

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Morrison County (Including the Morrison County Rural Development Finance Authority) **Little Falls, Minnesota**

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Morrison County Little Falls, Minnesota

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Introductory Section

Morrison County Little Falls, Minnesota

Organization Schedule Morrison County 2024

Office	Name	Term of Office	
		From	To
Commissioners			
1st District	Mike LeMieur	January 2023	January 2025
2nd District	Jeff Jelinski	January 2023	January 2025
3rd District	Randy Winscher ¹	January 2023	January 2025
4th District	Robert Kasper	January 2023	January 2027
5th District	Greg Blaine	January 2023	January 2027
Officers			
Elected			
Attorney	Brian Middendorf	January 2023	January 2027
Recorder	Jenny Sanders	January 2023	January 2027
Sheriff	Shawn Larsen	January 2023	January 2027
Appointed			
Assessor	Jean Popp	January 2021	December 2024
Auditor-Treasurer	Shannon Coyle ²	June 2023	January 2027
Corrections	Nicole Kern		Indefinite
County Administrator	Matt LeBlanc		Indefinite
County Administrator	Kim Peterson		Indefinite
Extension	Susanne Hinrichs		Indefinite
Health & Human Services Director	Nathan Bertram		Indefinite
Information Systems	Amy Middendorf		Indefinite
Land Services Director	Amy Kowalzek		Indefinite
Public Works Director	Anthony Hennen	June 2022	May 2026
Veterans Service Officer	Kristina VonBerge	July 2023	June 2027

¹Chair

²Appointed until next election term

**Morrison County
Little Falls, Minnesota**

**Organization Schedule
Morrison County Rural Development Finance Authority
2024**

Office	Name	Term of Office	
		From	To
Chair	Greg Zylka	January 2022	January 2025
Vice Chair	Mark Gerbi	January 2023	January 2026
Secretary/Treasurer	Greg Blaine	January 2022	January 2025
Member	Leif Hanson	January 2022	January 2025
Member	Rollie Johnson	January 2022	January 2025
Member	Rob Ronning	January 2020	January 2026
Member	Bobby Kasper	January 2023	January 2025

Financial Section

**Independent Auditor's Report**

Board of County Commissioners
Morrison County
Little Falls, Minnesota

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morrison County, Minnesota, 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 report 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morrison County as of December 31, 2024, and the respective changes in financial position 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 Housing and Redevelopment Authority (HRA) of Morrison County, which is a discretely presented component unit and 16 percent, 4 percent, and 87 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the HRA of Morrison County, is based solely on the report of the other auditors.

Basis for Opinions

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

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules for the General Fund and Road and Bridge, Social Services, and Solid Waste Special Revenue Funds; Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits; PERA retirement plan schedules; and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 Morrison County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, combining nonmajor governmental fund financial statements, nonmajor special revenue funds budgetary comparison schedules, combining fiduciary fund financial statements, Morrison County Rural Development Finance Authority (RDFA) financial statements, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 25, 2025, on our consideration of Morrison County's and the Morrison County RDFA component unit'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 these reports 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 Morrison County's or the Morrison County RDFA component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morrison County's and the Morrison County RDFA component unit's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

August 25, 2025

Management's Discussion and Analysis

Morrison County Little Falls, Minnesota

Management's Discussion and Analysis As of and for the Year Ended December 31, 2024 (Unaudited)

This section of Morrison County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on December 31, 2024. The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Certain comparative information between the current year, 2024, and the prior year, 2023, is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the 2024 fiscal year include the following:

- County-wide net position increased 6.1 percent over the prior year.
- Overall fund level revenues totaled \$65,240,765 and were \$5,122,342 more than expenditures.
- General Fund revenues were \$3,917,740 more than budgeted.

Overview of the Financial Statements

The financial section of the annual report consists of four parts: Independent Auditor's Report; required supplementary information, which includes the MD&A (this section), certain budgetary comparison schedules, and information on the County's other postemployment benefits (OPEB) and net pension liability; the basic financial statements; and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

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

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

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

Figure A-1
Annual Report Format

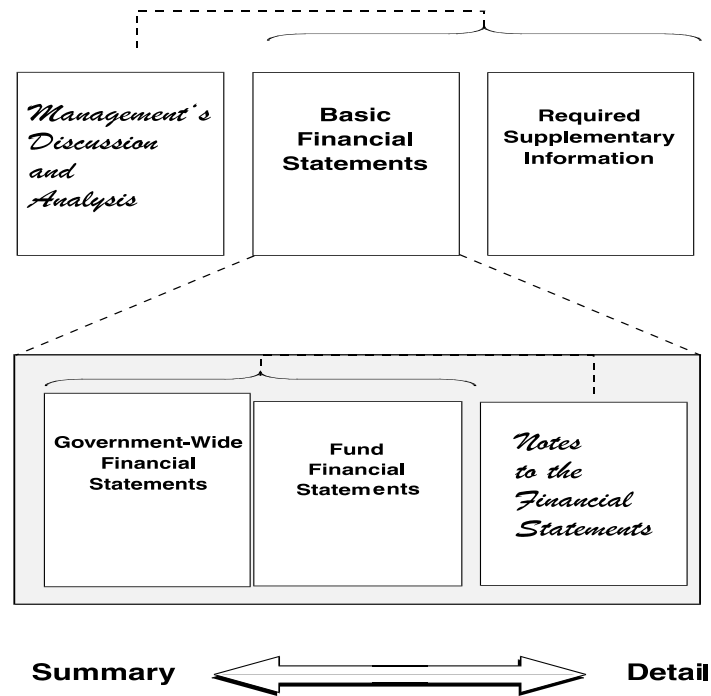


Figure A-2 summarizes the major features of the County’s financial statements, including the portion of the County’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Figure A-2. Major Features of the County’s Government-Wide and Fund Financial Statements

Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire County’s funds (except fiduciary funds) and the County’s component units	The activities of the County that are not proprietary or fiduciary	Instances in which the County is the trustee or agent for someone else’s resources
Required financial statements	Statement of net position	Balance sheet	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of changes in fiduciary net position
Accounting basis and measurement focus	Full accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Full 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 included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; custodial funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two government-wide statements report the County’s net position and how it has changed. Net position—the sum of the County’s assets and deferred outflows of resources, less the sum of its liabilities and deferred inflows of resources—is one way to measure the County’s financial health or position.

- Over time, increases or decreases in the County’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the County, you need to consider additional nonfinancial factors, such as changes in the County’s property tax base and the condition of County buildings and other facilities.

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

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

Fund Financial Statements

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

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

The County has two kinds of funds:

- Governmental funds – The County’s basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds’ statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the County-wide statements, both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to explain the relationship (or differences) between them.
- Fiduciary funds – The County is the fiscal agent, or fiduciary, for assets that belong to others. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the County’s fiduciary activities are reported in statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the County-wide financial statements because the County cannot use these assets to finance its operations.

Financial Analysis of the County as a Whole

Net Position

The County's net position was \$179,836,095 on December 31, 2024. (See Table A-1.)

