Steele County

Financial Statements and
Supplementary Information

December 31, 2024

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 Steele County, Minnesota (the County), as of and for the year ended December 31, 2024, 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, 2024 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 7.5%, 8.5% and 0%, 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.*

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 September 22, 2025 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
September 22, 2025

STEELE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
For the Year Ended December 31, 2024

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, 2024. 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

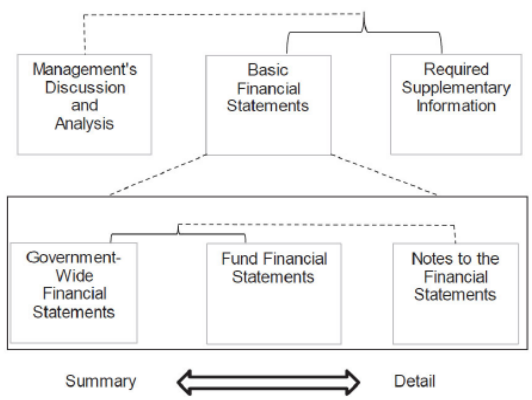
Key financial highlights for 2024 include the following:

- 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 $180,425,075 (net position). Of this amount, $41,616,251 (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 $9,325,980, or 5.4% over the prior year. This is discussed further in the government-wide financial analysis section.
- Capital assets (net of accumulated depreciation and amortization) increased by $6,308,983 or 5.3% over the prior year. This increase was primarily due to completed projects for the road and bridge, detention center and Community Corrections.
- The County's long-term liabilities decreased by $6,440,602 or 28.2% from the prior year. This decrease was primarily due to the allocated net pension liability from the Public Employers Retirement Association (PERA) and the repayment of debt in accordance with the debt schedules.
- Governmental fund-level revenues exceeded expenditures resulting in a fund balance increase of $7,222,358. 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 $54,892,141 at the end of the fiscal year. Of this amount, $32,494,904 (59.2%) is classified as either non-spendable, restricted, committed or assigned while $22,397,237 (40.8%) is unassigned.
- The County had ongoing construction projects to spend the federal American Rescue Plan Act (ARPA) funds. During the year the County spent $5,529,506 of these federal funds and $1,188,236 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 $1,930,399 and operating expenses were $1,922,398. Nonoperating revenues totaled $25,514 from interest income and a loss on disposal of capital assets. This resulted in an increase in net position of $33,515 for 2024. 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 2024.

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 2024, Steele County's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $188,432,533. 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
	2024	2023	2024	2023	2024	2023	2023-24
Assets							
Current Assets	$ 67,120,116	$ 57,058,021	$ 7,961,252	$ 5,301,949	$ 75,081,368	$ 62,359,970	20.4%
Capital and Noncurrent Assets	137,310,929	117,849,295	3,246,071	5,802,847	140,557,000	123,652,142	13.7%
Total Assets	204,431,045	174,907,316	11,207,323	11,104,796	215,638,368	186,012,112	15.9%
Deferred Outflows of Resources	4,841,180	7,577,599	37,420	126,382	4,878,600	7,703,981	(36.7%)
Liabilities							
Current Liabilities	4,263,718	8,119,570	89,879	87,890	4,353,597	8,207,460	(47.0%)
Long-Term Liabilities	15,562,081	16,767,510	3,028,476	3,323,545	18,590,557	20,091,055	(7.5%)
Total Liabilities	19,825,799	24,887,080	3,118,355	3,411,435	22,944,154	28,298,515	(18.9%)
Deferred Inflows of Resources	9,021,351	10,208,592	118,930	160,272	9,140,281	10,368,864	(11.8%)
Net Position							
Net Investment in Capital Assets	114,696,082	97,833,327	3,242,071	3,172,874	117,938,153	101,006,201	16.8%
Restricted	24,112,742	15,305,729	228,832	-	24,341,574	15,305,729	59.0%
Unrestricted	41,616,251	34,250,187	4,532,555	4,486,597	46,148,806	38,736,784	19.1%
Total Net Position	$ 180,425,075	$ 147,389,243	$ 8,003,458	$ 7,659,471	$ 188,428,533	$ 155,048,714	21.5%

Net Investment in Capital Assets ($117,942,153 or 62.5% of total net position) represent the County's capital assets net of accumulated depreciation and amortization ($125,153,530) less the remaining balances of debt used to finance the acquisition of these assets ($7,211,377). 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 ($24,341,574 or 12.9% 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 ($46,148,806 or 24.6% 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 $2,614,950 or 1.2% over the previous year due to a combination of many surpluses and deficits. The primary increases over the prior year include:
  - Increases in County capital assets (net of current year depreciation and amortization), $6,308,9893.
  - An increase in general fund cash and investments due to an equity distribution payment received from Minnesota Prairie County Alliance, $1,227,754.
  - Offset by negative financial performance in the County's joint venture (South County Health Alliance) decreasing equity interest by $5,299,564.

- Liabilities decreased by $9,038,394 or 28.2% 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 $3,250,969.
  - A decrease in the unearned revenues relating to ARPA grant of $5,529,818 for the construction of the Sheriff office and Community Corrections building.

- The County's deferred outflows of resources decreased by 34.5% and deferred inflows of resources decreased by 2.9%. 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 5.2% 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
	2024	2023	2024	2023	2024	2023	2023-24
Revenues							
Program Revenues							
Charges, Fees, Fines & Other	$ 6,268,699	$ 5,515,913	$ 1,886,159	$ 1,871,777	$ 8,154,858	$ 7,387,690	10.4%
Operating Grants & Contributions	5,961,992	6,395,478	-	-	5,961,992	6,395,478	(6.8%)
Capital Grants & Contributions	5,654,385	3,585,206	-	-	5,654,385	3,585,206	57.7%
General Revenues							
Property & Other Taxes	33,890,859	32,815,920	-	-	33,890,859	32,815,920	3.3%
Unrestricted Grants	9,255,333	3,435,240	-	-	9,255,333	3,435,240	169.4%
Investment Earnings (Loss)	3,334,667	4,031,308	30,198	14,479	3,364,865	4,045,787	16.8%
Miscellaneous	2,886,207	11,247,263	39,556	132,517	2,925,763	11,379,780	(74.3%)
Total Revenue	67,252,142	67,026,328	1,955,913	2,018,773	69,208,055	69,045,101	0.2%
Expenditures							
General Government	10,751,868	10,328,331	-	-	10,751,868	10,328,331	4.1%
Public Safety	14,930,217	12,991,398	-	-	14,930,217	12,991,398	14.9%
Public Works	12,164,916	12,763,478	-	-	12,164,916	12,763,478	(4.7%)
Sanitation	957,160	790,254	1,922,398	1,112,275	2,879,558	1,902,529	51.4%
Health and Human Services	14,695,915	8,891,678	-	-	14,695,915	8,891,678	65.3%
Culture, Recreation and Education	1,153,737	1,235,706	-	-	1,153,737	1,235,706	(6.6%)
Conservation and Development	3,172,433	795,404	-	-	3,172,433	795,404	298.8%
Interest and Fiscal Charges	99,916	148,234	-	-	99,916	148,234	(32.6%)
Total Expenditures	57,926,162	47,944,483	1,922,398	1,112,275	59,848,560	49,056,758	22.0%
Change in Net Position	9,325,980	19,081,845	33,515	906,498	9,359,495	19,988,343	(53.2%)
Net Position - Beginning of Year	171,099,095	152,017,250	7,973,943	7,067,445	179,073,038	159,084,695	12.6%
Net Position - End of Year	$ 180,425,075	$ 171,099,095	$ 8,007,458	$ 7,973,943	$ 188,432,533	$ 179,073,038	5.2%

County-Wide revenues totaled $69,208,055 for the year ended December 31, 2024. Taxes, charges for services, and intergovernmental revenues (including grants and contributions) accounted for 90.9% of total revenue for the year.

In comparison to the prior year, county-wide revenues increased by $162,954 or 0.2%. This increase is the combination of many surpluses and deficits, but the primary changes include:

- Investment earnings decreased by $680,922 or 16.8% under the previous year. This decrease 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 decreased by $8,454,017 or 74.3% under the previous year. The main factors for this change include the previous year adjustment for Joint Venture equity interest of $6,746,526 did not recur in 2024.

- Property and other tax revenue increased by $1,074,939 or 3.3% from the board approved 4.9% property tax levy increase for fiscal year 2024 and additional delinquent property tax collections.
- Unrestricted grants increased by $5,820,093 or 169.4% over the prior year. This increase is mainly due to the additional American Rescue Plan Act (ARPA) dollars the Country recognized as revenue in 2024 with the ongoing construction of the sheriff office addition and community corrections building.

County wide expenditures totaled $59,848,560 for the year ended December 31, 2024, an increase of 22.0% 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 increase in expenditures is the combination of many surpluses and deficits, but the primary changes include:

- Personnel services increases over the prior year totaled $1,751,746. This includes wage increases, health insurance, additional payroll taxes, etc.
- An adjustment for the Joint Venture equity interest of $5,299,564..

As the result of revenues exceeding expenditures, the County-Wide net position increased by $9,359,495. Governmental activities increased by $9,325,980 and business-type activities increased by $33,515.

