - | - | - | 630,258 |
| Secretary of State | 9,264 | - | - | - | - | 9,264 |
| Total state | 2,186,119 | - | - | - | - | 2,186,119 |
| Federal: | | | | | | |
| U.S. Department of: | | | | | | |
| Agriculture | 244,728 | - | - | - | - | 244,728 |
| Justice | 1,356 | - | - | - | - | 1,356 |
| Education | 4,309 | - | - | - | - | 4,309 |
| Health and Human Services | 280,401 | - | - | - | - | 280,401 |
| Homeland Security | 179,144 | - | - | - | - | 179,144 |
| Transportation | - | 239,678 | - | - | - | 239,678 |
| Treasury | - | - | - | - | 474,139 | 474,139 |
| Total federal | 709,938 | 239,678 | - | - | 474,139 | 1,423,755 |
| Total intergovernmental revenue | $ 5,502,406 | $ 6,946,218 | $ 245,074 | $ 150,558 | $ 488,285 | $ 13,332,541 |