Table A-1
Net Position

	2024	2023
Assets		
Current and other assets	\$ 54,748,342	\$ 53,333,689
Capital and noncurrent assets	160,132,808	154,949,033
Total Assets	\$ 214,881,150	\$ 208,282,722
Deferred Outflows of Resources		
Deferred OPEB outflows	\$ 188,728	\$ 248,778
Deferred pension outflows	4,676,662	7,331,608
Total Deferred Outflows of Resources	\$ 4,865,390	\$ 7,580,386
Liabilities		
Current liabilities	\$ 3,356,958	\$ 6,030,551
Long-term liabilities	26,196,852	30,355,191
Total Liabilities	\$ 29,553,810	\$ 36,385,742
Deferred Inflows of Resources		
Deferred OPEB inflows	\$ 1,108,648	\$ 1,178,937
Deferred lease inflows	970	32,054
Deferred pension inflows	9,247,017	8,694,507
Total Deferred Inflows of Resources	\$ 10,356,635	\$ 9,905,498
Net Position		
Net investment in capital assets	\$ 149,478,758	\$ 143,098,286
Restricted	7,517,340	7,450,437
Unrestricted	22,839,997	19,023,145
Total Net Position	\$ 179,836,095	\$ 169,571,868

Change in Net Position

The total County-wide revenues on a full accrual basis were \$63,890,870 for the year ended December 31, 2024. Property taxes and intergovernmental revenues accounted for 75.6 percent of total revenues for the year. (See Table A-2.)

Table A-2
Change in Net Position

	2024	2023
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 9,628,597	\$ 9,213,524
Operating grants and contributions	19,516,079	22,500,979
Capital grants and contributions	2,300,512	6,163,813
General revenues		
Property taxes	21,517,826	20,586,749
Unrestricted grants and contributions	4,947,203	3,219,838
Investment earnings	2,316,613	2,277,207
Other	3,664,040	2,982,134
Total Revenues	\$ 63,890,870	\$ 66,944,244
Expenses		
General government	\$ 9,868,577	\$ 9,943,922
Public safety	10,298,159	9,865,053
Highways and streets	11,550,281	13,294,479
Sanitation	4,071,453	3,074,511
Human services	13,031,912	12,835,160
Health	2,523,913	2,384,426
Culture and recreation	1,026,461	894,469
Conservation of natural resources	806,583	933,128
Economic development	113,154	113,474
Interest	336,201	348,021
Total Expenses	\$ 53,626,694	\$ 53,686,643
Increase in Net Position	\$ 10,264,176	\$ 13,257,601
Net Position – Beginning	169,571,919	156,314,267
Net Position – Ending	\$ 179,836,095	\$ 169,571,868

Total revenues were more than expenses, increasing net position \$10,264,176 over the prior year.

The County-wide cost of all governmental activities this year was \$53,626,694.

- Some of the cost was paid by the users of the County's programs (\$9,628,597).
- The federal and state governments subsidized certain programs with grants and contributions (\$21,816,591).
- The remaining County costs (\$22,181,506), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$21,517,826 in property taxes, \$2,670,823 in transportation tax, \$4,947,203 of grants and contributions not restricted, and \$3,309,830 of investment earnings and other general revenues.

Figure A-3
Sources of Revenues for Fiscal 2024

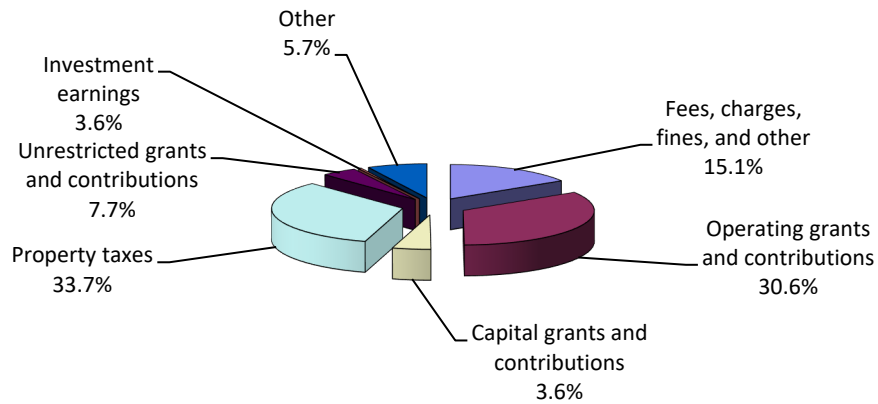


Figure A-4
Sources of Expenses for Fiscal 2024

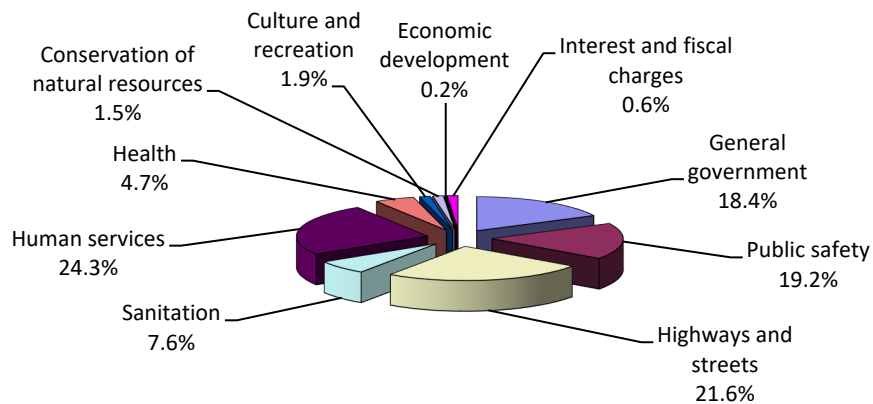


Table A-3
Cost of Services

	2024	2023	Percent (%) Change	2024	2023	Percent (%) Change
General government	\$ 9,868,577	\$ 9,943,922	(0.8)	\$ 7,457,645	\$ 8,277,961	(9.9)
Public safety	10,298,159	9,865,053	4.4	7,913,032	6,647,555	19.0
Highways and streets	11,550,281	13,294,479	(13.1)	776,729	(3,889,846)	120.0
Sanitation	4,071,453	3,074,511	32.4	(38,916)	(721,481)	94.6
Human services	13,031,912	12,835,160	1.5	4,379,338	3,537,630	23.8
Health	2,523,913	2,384,426	5.8	(251,118)	(38,782)	(547.5)
Culture and recreation	1,026,461	894,469	14.8	842,211	780,870	7.9
Conservation of natural resources	806,583	933,128	(13.6)	653,230	752,925	(13.2)
Economic development	113,154	113,474	(0.3)	113,154	113,474	(0.3)
Interest	336,201	348,021	(3.4)	336,201	348,021	(3.4)
Total	<u>\$ 53,626,694</u>	<u>\$ 53,686,643</u>	<u>(0.1)</u>	<u>\$ 22,181,506</u>	<u>\$ 15,808,327</u>	<u>40.3</u>

Financial Analysis of the County at the Fund Level

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$49,856,526.

Revenues for the County's governmental funds were \$65,240,765, while total expenditures were \$60,118,423.

General Fund

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects. The following schedule presents a summary of General Fund revenues.