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

Figure A-3
2024 Steele County Revenue Sources

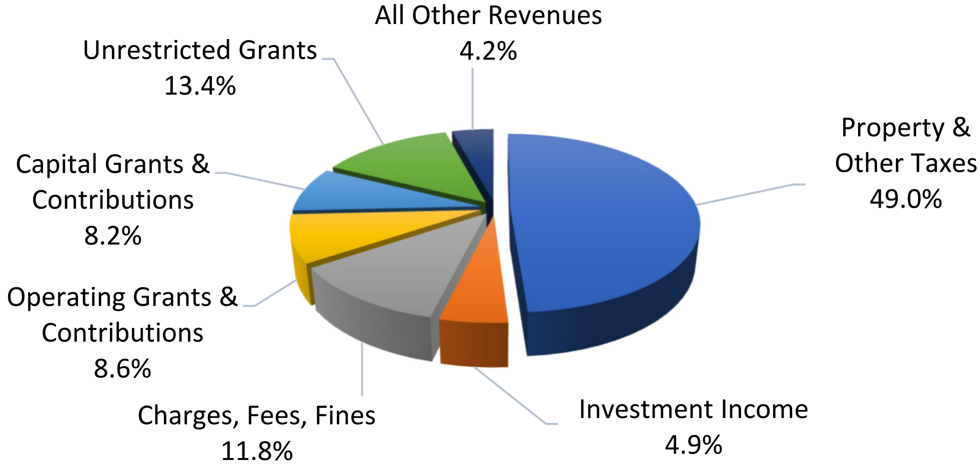


Figure A-4
2024 Steele County Expenditures by Function

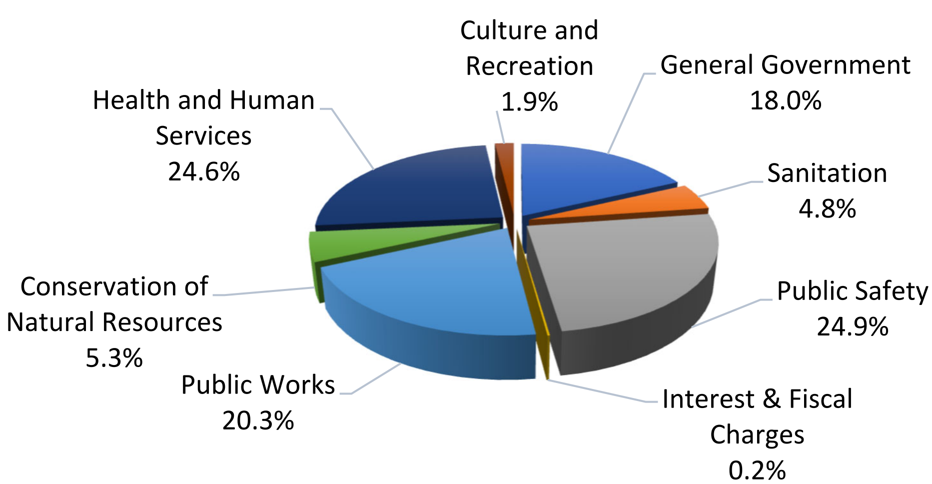


Table A-3 presents the cost of each County function, as well as each function's net cost (total cost, less revenues generated by that activity). The net cost of a County function shows the amount of general revenue (property taxes, investment income, or unrestricted grants) that were needed to fund each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

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

	2024		2023	
	Total Cost of Services	Net (Revenue)/ Cost of Services	Total Cost of Services	Net (Revenue)/ Cost of Services
Governmental Activities				
General Government	$ 10,751,868	$ 8,591,821	$ 10,328,331	$ 8,090,494
Public Safety	14,930,217	12,763,768	12,991,398	10,335,183
Public Works	12,164,916	2,662,180	12,763,478	5,479,462
Sanitation	957,160	(132,014)	790,254	(1,699)
Health and Human Services	14,695,915	12,080,099	8,891,678	6,774,179
Culture, Recreation and Education	1,153,737	1,132,248	1,235,706	1,212,912
Conservation and Development	3,172,433	2,843,068	795,404	409,121
Interest and Fiscal Charges	99,916	99,916	148,234	148,234
Total	$ 57,926,162	$ 40,041,086	$ 47,944,483	$ 32,447,886
Business-Type Activities				
Solid Waste	$ 1,922,398	$ (36,239)	$ 1,112,275	$ (759,502)

The cost of all the County's governmental activities this year totaled $57,926,162. These expenditures were financed from the following sources:

> $6,268,699 was paid by the users of the County's programs from fees or other public charges for services.

> $11,616,377 was subsidized by the federal and state governments with grants and contributions for certain programs.

> $40,041,086 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, 2024, totaled $125,153,530. 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
	2024	2023	2024	2023	2024	2023	2023-24
Land and Right of Way	$ 4,961,481	$ 4,602,683	$ 451,250	$ 451,250	$ 5,412,731	$ 5,053,933	7%
Construction in Progress (CIP)	10,063,443	2,396,319	445,014	282,385	10,508,457	2,678,704	292%
Leased Buildings	226,414	236,133	-	-	226,414	236,133	(4%)
Leased Machinery and Equipment	904,894	746,394	-	-	904,894	746,394	21%
Subscription Asset	1,136,078	287,449	1,880	1,880	1,137,958	289,329	0%
Buildings	51,860,088	53,115,377	440,256	432,521	52,300,344	53,547,898	(2%)
Land Improvements	228,226	482,966	120,981	109,831	349,207	592,797	(41%)
Machinery, Equipment & Vehicles	13,101,001	12,691,827	3,134,478	2,826,600	16,235,479	15,518,427	5%
Landfill	-	-	8,594,911	8,594,911	8,594,911	8,594,911	0%
Infrastructure	169,099,293	164,778,155	-	-	169,099,293	164,778,155	3%
Less: Accumulated Depreciation & Amortization	(129,673,459)	(123,815,335)	(9,942,699)	(9,376,799)	(139,616,158)	(133,192,134)	5%
Total Capital Assets (Net)	$ 121,907,459	$ 115,521,968	$ 3,246,071	$ 3,322,579	$ 125,153,530	$ 118,844,547	5%

In comparison to the prior year, the County's net capital assets increased by 5.3%. Major capital asset activity during the year included the following:

- Completed road and bridge projects for the current year totaled $4,679,936. This amount included current year infrastructure costs ($4,270,361), the use of prior year construction in progress ($50,777), and the purchase of land right of way ($358,798).
- Purchase of various equipment for the highway department including motor grader, plow equipment, tandem dump/plow truck, Ford-550, mini-backhoe $1,007,507.
- Depreciation and amortization expense for the current year amounted to $8,618,168. Governmental activity depreciation totaled $7,998,793 and business-type activity depreciation totaled $619,375.

Long-Term Liabilities

At the end of 2024, the County had outstanding long-term liabilities of $19,045,241, as outlined in table A-5 below.

Table A-5
Steele County Long Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government		% Change
	2024	2023	2024	2023	2024	2023	2023-24
General Obligation Bonds	$ 5,140,063	$ 6,879,000	$ -	$ -	$ 5,140,063	$ 6,879,000	(25.3%)
Clean Water Partnership Loans	-	113,493	-	-	-	113,493	(100.0%)
Subscription Payable	721,998	81,821	-	-	721,998	81,821	0.0%
Leases Payable	430,065	405,889	-	-	430,065	405,889	6.0%
Other Postemployment Benefits	883,123	633,450	19,670	12,688	902,793	646,138	39.7%
Compensated Absences Payable	1,769,615	1,693,744	36,636	37,384	1,806,251	1,731,128	4.3%
Net Pension Liability	7,071,901	10,266,798	166,613	22,685	7,238,514	10,289,483	(29.7%)
Closure and Post closure	-	-	2,805,557	2,703,277	2,805,557	2,703,277	3.8%
Total Long-Term Liabilities	$ 16,016,765	$ 20,074,195	$ 3,028,476	$ 2,776,034	$ 19,045,241	$ 22,850,229	(16.7%)

Long-term liabilities decreased by 16.7% from the prior year. This decrease is primarily due to:

- The payment of bonds, notes, loans, and leases in accordance with the payment schedules, $2,405,064.
- The landfill closure and post closure care costs increasing by $102,280 or 3.8% due to an increase in post-closure 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		Increase/	% Change
	2024	2023	(Decrease)	2023-24
Taxes (Property and Other)	$ 24,742,201	$ 23,794,455	$ 947,746	4%
Intergovernmental	6,268,554	5,502,406	$ 766,148	14%
Public Charges for Services	4,259,535	3,595,569	$ 663,966	18%
Investment Incom (Loss)	3,373,417	4,012,315	$ (638,898)	-16%
Misc/Other	2,445,724	2,500,874	$ (55,150)	-2%
Total Revenue	$ 41,089,431	$ 39,405,619	$ 1,683,812	4%

Total general fund revenues increased by $1,683,812 or 4% over the previous year. The primary changes over the prior year include:

- Investment earnings had a decrease compared to the previous year, decreasing by $638,898 or 15.9%. This change was from reduction in interest income received during 2024 and a reduction in the unrealized investment losses that were booked in in comparison to the prior year.
- Taxes (Property and other) increased by $947,746 or 4.1% over the prior year. This increase is mainly due to the property tax levy increase for 2024 being 4.9% for the general fund. In addition, the County also collected additional delinquent tax and penalty/interest related costs.
- Intergovernmental revenues increased $766,148 or 13.9% over the prior year. This was mainly due to an increase in community correction Federal grant for Immunizations of ($216,010) and increase in CCA Subsidy of ($219,296).