Table A-4
General Fund Revenues

Fund	Year Ended December 31		Change	
	2024	2023	Increase (Decrease)	Percent (%)
Taxes and special assessments	\$ 12,490,784	\$ 11,900,311	\$ 590,473	5.0
Licenses and permits	283,464	253,525	29,939	11.8
Intergovernmental	6,301,608	5,905,053	396,555	6.7
Charges for services	1,796,738	1,686,311	110,427	6.5
Investment income	2,098,420	2,122,627	(24,207)	(1.1)
Miscellaneous and other	455,966	1,331,202	(875,236)	(65.7)
Total General Fund Revenues	\$ 23,426,980	\$ 23,199,029	\$ 227,951	1.0

Total General Fund revenues increased by \$227,951 or 1.0 percent, from the previous year. The mix of property tax and state aid can change significantly from year to year without any net change in revenue. The bulk of the additional intergovernmental revenue was related to the recognition of Coronavirus State and Local Fiscal Recovery Funds received in previous years and spent in 2024.

The following schedule presents a summary of General Fund expenditures.

Table A-5
General Fund Expenditures

	Year Ended December 31		Amount of Increase (Decrease)	Percent (%) Increase (Decrease)
	2024	2023		
General government	\$ 10,090,878	\$ 9,436,859	\$ 654,019	6.9
Public safety	10,131,108	9,354,113	776,995	8.3
Culture and recreation	273,203	185,463	87,740	47.3
Conservation of natural resources	797,897	922,748	(124,851)	(13.5)
Economic development	113,154	113,474	(320)	(0.3)
Intergovernmental	519,097	527,994	(8,897)	(1.7)
Debt service	191,128	123,384	67,744	54.9
Total Expenditures	\$ 22,116,465	\$ 20,664,035	\$ 1,452,430	7.0

General Fund Budgetary Highlights

- Actual revenues were \$3,917,740 more than expected, mainly due to an unexpected increase in intergovernmental funding and investment income.

- The actual expenditures were \$1,498,108 more than budgeted. This was due to the County Board approving unbudgeted expenditures to use Coronavirus State and Local Fiscal Recovery Funds – ARPA Loss Revenue funds, as well as expenditures using assigned and restricted fund balance.

Debt Service

An annual levy is made to fund the bond payments for all previous bond issues. The County has one outstanding bond for the Government Center remodel project which started in 2017 and was completed in 2020.

Capital Assets

By the end of 2024, the County had invested over \$160.1 million in a broad range of capital assets, including buildings, computers, equipment, infrastructure, subscription-based information technology arrangements and lease machinery, furniture and equipment. (See Table A-6.) More detailed information about capital assets can be found in Note 2 to the financial statements. Total depreciation and amortization expense for the year was \$8,284,712.

Table A-6
Capital Assets

	2024	2023	Percent (%) Change
Land	\$ 4,600,407	\$ 4,590,292	0.2
Construction in progress	977,182	3,983,044	(75.5)
Total capital assets not depreciated	\$ 5,577,589	\$ 8,573,336	(34.9)
Buildings	\$ 41,677,298	\$ 37,675,699	10.6
Machinery, furniture, and equipment	15,788,816	14,972,989	5.4
Infrastructure	221,971,301	212,751,324	4.3
Less: accumulated depreciation	(125,836,974)	(119,305,380)	5.5
Total capital assets depreciated, net	\$ 153,600,441	\$ 146,094,632	5.1
Lease machinery, furniture, and equipment	\$ 180,873	\$ 202,240	(10.6)
Subscription-based information technology arrangements	1,124,286	287,282	291.4
Less: accumulated amortization for			
Lease machinery, furniture, and equipment	(20,566)	(52,054)	60.5
Subscription-based information technology arrangements	(329,815)	(156,403)	110.9
Total capital assets amortized, net	\$ 954,778	\$ 281,065	239.7
Total capital assets, net	\$ 160,132,808	\$ 154,949,033	3.3

Long-Term Liabilities

At year-end, the County had \$26,196,852 in long-term liabilities outstanding.

Table A-7
Long-Term Liabilities

	2024	2023	Percent (%) Change
General obligation bonds	\$ 10,030,000	\$ 10,595,000	(5.3)
Bond discounts	(1,554)	(1,665)	(6.7)
Leases payable	162,403	149,041	9.0
Subscriptions payable	393,524	116,328	238.3
Compensated absences	2,455,808	2,222,101	10.5
OPEB liability	1,169,199	1,296,052	(9.8)
Net pension liability	9,080,411	13,272,378	(31.6)
Estimated liability for landfill closure/postclosure	2,907,061	2,705,956	7.4
Total	\$ 26,196,852	\$ 30,355,191	(13.7)

Economic Factors and Next Year's Budget

The population in Morrison County was 34,250 in 2024. The median household income in Morrison County was \$66,264 in 2023, which was \$18,049 less than the statewide median household income of \$84,313. The unemployment rate in Morrison County was 5.0 percent at the end of 2024. This is nearly double the statewide rate of 2.6 percent. (Source: Minnesota Department of Employment and Economic Development)

At the end of 2024, Morrison County set its 2025 revenue and expenditure budget. The 2025 budget was set at \$62,009,463, a 6.19 percent increase over 2024. The 2025 levy was set at \$23,018,499, a 4.72 percent increase over 2024.

New construction property taxes in the County have historically been estimated to cover roughly one percent of the certified tax levy each year. This is consistent with the 2024 new construction estimated property taxes for 2025, as a percentage of the 2025 levy.

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 Curt Bryniarski, Chief Financial Officer, at (320) 632-0136.

Contacting the County's Discretely Presented Component Units

The Morrison County Rural Development Finance Authority (RDFA) and the Housing and Redevelopment Authority (HRA) of Morrison County are component units of Morrison County and are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from Morrison County. Additional financial information of the Morrison County RDFA can be found in the Supplementary Information of this report. Complete financial statements of the HRA of Morrison County can be obtained by writing to the HRA of Morrison County, 304 Second Street Southeast, Little Falls, Minnesota 56345.

Basic Financial Statements

Government-Wide Financial Statements

**Morrison County
Little Falls, Minnesota**

Exhibit 1

**Statement of Net Position
Governmental Activities
December 31, 2024**

	Primary Government Governmental Activities	Component Units	
		Housing and Redevelopment Authority	Rural Development Finance Authority
<u>Assets</u>			
Cash and pooled investments	\$ 48,191,982	\$ 160,661	\$ 706,661
Restricted cash	-	25,684	-
Petty cash and change funds	6,550	-	-
Departmental cash	126,613	-	-
Taxes receivable			
Delinquent	477,035	-	-
Special assessments receivable			
Noncurrent	18,579	-	-
Accounts receivable – net of allowance	706,845	1,903	-
Leases receivable	970	-	-
Accrued interest receivable	530,391	-	-
Due from other governments	3,583,832	-	3,244
Loans receivable – net of allowance	75,000	-	318,248
Inventories	1,030,545	-	-
Capital assets			
Non-depreciable	5,577,589	-	-
Depreciable or amortizable – net of accumulated depreciation and amortization	154,555,219	2,264	-
Total Assets	\$ 214,881,150	\$ 190,512	\$ 1,028,153
<u>Deferred Outflows of Resources</u>			
Deferred other postemployment benefits outflows	\$ 188,728	\$ -	\$ -
Deferred pension outflows	4,676,662	-	-
Total Deferred Outflows of Resources	\$ 4,865,390	\$ -	\$ -

**Morrison County
Little Falls, Minnesota**

Exhibit 1
(Continued)

**Statement of Net Position
Governmental Activities
December 31, 2024**

	Primary Government Governmental Activities	Component Units Housing and Redevelopment Authority	Rural Development Finance Authority
Liabilities			
Accounts payable	\$ 600,029	\$ 29,148	\$ -
Salaries payable	1,252,805	17,793	-
Contracts payable	69,677	-	-
Due to other governments	141,002	-	-
Accrued interest payable	133,783	-	-
Unearned revenue	1,159,662	24,294	-
Noncurrent liabilities			
Due within one year	2,541,151	10,748	-
Due in more than one year	13,406,091	61,292	-
Other postemployment benefits liability			
Due within one year	76,434	-	-
Due in more than one year	1,092,765	-	-
Net pension liability	9,080,411	-	-
Total Liabilities	\$ 29,553,810	\$ 143,275	\$ -
Deferred Inflows of Resources			
Deferred other postemployment benefits inflows	\$ 1,108,648	\$ -	\$ -
Deferred lease inflows	970	-	-
Deferred pension inflows	9,247,017	-	-
Total Deferred Inflows of Resources	\$ 10,356,635	\$ -	\$ -
Net Position			
Net investment in capital assets	\$ 149,478,758	\$ 2,264	\$ -
Restricted for			
General government	837,152	-	-
Public safety	1,268,359	-	-
Highways and streets	742,851	-	-
Opioid remediation activities	847,083	-	-
Conservation of natural resources	913,719	-	-
Human services	129,292	-	-
Economic development	-	-	1,028,153
Debt service	904,936	-	-
Housing assistance payments	-	25,684	-
Sanitation	1,873,948	-	-
Unrestricted	22,839,997	19,289	-
Total Net Position	\$ 179,836,095	\$ 47,237	\$ 1,028,153

**Morrison County
Little Falls, Minnesota**

**Statement of Activities
For the Year Ended December 31, 2024**

	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>
<u>Functions/Programs</u>		
Primary government		
Governmental activities		
General government	\$ 9,868,577	\$ 1,425,577
Public safety	10,298,159	681,294
Highways and streets	11,550,281	326,146
Sanitation	4,071,453	3,988,209
Human services	13,031,912	1,519,193
Health	2,523,913	1,608,116
Culture and recreation	1,026,461	1,921
Conservation of natural resources	806,583	78,141
Economic development	113,154	-
Interest	336,201	-
Total Primary Government	<u>\$ 53,626,694</u>	<u>\$ 9,628,597</u>
Component units		
Housing and Redevelopment Authority	<u>\$ 969,978</u>	<u>\$ 101,203</u>
Rural Development Finance Authority	<u>\$ 102,762</u>	<u>\$ -</u>
General Revenues		
Property taxes		
Transit sales and use tax		
Payments in lieu of tax		
Grants and contributions not restricted to specific programs		
Unrestricted investment earnings		
Miscellaneous		
Gain on sale of capital assets		
Total general revenues		
Change in net position		
Net Position – Beginning, as previously reported		
Change in accounting principles and prior period adjustment (Note 5)		
Net Position – Beginning, as restated		
Net Position – Ending		

Exhibit 2

		Net (Expense) Revenue and Changes in Net Position		
Program Revenues		Primary Government Governmental Activities	Component Units	
Operating Grants and Contributions	Capital Grants and Contributions		Housing and Redevelopment Authority	Rural Development Finance Authority
\$ 985,355	\$ -	\$ (7,457,645)		
1,703,833	-	(7,913,032)		
8,146,894	2,300,512	(776,729)		
122,160	-	38,916		
7,133,381	-	(4,379,338)		
1,166,915	-	251,118		
182,329	-	(842,211)		
75,212	-	(653,230)		
-	-	(113,154)		
-	-	(336,201)		
\$ 19,516,079	\$ 2,300,512	\$ (22,181,506)		
\$ 859,103	\$ -		\$ (9,672)	
\$ -	\$ -			\$ (102,762)
		\$ 21,517,826	\$ -	\$ 106,165
		2,670,823	-	-
		207,007	-	-
		4,947,203	-	3,943
		2,316,613	18	11,975
		646,043	-	15,320
		140,167	-	-
		\$ 32,445,682	\$ 18	\$ 137,403
		\$ 10,264,176	\$ (9,654)	\$ 34,641
		\$ 169,571,919	\$ 69,558	\$ 993,512
		-	(12,667)	-
		\$ 169,571,919	\$ 56,891	\$ 993,512
		\$ 179,836,095	\$ 47,237	\$ 1,028,153

Fund Financial Statements

Governmental Funds

**Morrison County
Little Falls, Minnesota**

**Balance Sheet
Governmental Funds
December 31, 2024**

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>
<u>Assets</u>			
Cash and pooled investments	\$ 20,451,461	\$ 6,783,950	\$ 7,597,587
Petty cash and change funds	6,125	175	250
Departmental cash	91,033	-	-
Taxes receivable – delinquent	274,225	73,970	97,184
Special assessments receivable – noncurrent	18,579	-	-
Accounts receivable – net of allowance	1,504	47,883	451,733
Leases receivable	970	-	-
Accrued interest receivable	476,363	-	-
Due from other funds	1,932	-	-
Due from other governments	142,887	2,340,587	1,097,745
Loans receivable	-	75,000	-
Inventories	-	1,030,545	-
Total Assets	<u>\$ 21,465,079</u>	<u>\$ 10,352,110</u>	<u>\$ 9,244,499</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 213,412	\$ 45,721	\$ 300,425
Salaries payable	654,940	153,011	442,179
Contracts payable	-	69,677	-
Due to other funds	-	-	1,932
Due to other governments	7,442	6,982	107,806
Unearned revenue	1,159,662	-	-
Total Liabilities	<u>\$ 2,035,456</u>	<u>\$ 275,391</u>	<u>\$ 852,342</u>
Deferred Inflows of Resources			
Unavailable revenue	\$ 292,804	\$ 891,821	\$ 451,390
Deferred lease inflows	970	-	-
Total Deferred Inflows of Resources	<u>\$ 293,774</u>	<u>\$ 891,821</u>	<u>\$ 451,390</u>
Fund Balances			
Nonspendable	\$ -	\$ 1,030,545	\$ -
Restricted	3,019,230	-	129,292
Committed	385,887	-	-
Assigned	6,501,931	8,154,353	7,811,475
Unassigned	9,228,801	-	-
Total Fund Balances	<u>\$ 19,135,849</u>	<u>\$ 9,184,898</u>	<u>\$ 7,940,767</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,465,079</u>	<u>\$ 10,352,110</u>	<u>\$ 9,244,499</u>