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

Table A-7

General Fund Expenditures

	Fiscal Year Ending 2024	Fiscal Year Ending 2023	Increase (Decrease)	% Change 2023-24
General Fund Expenditures				
General Government	$ 10,122,477	$ 9,345,348	$ 777,129	8%
Public Safety	12,564,754	11,334,716	1,230,038	11%
Health and Human Services	9,356,051	8,806,233	549,818	6%
Sanitation	962,119	790,254	171,865	22%
Culture, Recreation, and Education	1,015,568	931,351	84,217	9%
Conservation and Development	609,381	568,029	41,352	7%
Capital Outlay	1,283,790	1,127,309	156,481	14%
Debt Service	566,430	508,577	57,853	11%
Total Expenditures	$ 36,480,570	$ 33,411,817	$ 3,068,753	9%

Table A-7

General Fund Expenses

	Fiscal Year Ending 2024	Fiscal Year Ending 2023	Increase/ (Decrease)	% Change 2023-24
General Government	$ 10,122,477	$ 9,345,348	$ 777,129	8%
Public Safety	12,564,754	11,334,716	1,230,038	11%
Health & Human Services	9,356,051	8,806,233	549,818	6%
Sanitation	962,119	790,254	171,865	22%
Culture and Recreation	1,015,568	931,351	84,217	9%
Conservation of Natural Resources	609,381	568,029	41,352	7%
Capital Outlay	1,283,790	1,127,309	156,481	14%
Debt Service	551,883	508,577	43,306	9%
Total Expenditures	$ 36,466,023	$ 33,411,817	$ 3,010,900	9%

Total general fund expenditures increased by $3,010,900, or 9.0%. This was mainly due to an increase in salary, wages, and benefits.

General Fund Budgetary Highlights

> Actual revenues were $5,181,335 more than budgeted revenues primarily due increase in investment earnings.

> Actual expenditures were $762,226 less than budget due to public safety, health and human services, and general government functions 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 $1,112,921 over budget due new leases and subscription-based technology arrangements entered into during 2024.

> At the end of the current fiscal year, the general fund had a total fund balance of $29,675,032, an increase of $5,521,782 over the previous year.

Other Major Fund Analysis

The following details the other major fund analysis.

The Road and Bridge Fund had a total fund balance of $18,809,248 at the end of the current fiscal year. Road and Bridge's fund balance increased by $1,186,626 mainly due construction projects being delayed for the year.

The Ditch Fund had a total fund balance of $508,344 at the end of the current fiscal year. The fund balance increased by $162,592 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 $475,144 at the end of the current fiscal year. The fund balance increased by $259,977 as this is the amount received during the year from the nationwide opioid settlement lawsuit.

The Homelessness & Housing fund had a total fund balance of $385,622 at the end of the current fiscal year. The fund balance increased by $140,419 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 $1,272,383 at the end of the current fiscal year. The fund balance increased by $37,632 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 $3,766,368 at the end of the current fiscal year. The fund balance decreased by $86,670 mainly due to the completion of capital projects that were budgeted in previous years.

The Solid Waste Landfill had a total net position of $8,007,458 at the end of the current fiscal year. The net position increased by $33,515 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2024 average unemployment rate for Steele County was 3.9%. This compares to the State's average unemployment rate of 3.3% and the national average of 4.1%.
- The County's estimated market value and net tax capacity showed improved growth for the 2024 pay 2025 property taxes. The 2025 estimated market value of the County totaled $6,872,808,181, an overall increase of 3.6% from the prior year. Net tax capacity for 2025 totaled $70,683,902, an overall increase of 5.3%. (Please note that 2025 estimates are based on 2024 assessment data)
- The County's economic growth helped reduce the County's tax rate from 44.758% to 43.904% in 2025.
- The County's General Fund expenditures for 2025 are budgeted to decrease 2.9% over 2024.
- Some challenges faced when preparing the 2025 budget include a competitive workforce market, rising health insurance costs, increases in cyber security threats, and rising costs due to inflation.
- In December of 2024, the 2025 budget and levy were set at $65,095,290 and $30,303,710, 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, 2024

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	$ 56,157,761	$ 4,802,864	$ 60,960,625
Taxes receivable	339,878	-	339,878
Special assessments receivable	447,616	-	447,616
Accounts receivable	153,032	115,597	268,629
Loans receivable	135,650	-	135,650
Leases receivable	18,725	7,896	26,621
Interest receivable	444,674	-	444,674
Due from other governmental units	8,967,677	-	8,967,677
Internal balances	985	(985)	-
Inventories and prepaid items	454,118	1,491	455,609
Restricted cash and investments	-	3,034,389	3,034,389
Capital assets:			
Construction in progress	10,063,443	445,014	10,508,457
Land and right of way	4,961,481	451,250	5,412,731
Other capital assets, net of depreciation/amortization	106,882,535	2,349,807	109,232,342
Investment in joint ventures	15,403,470	-	15,403,470
Total assets	204,431,045	11,207,323	215,638,368
Deferred Outflows of Resources			
Other postemployment benefit related amounts	322,982	7,194	330,176
Pension related amounts	4,518,198	30,226	4,548,424
Total deferred outflows of resources	4,841,180	37,420	4,878,600
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,418,340	67,219	1,485,559
Accrued liabilities and deposits	902,049	22,104	924,153
Due to other governments	294,433	556	294,989
Unearned revenues	1,194,212	-	1,194,212
Current portion lease liabilities	131,074	-	131,074
Current portion subscription liabilities	323,610	-	323,610
Noncurrent liabilities:			
Due within one year	2,413,780	30,408	2,444,188
Due in more than one year	4,495,898	2,811,785	7,307,683
Net pension liability	7,071,901	166,613	7,238,514
OPEB liability	883,123	19,670	902,793
Lease liabilities	298,991	-	298,991
Subscription liabilities	398,388	-	398,388
Total liabilities	19,825,799	3,118,355	22,944,154
Deferred Inflows of Resources			
Grants received in advance of meeting time requirements	184,005	-	184,005
Other postemployment benefit related amounts	257,342	5,731	263,073
Pension related amounts	8,561,318	105,395	8,666,713
Lease related amounts	18,686	7,804	26,490
Total deferred inflows of resources	9,021,351	118,930	9,140,281
Net Position			
Net investment in capital assets	114,696,082	3,246,071	117,942,153
Restricted for:			
General government	180,327	-	180,327
Recorder equipment	325,796	-	325,796
Public safety	581,265	-	581,265
Health	479,058	-	479,058
Highways and streets	19,782,039	-	19,782,039
Conservation of natural resources	173,680	-	173,680
Affordable housing	385,622	-	385,622
Debt service	1,285,576	-	1,285,576
Ditch	919,379	-	919,379
Landfill	-	228,832	228,832
Unrestricted	41,616,251	4,532,555	46,148,806
Total net position	$ 180,425,075	$ 8,007,458	$ 188,432,533

See notes to financial statements

Steele County

Statement of Activities

Year Ended December 31, 2024

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	$ 10,751,868	$ 1,658,785	$ 463,927	$ 37,335	$ (8,591,821)	$ -	$ (8,591,821)
Public safety	14,930,217	1,906,073	260,376	-	(12,763,768)	-	(12,763,768)
Public works	12,164,916	556,892	3,328,794	5,617,050	(2,662,180)	-	(2,662,180)
Sanitation	957,160	916,602	172,572	-	132,014	-	132,014
Health and human services	14,695,915	879,493	1,736,323	-	(12,080,099)	-	(12,080,099)
Culture, recreation and education	1,153,737	21,489	-	-	(1,132,248)	-	(1,132,248)
Conservation and development	3,172,433	329,365	-	-	(2,843,068)	-	(2,843,068)
Interest and fiscal charges	99,916	-	-	-	(99,916)	-	(99,916)
Total governmental activities	57,926,162	6,268,699	5,961,992	5,654,385	(40,041,086)	-	(40,041,086)
Business-Type Activity							
Solid waste	1,922,398	1,886,159	-	-	-	(36,239)	(36,239)
Total business-type activity	1,922,398	1,886,159	-	-	-	(36,239)	(36,239)
Total primary government	$ 59,848,560	$ 8,154,858	$ 5,961,992	$ 5,654,385	(40,041,086)	(36,239)	(40,077,325)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					27,522,375	-	27,522,375
Property taxes, levied for debt service					1,685,781	-	1,685,781
Other taxes					4,682,703	-	4,682,703
Intergovernmental revenues not restricted to specific programs					9,255,333	-	9,255,333
Gifts and contributions					99,925	-	99,925
Investment income					3,334,667	30,198	3,364,865
Gain/(loss) on disposal of capital assets					763,643	(4,684)	758,959
Miscellaneous					2,022,639	44,240	2,066,879
Total general revenues					49,367,066	69,754	49,436,820
Change in net position					9,325,980	33,515	9,359,495
Net Position, Beginning					171,099,095	7,973,943	179,073,038
Net Position, Ending					$ 180,425,075	$ 8,007,458	$ 188,432,533