Exhibit 3

Solid Waste	Opioid Settlement	Debt Service	Nonmajor Funds	Total
\$ 9,174,397	\$ 853,325	\$ 1,035,312	\$ 2,295,950	\$ 48,191,982
-	-	-	-	6,550
28,841	3,331	3,408	-	126,613
6,698	-	18,312	6,646	477,035
-	-	-	-	18,579
205,725	-	-	-	706,845
-	-	-	-	970
54,028	-	-	-	530,391
-	-	-	-	1,932
2,613	-	-	-	3,583,832
-	-	-	-	75,000
-	-	-	-	1,030,545
\$ 9,472,302	\$ 856,656	\$ 1,057,032	\$ 2,302,596	\$ 54,750,274
\$ 22,290	\$ 9,573	\$ -	\$ 8,608	\$ 600,029
2,675	-	-	-	1,252,805
-	-	-	-	69,677
-	-	-	-	1,932
18,772	-	-	-	141,002
-	-	-	-	1,159,662
\$ 43,737	\$ 9,573	\$ -	\$ 8,608	\$ 3,225,107
\$ 6,698	\$ -	\$ 18,312	\$ 6,646	\$ 1,667,671
-	-	-	-	970
\$ 6,698	\$ -	\$ 18,312	\$ 6,646	\$ 1,668,641
\$ -	\$ -	\$ -	\$ -	\$ 1,030,545
4,579,903	847,083	1,038,720	-	9,614,228
-	-	-	2,287,342	2,673,229
4,841,964	-	-	-	27,309,723
-	-	-	-	9,228,801
\$ 9,421,867	\$ 847,083	\$ 1,038,720	\$ 2,287,342	\$ 49,856,526
\$ 9,472,302	\$ 856,656	\$ 1,057,032	\$ 2,302,596	\$ 54,750,274

**Morrison County
Little Falls, Minnesota**

Exhibit 4

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

Fund balances – total governmental funds (Exhibit 3)		\$ 49,856,526
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		160,132,808
Deferred outflows of resources are not available resources and, therefore, are not reported in the governmental funds.		
Deferred other postemployment benefits outflows	\$ 188,728	
Deferred pension outflows	<u>4,676,662</u>	4,865,390
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		1,667,671
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds, net of discount	\$ (10,028,446)	
Leases payable	(162,403)	
Subscriptions payable	(393,524)	
Accrued interest payable	(133,783)	
Compensated absences	(2,455,808)	
Estimated liability for landfill closure/postclosure	(2,907,061)	
Other postemployment benefits liability	(1,169,199)	
Net pension liability	<u>(9,080,411)</u>	(26,330,635)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Deferred other postemployment benefits inflows	\$ (1,108,648)	
Deferred pension inflows	<u>(9,247,017)</u>	<u>(10,355,665)</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$ 179,836,095</u>

**Morrison County
Little Falls, Minnesota**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>
Revenues			
Taxes	\$ 12,490,784	\$ 5,968,702	\$ 4,386,664
Special assessments	-	-	-
Licenses and permits	283,464	-	155,139
Intergovernmental	6,301,608	12,521,331	8,987,479
Charges for services	1,796,738	304,887	2,108,409
Fines and forfeits	8,990	-	-
Investment income	2,098,420	-	-
Miscellaneous	446,976	703,739	261,359
Total Revenues	\$ 23,426,980	\$ 19,498,659	\$ 15,899,050
Expenditures			
Current			
General government	\$ 10,090,878	\$ -	\$ -
Public safety	10,131,108	-	-
Highways and streets	-	16,424,672	-
Sanitation	-	-	-
Human services	-	-	13,410,783
Health	-	-	2,524,447
Culture and recreation	273,203	-	-
Conservation of natural resources	797,897	13,996	-
Economic development	113,154	-	-
Intergovernmental			
Highways and streets	-	667,357	-
Culture and recreation	519,097	-	-
Debt service			
Principal	180,184	19,267	14,379
Interest	10,944	1,331	938
Administrative (fiscal) charges	-	-	-
Total Expenditures	\$ 22,116,465	\$ 17,126,623	\$ 15,950,547
Excess of Revenues Over (Under) Expenditures	\$ 1,310,515	\$ 2,372,036	\$ (51,497)
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 64,850	\$ -
Transfers out	(64,850)	-	-
Leases issued	58,725	-	11,099
Issuance of software subscriptions	434,615	-	-
Total Other Financing Sources (Uses)	\$ 428,490	\$ 64,850	\$ 11,099
Net Change in Fund Balances	\$ 1,739,005	\$ 2,436,886	\$ (40,398)
Fund Balances – January 1	17,396,844	6,837,680	7,981,165
Increase (decrease) in inventories	-	(89,668)	-
Fund Balances – December 31	\$ 19,135,849	\$ 9,184,898	\$ 7,940,767

Exhibit 5

Solid Waste	Opioid Settlement	Debt Service	Nonmajor Funds	Total
\$ 261,922	\$ -	\$ 779,404	\$ 290,278	\$ 24,177,754
1,822	-	-	-	1,822
8,700	-	-	-	447,303
165,481	-	126,238	67,283	28,169,420
3,926,906	-	-	-	8,136,940
-	-	-	-	8,990
159,347	31,752	27,205	-	2,316,724
50,781	470,964	-	47,993	1,981,812
\$ 4,574,959	\$ 502,716	\$ 932,847	\$ 405,554	\$ 65,240,765
\$ -	\$ -	\$ -	\$ 113,670	\$ 10,204,548
-	-	-	-	10,131,108
-	-	-	-	16,424,672
3,689,515	-	-	-	3,689,515
-	-	-	-	13,410,783
-	63,073	-	-	2,587,520
-	-	-	163,479	436,682
-	-	-	-	811,893
-	-	-	-	113,154
-	-	-	-	667,357
-	-	-	-	519,097
-	-	565,000	-	778,830
-	-	329,556	-	342,769
-	-	495	-	495
\$ 3,689,515	\$ 63,073	\$ 895,051	\$ 277,149	\$ 60,118,423
\$ 885,444	\$ 439,643	\$ 37,796	\$ 128,405	\$ 5,122,342
\$ -	\$ -	\$ -	\$ -	\$ 64,850
-	-	-	-	(64,850)
-	-	-	-	69,824
-	-	-	-	434,615
\$ -	\$ -	\$ -	\$ -	\$ 504,439
\$ 885,444	\$ 439,643	\$ 37,796	\$ 128,405	\$ 5,626,781
8,536,423	407,440	1,000,924	2,158,937	44,319,413
-	-	-	-	(89,668)
\$ 9,421,867	\$ 847,083	\$ 1,038,720	\$ 2,287,342	\$ 49,856,526

**Morrison County
Little Falls, Minnesota**

Exhibit 6

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

Net change in fund balances – total governmental funds (Exhibit 5)	\$	5,626,781
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Amounts reported for governmental activities in the statement of activities are different because:

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

Unavailable revenue – December 31	\$ 1,667,671		
Unavailable revenue – January 1	<u>(3,092,517)</u>		(1,424,846)

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

Expenditures for general capital assets and infrastructure	\$ 13,532,762		
Net book value of capital asset disposals	(64,275)		
Current year depreciation and amortization	<u>(8,284,712)</u>		5,183,775

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the effect of premiums and discounts when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.