See notes to financial statements

Steele County

Balance Sheet -
Governmental Funds
December 31, 2024

	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	$ 29,017,969	$ 18,325,551	$ 804,148	$ 475,144	$ 372,782	$ 1,269,119	$ 5,893,048	$ 56,157,761
Receivables:								
Taxes	280,704	32,374	-	-	-	22,261	4,539	339,878
Special assessments	53,554	-	394,062	-	-	-	-	447,616
Accounts	152,763	269	-	-	-	-	-	153,032
Leases	-	18,725	-	-	-	-	-	18,725
Loans	135,650	-	-	-	-	-	-	135,650
Interest	444,674	-	-	-	-	-	-	444,674
Due from other governments	890,146	8,030,745	33,946	-	12,840	-	-	8,967,677
Due from other funds	-	8,112	-	-	-	-	-	8,112
Inventories and prepaid items	260,227	193,891	-	-	-	-	-	454,118
Advances to other funds	278,089	-	-	-	-	-	-	278,089
Total assets	$ 31,513,776	$ 26,609,667	$ 1,232,156	$ 475,144	$ 385,622	$ 1,291,380	$ 5,897,587	$ 67,405,332
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	$ 262,770	$ 215,623	$ 845	$ -	$ -	$ -	$ 19,852	$ 499,090
Construction contracts payable	-	-	-	-	-	-	919,250	919,250
Accrued liabilities and deposits	818,872	77,301	-	-	-	-	-	896,173
Due to other governments	143,275	117,315	33,843	-	-	-	-	294,433
Due to other funds	7,127	-	-	-	-	-	-	7,127
Advances from other funds	-	-	278,089	-	-	-	-	278,089
Unearned revenues	5,976	-	-	-	-	-	1,188,236	1,194,212
Total liabilities	1,238,020	410,239	312,777	-	-	-	2,127,338	4,088,374
Deferred Inflows of Resources								
Unearned revenues	184,005	18,686	-	-	-	-	-	202,691
Unavailable revenues	416,719	7,371,494	411,035	-	-	18,997	3,881	8,222,126
Total deferred inflows of resources	600,724	7,390,180	411,035	-	-	18,997	3,881	8,424,817
Fund Balances								
Nonspendable	649,931	193,891	-	-	-	-	-	843,822
Restricted	1,262,364	12,437,951	508,344	475,144	385,622	1,272,383	-	16,341,808
Committed	587,597	446,458	-	-	-	-	-	1,034,055
Assigned	4,777,903	5,730,948	-	-	-	-	3,766,368	14,275,219
Unassigned	22,397,237	-	-	-	-	-	-	22,397,237
Total fund balances	29,675,032	18,809,248	508,344	475,144	385,622	1,272,383	3,766,368	54,892,141
Total liabilities, deferred inflows of resources and fund balances	$ 31,513,776	$ 26,609,667	$ 1,232,156	$ 475,144	$ 385,622	$ 1,291,380	$ 5,897,587	$ 67,405,332

See notes to financial statements

Steele County

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2024

Total Fund Balance, Governmental Funds		$ 54,892,141
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 3.		121,907,459
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 3.		8,222,126
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		(205,063)
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		4,518,198
Deferred outflows, OPEB related amounts		322,982
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		(8,561,318)
Deferred inflows, OPEB related amounts		(257,342)
Investments in joint ventures are not financial resources and, therefore, are not reported in the funds.		15,403,470
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	$ (4,935,000)	
Accrued interest on debt	(5,876)	
Lease liabilities	(430,065)	
Subscription liabilities	(721,998)	
Net pension liability	(7,071,901)	
Other postemployment benefits liability	(883,123)	
Compensated absences	(1,769,615)	(15,817,578)
Total Net Position, Governmental Activities		$ 180,425,075

See notes to financial statements

Steele County

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2024

	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	$ 24,698,096	$ 2,589,186	$ -	$ -	$ -	$ 1,685,781	$ 352,486	$ 29,325,549
Other taxes	44,105	4,528,206	-	-	-	-	-	4,572,311
Special assessments	-	-	316,018	-	-	-	-	316,018
Intergovernmental	6,268,554	7,296,886	-	-	246,958	178,701	5,566,841	19,557,940
Licenses and permits	168,763	8,232	-	-	-	-	-	176,995
Fines and forfeitures	14,288	-	-	-	-	-	-	14,288
Public charges for services	4,076,484	545,313	-	-	-	-	-	4,621,797
Investment income (including unrealized losses)	3,373,417	218	7,667	-	14,335	-	28	3,395,665
Miscellaneous	2,445,724	9,703	-	260,442	-	-	117,709	2,833,578
Total revenues	41,089,431	14,977,744	323,685	260,442	261,293	1,864,482	6,037,064	64,814,141
Expenditures								
Current:								
General government	10,122,477	-	-	-	-	-	2,514	10,124,991
Public safety	12,564,754	-	-	-	-	-	38,642	12,603,396
Public works	-	12,326,061	-	-	-	-	-	12,326,061
Health and human services	9,356,051	-	-	465	120,874	-	-	9,477,390
Sanitation	962,119	-	-	-	-	-	-	962,119
Culture, recreation and education	1,015,568	-	-	-	-	-	12,755	1,028,323
Conservation and development	609,381	-	161,093	-	-	-	-	770,474
Capital outlay	1,283,790	1,027,065	-	-	-	-	7,540,613	9,851,468
Debt service:								
Principal retirement	551,883	1,627	-	-	-	1,645,000	-	2,198,510
Interest and fiscal charges	14,547	123	-	-	-	181,850	-	196,520
Total expenditures	36,480,570	13,354,876	161,093	465	120,874	1,826,850	7,594,524	59,539,252
Excess (deficiency) of revenues over expenditures	4,608,861	1,622,868	162,592	259,977	140,419	37,632	(1,557,460)	5,274,889
Other Financing Sources (Uses)								
Leases and subscriptions issued	1,112,921	-	-	-	-	-	104,067	1,216,988
Transfers in	-	-	-	-	-	-	632,020	632,020
Transfers out	(200,000)	(432,020)	-	-	-	-	-	(632,020)
Proceeds from sale of capital assets	-	28,940	-	-	-	-	734,703	763,643
Total other financing sources (uses)	912,921	(403,080)	-	-	-	-	1,470,790	1,980,631
Net change in fund balances	5,521,782	1,219,788	162,592	259,977	140,419	37,632	(86,670)	7,255,520
Fund Balances, Beginning	24,153,250	17,622,622	345,752	215,167	245,203	1,234,751	3,853,038	47,669,783
Change in inventories	-	(33,162)	-	-	-	-	-	(33,162)
Fund Balances, Ending	$ 29,675,032	$ 18,809,248	$ 508,344	$ 475,144	$ 385,622	$ 1,272,383	$ 3,766,368	$ 54,892,141

See notes to financial statements

Steele County

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2024

Net Change in Fund Balances, Total Governmental Funds	$ 7,255,520
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.	9,851,468
Some items reported as capital outlay were not capitalized	(335,005)
Current expenditures capitalized in the government-wide statements	6,057,105
Depreciation/amortization is reported in the government-wide statements	(7,998,793)
Net book value of assets disposed of	(1,189,284)
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.	(723,376)
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	(230,702)
Subscriptions issued	(986,286)
Principal payments	1,758,493
Leases paid	206,525
Subscriptions paid	346,109
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.	(33,162)
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	(75,871)
Accrued interest on debt	2,669
Net pension liability (and pension related deferred outflows/inflows of resources)	628,724
Other postemployment benefit liability (and related deferred outflows/inflows of resources)	(2,527)
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.	(5,299,564)
Change in Net Position of Governmental Activities	$ 9,325,980

See notes to financial statements

Steele County

Statement of Net Position -
Enterprise Fund
December 31, 2024

	Solid Waste
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	$ 4,802,864
Accounts receivable	115,597
Lease receivable	7,896
Inventories	1,491
Total current assets	4,927,848
Noncurrent Assets	
Restricted cash and investments	3,034,389
Capital assets:	
Construction in progress	445,014
Land and right of way	451,250
Property and equipment	12,292,506
Accumulated depreciation	(9,942,699)
Total noncurrent assets	6,280,460
Total assets	11,208,308
Deferred Outflows of Resources	
OPEB related amounts	7,194
Pension related amounts	30,226
Total deferred outflows of resources	37,420
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	67,219
Accrued expenses and deposits	22,104
Due to other governments	556
Due to other funds	985
Current portion of compensated absences	30,408
Total current liabilities	121,272
Noncurrent Liabilities	
Compensated absences	6,228
OPEB liability	19,670
Net pension liability	166,613
Landfill long-term care costs	2,805,557
Total noncurrent liabilities	2,998,068
Total liabilities	3,119,340
Deferred Inflows of Resources	
OPEB related amounts	5,731
Pension related amounts	105,395
Lease related amounts	7,804
Total deferred inflows of resources	118,930
Net Position	
Net investment in capital assets	3,246,071
Restricted for landfill	228,832
Unrestricted	4,532,555
Total net position	$ 8,007,458

See notes to financial statements

Steele County

Statement of Revenues, Expenses and Changes in Net Position -
Enterprise Fund
Year Ended December 31, 2024

	Solid Waste
Operating Revenues	
Charges for services	$ 1,886,159
Miscellaneous revenues	44,240
Total operating revenues	1,930,399
Operating Expenses	
Solid waste disposal	648,611
Supervision and labor	508,792
Benefits	72,379
Other services and charges	73,241
Depreciation	619,375
Total operating expenses	1,922,398
Operating income	8,001
Nonoperating Revenues	
Investment income	30,198
Gain/(loss) on disposal of capital assets	(4,684)
Total nonoperating revenues	25,514
Change in net position	33,515
Net Position, Beginning	7,973,943
Net Position, Ending	$ 8,007,458

See notes to financial statements

Steele County

Statement of Cash Flows -
Enterprise Fund
Year Ended December 31, 2024

	Solid Waste
Cash Flows From Operating Activities	
Cash received from customers	$ 1,925,177
Cash paid to suppliers for goods and services	(819,721)
Cash paid to employees for services	(440,976)
Net cash flows from operating activities	664,480
Cash Flows From Investing Activities	
Interest on investments	30,198
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(539,747)
Net change in cash and cash equivalents	154,931
Cash and Cash Equivalents, Beginning	7,682,322
Cash and Cash Equivalents, Ending	$ 7,837,253
Reconciliation of Operating Income to Net Cash Flows From Operating Activities	
Operating income	$ 8,001
Adjustments to reconcile operating income to net cash flows from operating activities:	
Noncash items included in operating income:	
Depreciation	619,375
Landfill closure liability	102,280
Change in assets, liabilities and deferred outflows and inflows of resources:	
Receivables	(6,251)
Materials, supplies and prepaid items	3,556
Accounts payable and due to other governments	(50,546)
Accrued expenses	(16,528)
Due to other funds	985
Post employment retirement benefit liability and related deferrals	854
Pension related deferrals and liability	2,754
Net cash flows from operating activities	$ 664,480
Reconciliation of Cash and Cash Equivalents	
Cash and investments per Statement of Net Position	$ 4,802,864
Noncurrent restricted cash	3,034,389
Cash and Cash Equivalents, Ending	$ 7,837,253

Noncash Capital, Investing and Financing Activities

None.

See notes to financial statements

Steele County

Statement of Fiduciary Net Position
December 31, 2024

	Private-Purpose Trust	Custodial Funds
Assets		
Cash and investments	$ 214,149	$ 2,203,648
Taxes receivable, other governments	-	561,482
Due from other governments	-	44,761
Prepaid items	-	84,189
Total assets	214,149	2,894,080
Liabilities		
Accounts payable	-	19,940
Accrued security deposits	12,755	-
Accrued wages	-	88,500
Due to individuals and other governments	-	433,798
Unearned revenues	-	98,775
Total liabilities	12,755	641,013
Deferred Inflows of Resources		
Taxes collected in advance of levy	-	162,555
Net Position		
Restricted for individuals, organizations or other governments	$ 201,394	$ 2,090,512

See notes to financial statements

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2024

	Private-Purpose Trust	Custodial Funds
Additions		
Property tax collections for other governments	$ -	$ 51,190,518
License and fees collected for state	-	1,366,273
Intergovernmental revenues	-	3,379,979
Charges for services	-	54,504
Contributions, individuals	-	168,880
Investment earnings	2,284	-
Miscellaneous	-	18,663
Total additions	2,284	56,178,817
Deductions		
Payments of property tax to other governments	-	51,168,182
Payments to state	-	1,367,196
Public safety expenditures	-	3,496,730
Beneficiary payments to individuals	-	168,880
Total deductions	-	56,200,988
Change in fiduciary net position	2,284	(22,171)
Net Position, Beginning	199,110	2,112,683
Net Position, Ending	$ 201,394	$ 2,090,512

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 June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024, however, the impact of this implementation was not material to the financial statements.

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
Jail Canteen
PACE Loans
State Collections

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. The County was not in compliance with their policy as $12,744,948 of investments have maturities exceeding five years from year end as disclosed in Note 2.

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 2024. At December 31, 2024, the outstanding MinnPACE loans to be collected by the County are $2,311,619.

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.

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, 2024 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, 2024, the combined assigned and unassigned fund balance in the General Fund was approximately 71.8% 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	$ 1,701,805	$ 1,644,539	Custodial credit
Negotiable CD's	14,927,511	14,927,511	Custodial credit, credit, concentration of credit, interest rate
MAGIC portfolio	5,579,795	6,926,915	Credit, interest rate
U.S. agencies, implicitly guaranteed	16,336,636	16,336,636	Custodial credit, credit, concentration of credit, interest rate
Municipal bonds	27,865,139	27,865,139	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,925	-	N/A
Total cash and investments	$ 66,412,811	$ 67,700,740	

Reconciliation to the financial statements:	
Per statement of net position:	
Unrestricted cash and investments	$ 60,960,625
Restricted cash and investments	3,034,389
Per statement of fiduciary net position:	
Private-purpose trust	214,149
Custodial funds	2,203,648
Total cash and investments	$ 66,412,811

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 non-interest 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, 2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Negotiable CD's	$ -	$ 14,927,511	$ -	$ 14,927,511
U.S. agencies, implicitly guaranteed	-	16,336,636	-	16,336,636
Municipal bonds	-	27,865,139	-	27,865,139
Total	$ -	$ 59,129,286	$ -	$ 59,129,286

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, 2024, 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)
U.S. Agencies, implicitly guaranteed
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, 2024, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. agencies - implicitly guaranteed	14.74 %
Federal Home Loan Mortgage Corporation	U.S. agencies - implicitly guaranteed	10.59 %

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, 2024, 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	$ 14,927,511	$ 2,972,236	$ 11,706,439	$ 248,836
U.S. agencies, implicitly guaranteed	16,336,636	1,718,457	10,057,067	4,561,112
Municipal bonds	27,865,139	4,256,078	15,674,061	7,935,000
MAGIC	6,926,915	6,926,915	-	-
Total	$ 66,056,201	$ 15,873,686	$ 37,437,567	$ 12,744,948

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

Receivables

All receivables are expected to be collected within one year except for $112,475 of loans receivable in the general fund, $13,358 of leases in the road and bridge fund and $107,432 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	$ -	$ 284,527
Special assessments receivable	-	447,616
Due from other governments	-	7,442,464
Interest receivable	-	32,439
Loans receivable	-	2,692
Accounts receivable	-	12,388
Leases receivable	18,686	-
Grants received in advance of period to be spent	184,005	-
Grants received in advance of incurring allowable expenditures	1,194,212	-
Total unavailable/unearned revenue for governmental funds	$ 1,396,903	$ 8,222,126
Unearned revenue included in liabilities	$ 1,194,212	
Unearned revenue included in deferred inflows	202,691	
Total unearned revenue for governmental funds	$ 1,396,903	

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, 2024, investments of $3,034,389 are held for these purposes. See Note 3.

Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized:				
Land	$ 4,602,683	$ 358,798	$ -	$ 4,961,481
Construction in progress	2,396,319	12,558,309	4,891,185	10,063,443
Total capital assets not being depreciated/ amortized	$ 6,999,002	$ 12,917,107	$ 4,891,185	$ 15,024,924
Capital assets being depreciated/amortized:				
Subscription asset	$ 287,449	$ 989,536	$ 140,907	$ 1,136,078
Buildings	53,115,377	699,913	1,955,202	51,860,088
Improvements	482,966	-	254,740	228,226
Machinery, furniture and equipment	12,691,827	1,344,121	934,947	13,101,001
Infrastructure	164,778,155	4,321,138	-	169,099,293
Leased building	236,133	-	9,719	226,414
Leased machinery and equipment	746,394	192,938	34,438	904,894
Total capital assets being depreciated/ amortized	232,338,301	7,547,646	3,329,953	236,555,994
Less accumulated depreciation/amortization for:				
Subscription asset	(131,810)	(246,422)	140,907	(237,325)
Buildings	(17,781,321)	(1,529,903)	1,127,244	(18,183,980)
Improvements	(128,712)	(13,871)	25,409	(117,174)
Machinery, furniture and equipment	(8,879,984)	(892,539)	813,248	(8,959,275)
Infrastructure	(96,309,902)	(5,204,829)	-	(101,514,731)
Leased building	(149,974)	(48,825)	9,719	(189,080)
Leased machinery and equipment	(433,632)	(62,404)	24,142	(471,894)
Total accumulated depreciation/ amortization	(123,815,335)	(7,998,793)	2,140,669	(129,673,459)
Total capital assets being depreciated/ amortized, net of depreciation/ amortization	$ 108,522,966	$ (451,147)	$ (1,189,284)	$ 106,882,535

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 923,565
Public safety	998,485
Health	10,908
Culture and recreation	194,623
Conservation	2,274
Public works	5,868,938
Total governmental activities depreciation/amortization expense	$ 7,998,793

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated/amortized:				
Land and right of way	$ 451,250	$ -	$ -	$ 451,250
Construction in progress	282,385	162,629	-	445,014
Total capital assets not being depreciated/amortized	$ 733,635	$ 162,629	$ -	$ 896,264
Capital assets being depreciated/amortized:				
Buildings	$ 432,521	$ 7,735	$ -	$ 440,256
Improvements	109,831	11,150	-	120,981
Landfill	8,594,911	-	-	8,594,911
Subscription asset	1,880	-	-	1,880
Machinery, furniture and equipment	2,826,600	366,037	58,159	3,134,478
Total capital assets being depreciated/amortized	11,965,743	384,922	58,159	12,292,506
Less accumulated depreciation/amortization for:				
Buildings	(348,996)	(14,521)	-	(363,517)
Improvements	(76,949)	(5,085)	-	(82,034)
Landfill	(7,669,941)	(236,669)	-	(7,906,610)
Subscription asset	(778)	(752)	-	(1,530)
Machinery, furniture and equipment	(1,280,135)	(362,348)	53,475	(1,589,008)
Total accumulated depreciation/amortization	(9,376,799)	(619,375)	53,475	(9,942,699)
Total capital assets being depreciated, net of depreciation/amortization	$ 2,588,944	$ (234,453)	$ (4,684)	$ 2,349,807

Depreciation/amortization expense of $619,375 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 fund	General fund	$ 7,127
Road and bridge fund	Solid waste fund	985
Subtotal, fund financial statements		8,112
Less fund eliminations		(7,127)
Total government-wide statement of net position		$ 985

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 fund	$ 278,089	$ 278,089
Subtotal, fund financial statements			
Less fund eliminations		(278,089)	
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 fund	General fund	$ 200,000	Cash flow for CCA project
Capital projects fund	Road and bridge fund	432,020	Reimbursement for parking lot
Total, fund financial statements		632,020	
Less fund eliminations		(632,020)	
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, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation bonds	$ 6,580,000	$ -	$ 1,645,000	$ 4,935,000	$ 945,000
Clean water partnership loans, direct borrowing	113,493	-	113,493	-	-
Unamortized bond premium	299,000		93,937	205,063	-
Subtotal	6,992,493	-	1,852,430	5,140,063	945,000
Other liabilities:					
Compensated absences	1,693,744	1,496,234	1,420,363	1,769,615	1,468,780
Total governmental activities long-term liabilities	$ 8,686,237	$ 1,496,234	$ 3,272,793	$ 6,909,678	$ 2,413,780
Business-Type Activities					
Compensated absences	$ 37,384	$ 34,962	$ 35,710	$ 36,636	$ 30,408
Landfill liability	2,703,277	102,280	-	2,805,557	-
Total business-type activities long-term liabilities	$ 2,740,661	$ 36,444	$ 758,691	$ 2,842,193	$ 30,408

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, 2024 was approximately $193.1 million. General obligation debt outstanding at year-end subject to the debt limit was $4,935,000.