Principal repayments			
General obligation bonds	\$ 565,000		
Current year amortization of premiums and discounts	<u>(111)</u>		564,889

**Morrison County
Little Falls, Minnesota**

Exhibit 6
(Continued)

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

Some capital asset additions are acquired through financing. In governmental funds, these arrangements are considered an other financing source, but in the statement of net position, the obligation is reported as a liability. Similarly repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Principal payments on leases	\$ 56,411	
Principal payments on subscription-based technology arrangements	<u>157,419</u>	213,830
Leases issued	\$ (69,824)	
Subscriptions issued	<u>(434,615)</u>	(504,439)

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

Change in accrued interest payable	\$ 7,063	
Change in compensated absences	(233,707)	
Change in estimated liability for landfill closure/postclosure	(201,105)	
Change in other postemployment benefits liability	126,853	
Change in net pension liability	4,191,967	
Change in deferred other postemployment benefits outflows	(60,050)	
Change in deferred pension outflows	(2,654,946)	
Change in deferred other postemployment benefits inflows	70,289	
Change in deferred pension inflows	(552,510)	
Change in inventories	<u>(89,668)</u>	<u>604,186</u>
Change in Net Position of Governmental Activities (Exhibit 2)		<u>\$ 10,264,176</u>

Fiduciary Funds

**Morrison County
Little Falls, Minnesota**

Exhibit 7

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
<u>Assets</u>		
Cash and pooled investments	\$ 7,204	\$ 951,417
Due from other governments	-	420,465
Accounts receivable for other governments	-	194,695
Interest receivable for other governments	-	1,785
Taxes and special assessments receivable for other governments	-	733,854
Total Assets	\$ 7,204	\$ 2,302,216
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 1,008,616
<u>Net Position</u>		
Restricted for		
Individuals, organizations, and other governments	\$ 7,204	\$ 1,293,600

**Morrison County
Little Falls, Minnesota**

Exhibit 8

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions from individuals	\$ 91,166	\$ 152,403
Investment earnings	-	10,389
Property tax and special assessment collections for other governments	-	30,867,479
Tax-forfeited land sales	-	480
Federal/State revenue	-	1,929,240
Other taxes collected for other governments	-	1,024,635
Fees collected for other governments	-	1,026,568
Mortgage foreclosure sales	-	122,602
Miscellaneous	654	10,000
Total Additions	\$ 91,820	\$ 35,143,796
Deductions		
Beneficiary payments to individuals	\$ 99,749	\$ 43,730
Payments of property tax and special assessments to other governments	-	30,879,898
Payments to state	-	2,054,960
Administrative expense	654	-
Payments to other individuals/entities	-	2,159,931
Total Deductions	\$ 100,403	\$ 35,138,519
Change in net position	\$ (8,583)	\$ 5,277
Net Position – January 1	15,787	1,288,323
Net Position – December 31	\$ 7,204	\$ 1,293,600

Morrison County Little Falls, Minnesota

Notes to the Financial Statements As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as of and for the year ended December 31, 2024. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

Financial Reporting Entity

Morrison County was established February 23, 1855, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by GAAP, these financial statements present Morrison County (the primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, who is appointed by the County Board, serves as its clerk.

Discretely Presented Component Units

The Morrison County Rural Development Finance Authority (RDFA) is a component unit of Morrison County and is reported in a separate column in the government-wide financial statements to emphasize that the RDFA is legally separate from Morrison County. The RDFA was established to promote economic development in rural areas in Morrison County. The RDFA's Board of Commissioners consists of seven members: two are Morrison County Commissioners, two are City of Little Falls Council members, two are appointed by the County Board of Commissioners, and one is appointed by the Little Falls City Council. The RDFA is reported as a component unit of the County because the County can significantly influence the operations of the RDFA. Additional financial information of the Morrison County RDFA is included as Supplementary Information in this report. Separate financial statements are not prepared.

The Housing and Redevelopment Authority (HRA) of Morrison County is a component unit of Morrison County and is reported in a separate column in the County's government-wide financial statements to emphasize that the HRA is legally separate from Morrison County. The HRA operates as a local government unit for the purpose of providing housing and redevelopment services to Morrison County. The governing board consists of a five-member Board appointed by the Morrison County Commissioners. Although it is legally separate from the County, the activity is included as a discrete component unit because the County appoints the members and a financial burden exists. The financial statements included are as of and for the year ended December 31, 2024.

Complete financial statements of the HRA of Morrison County can be obtained by writing to the Housing and Redevelopment Authority of Morrison County, 304 Second Street Southeast, Little Falls, Minnesota 56345.

Joint Ventures and Jointly Governed Organizations

The County participates in several joint ventures. The County also participates in jointly-governed organizations. These are described in Note 4.

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Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported in a single column.

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

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

The Solid Waste Special Revenue Fund is used to account for all funds to be used for solid waste. Financing comes primarily from fees.

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The Opioid Settlement Special Revenue Fund is used to retain and account for the County's share of settlement proceeds from the national settlement agreement of the state and national litigation related to the opioid industry.

The Debt Service Fund is used to account for the accumulation of resources for, and the payments of, principal, interest, and related costs of the County's long-term bonds.

Additionally, the County reports the following fund types:

The Private-Purpose Trust Fund accounts for funds in trust that the County is holding for individuals receiving social welfare assistance.

Custodial funds account for monies held in a fiduciary capacity on behalf of school districts, and special districts that use the County as a depository; property taxes and fees collected on behalf of other governments; individual inmate accounts from the county jail; monies held as a result of civil actions; and local and state contributions for the Morrison-Todd-Wadena Community Health Board and the Morrison County Collaborative.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Morrison County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under leases and subscription arrangements are reported as other financing sources. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor-Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments of governmental and fiduciary funds are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$2,316,724.

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

Receivables and Payables

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

Accounts receivable are shown net of an allowance for doubtful accounts.

Property Taxes

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

Taxes receivable consist of uncollected taxes payable in the years 2018 through 2024. Taxes receivable are offset by unavailable revenue for the amount not collectible within 60 days of December 31 to indicate they are not available to pay current expenditures. No provision has been made for an estimated uncollectible amount.

Special Assessments

Special assessments receivable consist of delinquent special assessments payable in the years 2018 through 2024, and noncurrent special assessments payable in 2024 and after. No provision has been made for an estimated uncollectible amount.

Loans

Loans may be made to private enterprises or individuals as per the parameters of the specific programs. The County reports loans receivable in the Road and Bridge Special Revenue fund for loans to Pierz and Buckman Townships. These loans were for the portion of the Townships’ costs associated with road construction projects that the County paid for on behalf of the Townships. The Townships are responsible for repaying the loans in five to ten years with no interest. The RDFA component unit provides loans to promote business expansion in the area. Loans receivable are reported as an asset in the amount of loan proceeds, less collections on principal. An allowance for uncollectible loans, which offsets the total gross loans receivable, is recognized for the amount of loans receivable for which collection is doubtful or questionable. This allowance is based on management’s expectation for collectability. Interest earned on the loans is recognized as revenue.