General obligation debt payable for the County at December 31, 2024, consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2024
Governmental Activities					
Capital Improvement Bonds	2018	2026	3.00-4.00%	$ 3,190,000	$ 1,415,000
GO Jail Bonds	2020	2030	2.00-3.00	4,505,000	3,520,000
Total governmental activities, general obligation bonds					$ 4,935,000

Debt service requirements to maturity are as follows:

Years Ending December 31:	Governmental Activities General Obligation Bonds Principal	Interest
2025	$ 945,000	$ 139,300
2026	975,000	103,950
2027	725,000	67,550
2028	750,000	45,800
2029	760,000	30,800
2030	780,000	15,600
Total	$ 4,935,000	$ 403,000

Lease Disclosures

Lessee - Lease Liabilities

Lease liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Leases payable	$ 405,888	$ 230,702	$ 206,525	$ 430,065	$ 131,074

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2024
Lease Liabilities					
Community Corrections office space	2023	2025	4.59%	$ 88,830	$ 23,463
Vehicles	2020-2024	2025-2029	0.43-2.9	n/a	374,773
Mailing machines	2021-2022	2026-2027	1.12-2.88	29,657	31,829
Total governmental activities, lease liabilities					$ 430,065

Debt service requirements to maturity are as follows:

Years Ending December 31:	Leases	
	Principal	Interest
2025	$ 131,074	$ 10,927
2026	97,408	7,737
2027	125,057	4,445
2028	47,335	1,833
2029	29,191	387
Total	$ 430,065	$ 25,329

Lessor - Lease Receivables

	Date of Inception	Final Maturity	Interest Rates	Balance December 31, 2024
Governmental Activities				
Highway Farmland	2024	2027	3.46%	$ 18,725
Total governmental activities, lease receivables				$ 18,725

The County recognized $44,394 of lease principal revenue during the fiscal year.

The County recognized $359 of lease interest revenue during the fiscal year.

	Date of Inception	Final Maturity	Interest Rates	Balance December 31, 2024
Business Type Activities				
Landfill Farmland	2024	2027	3.46%	$ 7,896
Total business-type activities, lease receivables				$ 7,896

The solid waste fund recognized $2,663 of lease principal revenue during the fiscal year.

The solid waste fund recognized $0 of lease interest revenue during the fiscal year.

Subscription Disclosures

Subscription Liabilities

Subscription liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Subscription liabilities	$ 81,821	$ 986,286	$ 346,109	$ 721,998	$ 323,610

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2024
Subscription Liabilities					
Right to use software subscriptions	various	2024 - 2028	2.68 – 4.05%	$ 1,068,107	$ 721,998
Total governmental activities, subscription liabilities					$ 721,998

Future minimum subscription payments are as follows:

Years Ending December 31:	Principal	Interest
2025	$ 323,610	$ 22,353
2026	333,441	12,410
2027	45,487	2,142
2028	19,460	671
Total	$ 721,998	$ 37,576

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 $2,805,557 reported as landfill closure and postclosure care liability at December 31, 2024, represents the cumulative amount reported to date based on the use of approximately 90.5% of the estimated permitted capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care costs of $294,842 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, 2024, investments of $3,034,389 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, 2024 includes the following:

Net investment in capital assets:	
Construction in progress	$ 10,063,443
Land	4,961,481
Other capital assets, net of accumulated depreciation/amortization	106,882,535
Less related long-term debt outstanding (excluding unspent capital related debt proceeds)	(6,087,063)
Less capital related accounts payable	(919,251)
Less unamortized premium	(205,063)
Total net investment in capital assets	$ 114,696,082

Governmental fund balances reported on the fund financial statements at December 31, 2024, include the following:

	General Fund	Road and Bridge	Ditch	Opioid Settlement	Homelessness & Housing	Debt Service	Capital Projects	Total
Nonspendable:								
Inventories and prepaids	$ 260,227	$ 193,891	$ -	$ -	$ -	$ -	$ -	$ 454,118
Loans receivable	111,615	-	-	-	-	-	-	111,615
Advances to other funds	278,089	-	-	-	-	-	-	278,089
Subtotal	649,931	193,891	-	-	-	-	-	843,822
Restricted for:								
Fish and wildlife	53,280	-	-	-	-	-	-	53,280
Law library	127,129	-	-	-	-	-	-	127,129
Recorder technology	221,966	-	-	-	-	-	-	221,966
Recorder compliance fund	103,830	-	-	-	-	-	-	103,830
Voter grant	15,374	-	-	-	-	-	-	15,374
U of M extension	2,976	-	-	-	-	-	-	2,976
Veterans donation	13,131	-	-	-	-	-	-	13,131
Sheriff drug and alcohol forfeitures	23,549	-	-	-	-	-	-	23,549
Sheriff handgun	298,489	-	-	-	-	-	-	298,489
Sheriff special deputies	3,737	-	-	-	-	-	-	3,737
Sheriff K9 project	8,944	-	-	-	-	-	-	8,944
Public safety funds	211,815	-	-	-	-	-	-	211,815
SCRAM	34,731	-	-	-	-	-	-	34,731
County attorney	21,717	-	-	-	-	-	-	21,717
Public health	3,914	-	-	-	-	-	-	3,914
Bixby project	117,782	-	-	-	-	-	-	117,782
Highways and streets	-	12,437,951	-	-	-	-	-	12,437,951
Debt service	-	-	-	-	-	1,272,383	-	1,272,383
Ditch maintenance & repair	-	-	508,344	-	-	-	-	508,344
Opioid settlement	-	-	-	475,144	-	-	-	475,144
Homeless prevention	-	-	-	-	385,622	-	-	385,622
Subtotal	1,262,364	12,437,951	508,344	475,144	385,622	1,272,383	-	16,341,808
Committed to:								
Equipment purchases	-	446,458	-	-	-	-	-	446,458
Employee wellness	87,597	-	-	-	-	-	-	87,597
Capital projects	500,000	-	-	-	-	-	-	500,000
Subtotal	587,597	446,458	-	-	-	-	-	1,034,055
Assigned to:								
Subsequent year budget	3,206,351	-	-	-	-	-	-	3,206,351
Compensated absences	1,571,552	198,064	-	-	-	-	-	1,769,616
Bridges, roads and streets	-	5,532,884	-	-	-	-	-	5,532,884
Capital projects	-	-	-	-	-	-	3,766,368	3,766,368
Subtotal	4,777,903	5,730,948	-	-	-	-	3,766,368	14,275,219
Unassigned	22,397,237	-	-	-	-	-	-	22,397,237
Total fund balances	$29,675,032	$18,809,248	$ 508,344	$ 475,144	$ 385,622	$ 1,272,383	$3,766,368	$54,892,141

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). These plans are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

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

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

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

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

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

Benefits Provided

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

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Police and Fire Plan Benefits

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

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

Correctional Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of 1% and a maximum of 2.5%. The 2024 annual increase was 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%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the County was required to contribute 7.50% for General Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2024 were $857,007. 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 2024 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, 2024, were $364,405. 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 2024 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, 2024, were $212,248. Contributions were equal to the required contributions as set by state statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the County reported a liability of $4,991,287 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 $129,064.

County's proportionate share of the net pension liability	$	4,991,287
State of Minnesota's proportionate share of the net pension liability associated with the County		129,064
Total	$	5,120,351

The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 0.1350% at the end of the measurement period and 0.1346% for the beginning of the period.

For the year ended December 31, 2024, the County recognized pension expense of $187,265 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional $3,460 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed $170.1 million to the General Employees Fund. The State of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the $170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized $229,645 for the year ended December 31, 2024 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 General Employees Fund.

At December 31, 2024, the County reported 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	$ 484,141	$ -
Changes in actuarial assumptions	36,821	1,884,913
Net collective difference between projected and actual investment earnings	-	1,469,970
Changes in proportion	17,267	97,076
Contributions paid to PERA subsequent to the measurement date	447,768	-
Total	$ 985,997	$ 3,451,959

$447,768 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, 2025. 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:	
2025	$ (1,662,005)
2026	(263,884)
2027	(605,288)
2028	(382,553)

Police and Fire Fund Pension Costs

At December 31, 2024, the County reported a liability of $1,956,002 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, relative to the total employer contributions received from all of PERA's participating employers. The County proportionate share was 0.1487% at the end of the measurement period and 0.1466% for the beginning of the period.

The State of Minnesota contributed $37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of $19.4 million and $9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, $9 million supplemental state aid was paid on October 1, 2024. 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 $74,562.

County's proportionate share of the net pension liability	$ 1,956,002
State of Minnesota's proportionate share of the net pension liability associated with the County	74,562
Total	$ 2,030,564

For the year ended June 30, 2024, the County recognized pension expense of $315,194 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized $8,340 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 $28.4 million in supplemental state aid. The County recognized $42,220 for the year ended December 31, 2024 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, 2024, the County reported 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	$ 761,585	$ -
Changes in actuarial assumptions	2,193,301	2,839,958
Net collective difference between projected and actual investment earnings	-	574,990
Changes in proportion	74,653	272,691
Contributions paid to PERA subsequent to the measurement date	211,388	-
Total	$ 3,240,927	$ 3,687,639

$211,388 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, 2025. 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:	
2025	$ (95,309)
2026	497,122
2027	(302,783)
2028	(808,179)
2029	51,049

Correctional Plan Pension Costs

At December 31, 2024, the County reported a liability of $291,225 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2024, 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 0.9555% at the end of the measurement period and 0.9539% for the beginning of the period.

For the year ended December 31, 2024 the County recognized pension expense of $377,766 for its proportionate share of the Correctional Plan's pension expense.

During the plan year ended June 30, 2024, the State of Minnesota contributed $5.3 million to the Correctional Employees Fund. The State of Minnesota is not included as a nonemployer contributing entity in the Correctional Plan pension allocation schedules for the $5.3 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized $50,222 for the year ended December 31, 2024 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 Correctional Employees Fund.

At December 31, 2024, the County reported 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	$ 206,295	$ -
Changes in actuarial assumptions	-	983,619
Net collective difference between projected and actual investment earnings	-	406,880
Changes in proportion	490	136,616
Contributions paid to PERA subsequent to the measurement date	114,715	-
Total	$ 321,500	$ 1,527,115

$114,715 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, 2025. 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:	
2025	$ (1,252,296)
2026	195,168
2027	(154,354)
2028	(108,848)

Aggregate Pension Expense

The total pension expense recognized for all three plans was $892,025 for the year ended December 31, 2024.

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:

	Long-Term Expected Real Rate of Return	Target Allocation
Domestic equity	5.10 %	33.5 %
International equity	5.30	16.5
Fixed income	0.75	25.0
Private markets	5.90	25.0

Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% 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 investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan, the 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 Police and Fire Plan and Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund Pension Costs

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

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

Correctional Fund

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.
- Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.
- The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	$ 10,901,774	$ 4,991,287	$ 129,372
County's proportionate share of the Police and Fire Fund net pension liability (asset)	4,622,414	1,956,002	(233,681)
County's proportionate share of the Correctional Fund net pension liability (asset)	2,366,559	291,225	(1,362,101)

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, 2024, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	4
Active plan members	194
	198

Total OPEB Liability

The County's total OPEB liability of $902,793 was measured as of January 1, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2024 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	3.7%, based on the estimated yield of a 20-year AA-rated municipal bond.
Inflation	2.50%
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, 2024 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, 2023	$ 646,138
Changes for the year:	
Service cost	58,361
Interest cost	13,809
Assumption changes	(87,364)
Differences between expected and actual experience	300,084
Benefit payments	(28,235)
Net changes	256,655
Balance at December 31, 2024	$ 902,793

Changes of assumptions and other inputs since the previous valuation reflect the following:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 3.70%.

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 (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB liability	$ 965,114	$ 902,793	$ 845,041

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	$ 827,480	$ 902,793	$ 989,836

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

For the year ended December 31, 2024, the County recognized OPEB expense of $4,410. At December 31, 2024, 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	$ 257,215	$ 182,692
Changes in actuarial assumptions	20,843	80,381
Contributions subsequent to the measurement date	52,118	-
Total	$ 330,176	$ 263,073

$52,118 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Years ending December 31:	
2025	$ (15,642)
2026	(15,642)
2027	(15,642)
2028	1,135
2029	30,389
Thereafter	30,387

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 2024. 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, 2024, the County has commitments for construction projects in progress and other contracts of approximately $4,783,000.

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 2024 payments to the jointly-governed organizations were minimal.

Joint Ventures

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 2024 were $1,005,288. 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 $5,779,314 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, 2024 is $3,051,703, equal to the amount at December 31, 2023. No additional equity was required to be paid in for 2024.

During the year the County received an equity distribution payment from MNPrairie in the amount of $1,227,754. 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, 2024 is $12,351,761, down from $17,651,331 December 31, 2023. No additional equity was required to be paid in for 2024.

Kanabec County gave notice of withdrawal from SCHA effective January 1, 2025. They are entitled to their capital and surplus, which will be paid out with interest over a period of up to five years.

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, 2024 was $866,279.

Effect of New Accounting Standards on Current Period Financial Statements

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

- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*
- Statement No. 104, *Disclosure of Certain Capital Assets*

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, 2024

	Budget Original/Final	Actual	Variance With Budget
Revenues			
Taxes	$ 25,029,346	$ 24,698,096	$ (331,250)
Other taxes	51,000	44,105	(6,895)
Intergovernmental	5,239,193	6,268,554	1,029,361
Licenses and permits	193,000	168,763	(24,237)
Fines and forfeitures	13,500	14,288	788
Public charges for services	3,949,081	4,076,484	127,403
Investment income (including unrealized gains/losses)	305,000	3,373,417	3,068,417
Miscellaneous	1,127,976	2,445,724	1,317,748
Total revenues	35,908,096	41,089,431	5,181,335
Expenditures			
General government:			
Commissioners	247,321	257,078	(9,757)
Court administration	535,750	327,790	207,960
County administration	341,095	358,367	(17,272)
County auditor / treasurer	1,136,784	1,132,830	3,954
Human resources	614,201	516,065	98,136
County assessor	859,592	792,849	66,743
Elections	109,202	95,913	13,289
Data processing	814,232	580,642	233,590
Attorney	1,355,636	1,396,971	(41,335)
Recorder	501,089	597,085	(95,996)
Law library	15,000	14,861	139
Surveyor	35,000	33,600	1,400
Planning and zoning	671,573	665,675	5,898
Buildings and plant	1,824,510	1,668,007	156,503
GIS	200,658	180,355	20,303
Veterans services	255,229	250,258	4,971
Central services	494,816	275,045	219,771
Other	742,168	979,086	(236,918)
Total general government	10,753,856	10,122,477	631,379
Public safety:			
Sheriff	4,288,685	4,257,563	31,122
Boat and water safety	3,148	2,865	283
Coroner	114,000	63,167	50,833
Emergency government	212,688	227,808	(15,120)
E-911	1,005,288	1,005,288	-
County jail	4,508,516	4,315,274	193,242
Community corrections	2,132,405	1,997,611	134,794
Law enforcement center	579,914	695,178	(115,264)
Total public safety	12,844,644	12,564,754	279,890
Health and human services:			
Minnesota Prairie	5,779,314	5,779,314	-
Nursing service	3,651,640	3,576,737	74,903
Total health and human services	9,430,954	9,356,051	74,903

See notes to required supplementary information

Budgetary Comparison Schedule -
General Fund
Year Ended December 31, 2024

	Budget Original/Final	Actual	Variance With Budget
Sanitation:			
Solid waste	$ 1,038,578	$ 962,119	$ 76,459
Total sanitation	1,038,578	962,119	76,459
Culture, recreation and education:			
Parks	370,820	379,378	(8,558)
Historical society	8,000	8,000	-
Four seasons	580,062	610,752	(30,690)
Other	17,200	17,438	(238)
Total culture, recreation and education	976,082	1,015,568	(39,486)
Conservation and development:			
Cooperative extension	409,823	383,171	26,652
Soil and water conservation	135,000	135,000	-
Agricultural society	72,500	70,990	1,510
Bixby Sewer Project	11,440	1,963	9,477
Total conservation and development	628,763	609,381	19,382
Capital outlay:			
General government	-	1,004,507	(1,004,507)
Public safety	-	200,921	(200,921)
Human services	-	78,362	(78,362)
Total capital outlay	-	1,283,790	(1,283,790)
Debt service:			
Principal	43,046	551,883	(508,837)
Interest	2,421	14,547	(12,126)
Total debt service	45,467	566,430	(520,963)
Total expenditures	35,718,344	36,480,570	(762,226)
Excess (deficiency) of revenues over expenditures	189,752	4,608,861	4,419,109
Other Financing Sources (Uses)			
Leases and subscriptions issued	-	1,112,921	1,112,921
Transfers in	9,505	-	(9,505)
Transfers out	(199,257)	(200,000)	(743)
Total other financing sources (uses)	(189,752)	912,921	1,102,673
Net change in fund balance	-	5,521,782	5,521,782
Fund Balance, Beginning	24,153,250	24,153,250	-
Fund Balance, Ending	$ 24,153,250	$ 29,675,032	$ 5,521,782

See notes to required supplementary information

Steele County

Budgetary Comparison Schedule -
Road and Bridge Fund
Year Ended December 31, 2024

	Budget Original / Final	Actual	Variance With Budget
Revenues			
Taxes	$ 2,585,245	$ 2,589,186	$ 3,941
Other taxes	4,735,500	4,528,206	(207,294)
Intergovernmental	9,662,163	7,296,886	(2,365,277)
Public charges for services	1,138,000	545,313	(592,687)
Interest income	-	218	218
Licenses and permits	8,000	8,232	232
Miscellaneous	7,500	9,703	2,203
Total revenues	18,136,408	14,977,744	(3,158,664)
Expenditures			
Current:			
Public works:			
Administration	502,774	477,374	25,400
Operation and maintenance	5,481,190	4,887,505	593,685
Street construction	11,096,612	6,665,405	4,431,207
Other	263,832	295,777	(31,945)
Capital outlay:			
Highway and streets	861,000	1,027,065	(166,065)
Debt service			
Principal retirement	-	1,627	(1,627)
Interest	-	123	(123)
Total expenditures	18,205,408	13,354,876	4,850,532
Excess (deficiency) of revenues over expenditures	(69,000)	1,622,868	1,691,868
Other Financing Sources (Uses)			
Transfers in	69,000	-	(69,000)
Transfers out	-	(432,020)	(432,020)
Procees from sale of capital assets	-	28,940	28,940
Total other financing sources (uses)	69,000	(403,080)	(472,080)
Net change in fund balances	-	1,219,788	1,219,788
Fund Balances, Beginning	17,622,622	17,622,622	-
Change in inventories	-	(33,162)	(33,162)
Fund Balances, Ending	$ 17,622,622	$ 18,809,248	$ 1,186,626