Inventories

All inventories are valued at cost using the first-in/first-out method. The inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Reported inventories are equally offset by nonspendable fund balance to indicate that they do not constitute available spendable resources. Inventories at the government-wide level are recorded as expenses when consumed.

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing or subscription-based information technology arrangements are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value (entry price) at the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the County are depreciated using the straight-line method over the following estimated useful lives while right-to-use assets are amortized over the shorter of the underlying asset's estimated useful life or the term of the lease agreement or subscription arrangement:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	25 to 50
Building improvements	40
Public domain infrastructure	50 to 75
Furniture, equipment, and vehicles	5 to 25
Right-to-use machinery, furniture, and equipment	1 to 5
Right-to-use subscription arrangements	2 to 9

Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of paid time off, sick leave, and compensatory time that is attributable to services already rendered, it accumulates, and it is more likely than not to be used or settled through cash or noncash means. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of compensatory time and an amount based on a trend analysis of current usage of paid time off and sick time. The noncurrent portion consists of the remaining amount of paid time off and sick time.

Long-Term Obligations

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

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under leases and subscription arrangements are reported as an other financing source at the present value of the future minimum payments as of the inception date.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. Currently, the County has four types of deferred inflows. The governmental funds report unavailable revenue from delinquent taxes receivable, delinquent and noncurrent special assessments receivable, and grants receivable for amounts that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease term. These amounts arise under both the modified accrual and full accrual basis of accounting and are reported in both the governmental balance sheet and statement of net position. The County also reports deferred pension and deferred OPEB inflows. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Unearned Revenue

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

Pension Plan

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

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Classification of Net Position

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

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

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

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

Classification of Fund Balances

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are as follows:

Nonspendable is the amount of fund balance that cannot be spent because it is either not in spendable form or is legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted is the amount of fund balance subject to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

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

Assigned is the amount of fund balance the County intends to use for specific purposes that does not meet the criteria to be classified as “restricted” or “committed.” In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board. The County Board has also adopted a fund balance policy that delegates authority to assign fund balance to the County Administrator and the Accounting and Finance Manager.

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

Further detail on fund balance classifications is available in Note 2.

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

The County has adopted a minimum fund balance policy for the General Fund, the Road and Bridge and Social Services Special Revenue Funds, and the Debt Service Fund, as follows:

General Fund – the County is to maintain a spendable, unassigned portion of fund balance in a range equal to 20 to 50 percent of the current year's General Fund operating expenditures.

Road and Bridge and Social Services Special Revenue Funds – the County is to maintain spendable, assigned portions of fund balance in a range equal to 20 to 50 percent of the subsequent year's budgeted expenditures.

Debt Service Fund – the County is to maintain a spendable, restricted portion of fund balance equal to the subsequent year's debt service payments.

Use of Estimates

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

Change in Accounting Principle

During the year ended December 31, 2024, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 101, *Compensated Absences*, which establishes new criteria for accounting and financial reporting for the compensated absences liability. The implementation of this statement resulted in changing the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements.

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Note 2 – Detailed Notes

Assets

Deposits and Investments

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

**Reconciliation of the County's Total Cash and Investments to the
Basic Financial Statements as of December 31, 2024**

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 48,191,982
Petty cash and change funds	6,550
Departmental cash	126,613
Discretely presented component units	
Cash and pooled investments	867,322
Restricted cash	25,684
Statement of fiduciary net position	
Cash and pooled investments	958,621
Total Cash and Investments	<u>\$ 50,176,772</u>

Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. It is the County's policy to minimize custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. At December 31, 2024, none of the County's deposits were exposed to custodial credit risk.

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Investments

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

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. It is the County’s policy to minimize investment custodial credit risk by permitting brokers that obtained investments for Morrison County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased that exceed available SIPC coverage shall be transferred to Morrison County’s custodian. At December 31, 2024, none of the County’s investments were subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County’s investment in a single issuer. The County does not have a policy on concentration of credit risk.

Interest Rate Risk

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

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Credit Risk

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

The following table presents the County's deposit and investment balances at December 31, 2024, and information relating to potential investment risk:

Cash and Investments and Information Relating to Potential Investment Risk as of December 31, 2024

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Primary government					
U.S. Agency Securities					
Federal Home Loan Bank	AAA/AA+	Moody's/S&P	-	<1 yr.-3 yrs.	\$ 1,327,127
Federal National Mortgage Assn.	AAA/AA+	Moody's/S&P	-	6 yrs.	481,853
Federal Farm Credit Bank	AAA/AA+	Moody's/S&P	-	6 yrs.	556,949
Federal Home Loan Mtge. Corp	AAA/AA+	Moody's/S&P	-	5 yrs.	305,205
U.S. Treasury Notes	AAA	Moody's	-	<1 yr.-4 yrs.	1,072,378
U.S. Treasury Strips	N/A	N/A	-	5 yrs.-6 yrs.	694,668
Municipal Bonds	AA-	S&P	15.38%	2 yrs.-6 yrs.	6,057,302
Negotiable certificates of deposit	N/A	N/A	33.16%	<1 yr.-6 yrs.	13,062,849
Investment pools/mutual funds					
MAGIC Fund – Portfolio	N/R	N/R	N/R	N/R	15,854,333
Money market account with broker	N/A	N/A	N/A	N/A	(19,300)
Total investments					\$ 39,393,364
Deposits					3,694,478
Non-negotiable certificates of deposit					4,809,655
MAGIC certificates of deposit					1,131,000
Petty cash and change funds					6,550
Departmental cash					126,613
Cash on hand					122,106
Total cash and investments – primary government					\$ 49,283,766
Component units					
Deposits					893,006
Total Cash and Investments					\$ 50,176,772

N/A – Not Applicable

N/R – Not Rated

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

- *Level 1:* Quoted prices for identical investments in active markets;

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- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

At December 31, 2024, the County had the following recurring fair value measurements.

Recurring Fair Value Measurements as of December 31, 2024

	December 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. government agency securities	\$ 4,438,180	\$ 1,072,378	\$ 3,365,802	\$ -
Municipal securities	6,057,302	-	6,057,302	-
Money market funds	(19,300)	-	(19,300)	-
Negotiable certificates of deposit	13,062,849	-	13,062,849	-
Total Investments Included in the Fair Value Hierarchy	\$ 23,539,031	\$ 1,072,378	\$ 22,466,653	\$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	15,854,333			
Total Investments	\$ 39,393,364			

Debt securities classified in Level 2 are valued using the following approaches:

- U.S. government agency securities and municipal securities are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active; and
- money market funds and negotiable certificates of deposit are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at NAV. The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each member. The MAGIC Fund currently consists of the MAGIC Portfolio.