See notes to required supplementary information

Steele County

Budgetary Comparison Schedule -
Ditch Fund
Year Ended December 31, 2024

	Budget Original/Final	Actual	Variance With Budget
Revenues			
Special assessments	$ -	$ 316,018	$ 316,018
Investment income	-	7,667	7,667
Miscellaneous	300,000	-	(300,000)
Total revenues	300,000	323,685	23,685
Expenditures			
Current:			
Conservation and development	300,000	161,093	138,907
Total expenditures	300,000	161,093	138,907
Net change in fund balances	-	162,592	162,592
Fund Balances, Beginning	345,752	345,752	-
Fund Balances, Ending	$ 345,752	$ 508,344	$ 162,592

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, 2024

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
12/31/24	6/30/24	0.1350 %	$ 4,991,287	$ 129,064	$ 5,120,351	$ 11,403,296	43.77 %	89.10 %
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, 2024

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)
12/31/24	$ 890,371	$ 890,371	$ -	$ 11,870,022	7.50 %
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, 2024

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
12/31/24	6/30/24	0.1487 %	$ 1,956,002	$ 74,562	$ 2,030,564	$ 2,058,460	95.02 %	86.50 %
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, 2024

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)
12/31/24	$ 396,052	$ 396,052	$ -	$ 2,244,980	17.60 %
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, 2024

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
12/31/24	6/30/24	0.9555 %	$ 291,225	$ 2,427,262	12.00 %	97.50 %
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, 2024

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)
12/31/24	$ 215,996	$ 215,996	$ -	$ 2,464,905	8.80 %
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, 2024

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	$ 72,584	$ 74,762	$ 79,870	$ 82,466	$ 63,999	$ 65,919	$ 58,361
Interest	22,318	23,799	26,217	21,541	23,031	12,949	13,809
Assumption changes	-	-	(14,666)	-	36,478	-	(87,364)
Differences between expected and actual	-	-	(119,566)	-	(241,247)	-	300,084
Benefit payments	(61,121)	(43,110)	(17,502)	(34,849)	(33,408)	(28,351)	(28,235)
Net change in total OPEB liability	33,781	55,451	(45,647)	69,158	(151,147)	50,517	256,655
Total OPEB Liability, Beginning	634,025	667,806	723,257	677,610	746,768	595,621	646,138
Total OPEB Liability, Ending	$ 667,806	$ 723,257	$ 677,610	$ 746,768	$ 595,621	$ 646,138	$ 902,793
Covered-employee payroll	$ 11,555,589	$ 11,902,257	$ 13,383,026	$ 13,817,974	$ 13,553,478	$ 13,960,082	$ 15,382,986
Total OPEB liability as a percentage of covered-employee payroll	5.78%	6.08%	5.06%	5.40%	4.39%	4.63%	5.87%

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. 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 Assumptions and Plan Provisions

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.00%.

Changes in Plan Provisions:

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

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 morality improvement scale was changed from MP-2018 to MP-2019.

- The assumed spouse age difference was changed from two years older for females to one year older.

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in plan provisions:

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

2019 Changes

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 0.80% 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.

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 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

2024 Changes

Changes in actuarial assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

Changes in plan provisions:

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

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

2023 Changes

Changes in actuarial assumptions:

- The investment return assumption was changed from 6.5% to 7.00%.

- The single discount rate changed from 5.4% to 7.0%.

Changes in plan provisions:

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

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 MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in plan provisions:

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

2020 Changes

Changes in actuarial assumptions:

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

Changes in plan provisions:

- There have been no changes since the prior valuation.

2019 Changes

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

2024 Changes

Changes in actuarial assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

Changes in plan provisions:

- Employee contribution rates will increase from 5.83% of pay to 6.83% of pay, effective July 1, 2025.
- Employer contribution rates will increase from 8.75% of pay to 10.25% of pay, effective July 1, 2025.
- The benefit multiplier changed from 1.9% to 2.2% for service earned after June 30, 2025.

2023 Changes

Changes in actuarial assumptions:

- The investment return rate was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.42% to 7.0%.

Changes in plan provisions:

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

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 5.42%.
- The benefit increase assumption was a 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 MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).

- Assumed rates of disability lowered.

- Assumed percent married for active members was lowered from 85% to 75%.

- Minor changes to form of payment assumptions were applied.

Changes in plan provisions:

- There have been no changes since the prior valuation.

2020 Changes

Changes in actuarial assumptions:

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

Changes in plan provisions:

- There have been no changes since the prior valuation.

2019 Changes

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:

2024 Changes

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 3.70%.

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, 2024

	Taxes and Penalties	PACE Loans	State Collections	Consolidated Dispatch	Jail Canteen	Total
Assets						
Cash and investments	$ 601,456	$ -	$ 124,530	$ 1,459,744	$ 17,918	$ 2,203,648
Taxes receivable, other governments	561,482	-	-	-	-	561,482
Due from other governments	-	-	-	44,761	-	44,761
Prepaid items	-	-	-	84,189	-	84,189
Total assets	1,162,938	-	124,530	1,588,694	17,918	2,894,080
Liabilities						
Accounts payable	139	-	-	3,066	16,735	19,940
Accrued wages	-	-	-	88,500	-	88,500
Due to individuals and other governments	316,025	-	101,296	15,294	1,183	433,798
Unearned revenues	-	-	-	98,775	-	98,775
Total liabilities	316,164	-	101,296	205,635	17,918	641,013
Deferred Inflows of Resources						
Taxes collected in advance of levy	162,555	-	-	-	-	162,555
Net Position						
Restricted for individuals, organizations or other governments	$ 684,219	$ -	$ 23,234	$ 1,383,059	$ -	$ 2,090,512

Combining Statement of Changes in Fiduciary Net Position -
Custodial Funds
Year Ended December 31, 2024

	Taxes and Penalties	PACE Loans	State Collections	Consolidated Dispatch	Jail Canteen	Total
Additions						
Tax collections for other governments	$ 50,971,259	$ 219,259	$ -	$ -	$ -	$ 51,190,518
License and fees collected for state	-	-	1,366,273	-	-	1,366,273
Intergovernmental revenues	-	-	-	3,379,979	-	3,379,979
Charges for services	-	-	-	54,504	-	54,504
Contributions, individuals	-	-	-	-	168,880	168,880
Miscellaneous	-	-	-	18,663	-	18,663
Total additions	50,971,259	219,259	1,366,273	3,453,146	168,880	56,178,817
Deductions						
Payments of tax to other governments	50,948,923	219,259	-	-	-	51,168,182
Payments to state	-	-	1,367,196	-	-	1,367,196
Public safety expenditures	-	-	-	3,496,730	-	3,496,730
Beneficiary payments to individuals	-	-	-	-	168,880	168,880
Total deductions	50,948,923	219,259	1,367,196	3,496,730	168,880	56,200,988
Change in fiduciary net position	22,336	-	(923)	(43,584)	-	(22,171)
Net Position, Beginning	661,883	-	24,157	1,426,643	-	2,112,683
Net Position, Ending	$ 684,219	$ -	$ 23,234	$ 1,383,059	$ -	$ 2,090,512

Steele County

Schedule of Intergovernmental Revenues
Year Ended December 31, 2024

	General Fund	Road and Bridge	Homelessness & Housing	Debt Service	Capital Projects	Total All Funds
Shared Revenue						
State:						
County Program Aid	$ 2,359,510	$ 249,711	$ -	$ 162,563	$ 33,962	$ 2,805,746
Local Performance Aid	5,239	-	-	-	-	5,239
PERA Rate Reimbursement	330,463	-	-	-	-	330,463
Disparity Reduction Aid	21,946	2,322	-	1,512	316	26,096
Police Aid	246,982	-	-	-	-	246,982
Highway Users Tax	-	7,003,033	-	-	-	7,003,033
Aquatic Invasive Species	17,032	-	-	-	-	17,032
Market Value Credit	214,203	22,468	-	14,626	3,057	254,354
Riparian Protection Aid	75,782	-	-	-	-	75,782
SCORE	112,077	-	-	-	-	112,077
Cannabis Aid Revenue	2,114	-	-	-	-	2,114
Affordable Housing Aid	-	-	119,261	-	-	119,261
Local Homeless Prevention Aid	-	-	127,697	-	-	127,697
Total shared revenue	3,385,348	7,277,534	246,958	178,701	37,335	11,125,876
Reimbursement for Services						
Local:						
MNPrairie County Alliance	48,822	-	-	-	-	48,822
Local, Payments in Lieu of Taxes	47,505	-	-	-	-	47,505
Total reimbursement for services	96,327	-	-	-	-	96,327
Grants						
State:						
Minnesota Department of:						
Corrections	1,059,673	-	-	-	-	1,059,673
Health	594,894	-	-	-	-	594,894
Veterans Affairs	10,000	-	-	-	-	10,000
Water and Soil Resources	138,001	-	-	-	-	138,001
Public Safety	24,286	-	-	-	-	24,286
Secretary of State	26,882	-	-	-	-	26,882
Total state	1,853,736	-	-	-	-	1,853,736
Federal:						
U.S. Department of:						
Agriculture	266,266	-	-	-	-	266,266
Justice	4,974	-	-	-	-	4,974
Education	4	-	-	-	-	4
Health and Human Services	661,899	-	-	-	-	661,899
Transportation	-	19,352	-	-	-	19,352
Treasury	-	-	-	-	5,529,506	5,529,506
Total federal	933,143	19,352	-	-	5,529,506	6,482,001
Total intergovernmental revenue	$ 6,268,554	$ 7,296,886	$ 246,958	$ 178,701	$ 5,566,841	$ 19,557,940