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

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Receivables

Accounts receivable include an allowance for doubtful accounts. The total allowance for doubtful accounts for the year ended December 31, 2024, is \$206,860. Amounts not scheduled for collection during the subsequent year were as follows:

Governmental Activities' Receivables as of December 31, 2024

	Total Receivables – Net	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	\$ 477,035	\$ -
Special assessments – noncurrent	18,579	-
Accounts, net of allowance	706,845	-
Leases	970	-
Accrued interest	530,391	-
Due from other governments	3,583,832	-
Loans	75,000	45,000

Loans Receivable

The County entered into an agreement with Pierz Township to fund a road project. The original amount of the loan was \$150,000 and is to be repaid over ten years with no interest. The balance of the loan at December 31, 2024, was \$60,000. Payments equal to \$15,000 are due on January 15 of each year with the last payment due in 2028.

The County entered into an agreement with Buckman Township to fund a road project. The original amount of the loan was \$75,000 and is to be repaid over five years with no interest. The balance of the loan at December 31, 2024, was \$15,000. Payments equal to \$15,000 are due on January 15 of each year with the last payment due in 2025.

Loans receivable reported in the RDFA component unit for the year ended December 31, 2024, were \$318,248. The amount due within one year is \$53,809.

Leases Receivable

As lessor, the County entered into various lease arrangements for building space. A lessor is required to recognize a lease receivable and a deferred inflow of resources. The lease terms range from two to three years. The leases receivable was calculated based on the tax-exempt municipal bond rate applicable for the period, which ranged from 0.2 percent to 2.5 percent. During 2024, the County recognized \$31,084 of lease revenue under these leases.

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Capital Assets

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

Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land – infrastructure right-of-way	\$ 2,116,583	\$ 10,115	\$ -	\$ 2,126,698
Land	2,473,709	-	-	2,473,709
Construction in progress	3,983,044	977,182	(3,983,044)	977,182
Total capital assets not depreciated	\$ 8,573,336	\$ 987,297	\$ (3,983,044)	\$ 5,577,589
Capital assets depreciated				
Buildings	\$ 37,675,699	\$ 4,713,807	\$ (712,208)	\$ 41,677,298
Machinery, furniture, and equipment	14,972,989	1,691,038	(875,211)	15,788,816
Infrastructure	212,751,324	9,219,977	-	221,971,301
Total capital assets depreciated	\$ 265,400,012	\$ 15,624,822	\$ (1,587,419)	\$ 279,437,415
Less: accumulated depreciation for				
Buildings	\$ 15,491,676	\$ 872,410	\$ (712,208)	\$ 15,651,878
Machinery, furniture, and equipment	10,643,169	1,105,328	(810,936)	10,937,561
Infrastructure	93,170,535	6,077,000	-	99,247,535
Total accumulated depreciation	\$ 119,305,380	\$ 8,054,738	\$ (1,523,144)	\$ 125,836,974
Total capital assets depreciated, net	\$ 146,094,632	\$ 7,570,084	\$ (64,275)	\$ 153,600,441
Governmental Activities Capital Assets, Net	\$ 154,667,968	\$ 8,557,381	\$ (4,047,319)	\$ 159,178,030
Capital assets amortized				
Lease machinery, furniture, and equipment	\$ 202,240	\$ 66,683	\$ (88,050)	\$ 180,873
Subscription-based information technology arrangements	287,282	837,004	-	1,124,286
Total capital assets amortized	\$ 489,522	\$ 903,687	\$ (88,050)	\$ 1,305,159
Less: accumulated amortization				
Lease machinery, furniture, and equipment	\$ 52,054	\$ 56,562	\$ (88,050)	\$ 20,566
Subscription-based information technology arrangements	156,403	173,412	-	329,815
Total accumulated amortization	\$ 208,457	\$ 229,974	\$ (88,050)	\$ 350,381
Total capital assets amortized, net	\$ 281,065	\$ 673,713	\$ -	\$ 954,778
Total Capital Assets, Net	\$ 154,949,033	\$ 9,231,094	\$ (4,047,319)	\$ 160,132,808

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

Depreciation and Amortization Expense Charged to Functions/Programs

Governmental activities	
General government	\$ 839,235
Public safety	108,070
Highways and streets, including infrastructure assets	6,705,780
Sanitation	325,982
Human services	35,979
Health	70,682
Culture and recreation	198,984
Total Depreciation and Amortization Expense – Governmental Activities	<u>\$ 8,284,712</u>

Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2024, was as follows:

Due To/From Other Funds

The Social Services Special Revenue Fund owed the General Fund \$1,932 for miscellaneous operating costs.

Interfund Transfers

The General Fund transferred \$64,850 to the Road and Bridge Special Revenue Fund for the reimbursement of grant-related expenditures.

Liabilities

Payables

Payables at December 31, 2024, were as follows:

Governmental Activities' Payables as of December 31, 2024

	Governmental Activities
Accounts	\$ 600,029
Salaries	1,252,805
Contracts	69,677
Due to other governments	141,002
Accrued interest	133,783
Total Payables	<u>\$ 2,197,296</u>

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Construction Commitment

As of December 31, 2024, the General Fund had contract commitments remaining of \$520,835 for the historic courthouse building remodel project, and the Road and Bridge Special Revenue Fund had active road construction projects with remaining commitments of \$1,420,903.

Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue consist of taxes and special assessments receivable, state grants, and other items not collected soon enough after year-end to pay liabilities of the current period. Unavailable revenue at December 31, 2024, are summarized by fund, as follows:

Deferred Inflows of Resources as of December 31, 2024

	Special Assessments	Taxes	Grants	Other	Total
Major governmental funds					
General	\$ 18,579	\$ 274,225	\$ -	\$ -	\$ 292,804
Special Revenue					
Road and Bridge	-	73,970	742,851	75,000	891,821
Social Services	-	97,184	147,346	206,860	451,390
Solid Waste	-	6,698	-	-	6,698
Debt Service	-	18,312	-	-	18,312
Nonmajor governmental funds					
Special Revenue					
County Building	-	4,417	-	-	4,417
County Parks	-	2,229	-	-	2,229
Total Unavailable Revenue	\$ 18,579	\$ 477,035	\$ 890,197	\$ 281,860	\$ 1,667,671

Leases

The County has entered into lease agreements as lessee for copier leases for various departments as well as a postage machine. Leases are for five years. These leases have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund, Road and Bridge Special Revenue Fund, and the Social Services Special Revenue Fund.

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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2024, were as follows:

Future Minimum Lease Obligations and Net Present Value of Minimum Lease Payments as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 50,785	\$ 3,032
2026	49,333	2,098
2027	32,804	1,223
2028	17,048	571
2029	12,433	171
Total	\$ 162,403	\$ 7,095

Subscription-Based Information Technology Arrangements

The County has entered into subscription-based contracts to use vendor-provided information technology. The subscription-based information technology arrangements (SBITA) provide the County with access to IT software and associated capital assets in exchange for subscription payments. These SBITAs have been recorded at the present value of their future minimum payments as of the inception date. SBITA payments are paid from the General Fund and Road and Bridge Special Revenue Fund.

Future Minimum SBITA Obligations and Present Value of Minimum SBITA Payments as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	\$ 99,245	\$ 8,308
2026	76,997	5,794
2027	79,139	3,652
2028	38,665	2,551
2029	32,310	1,705
2030-2034	67,168	863
Total	\$ 393,524	\$ 22,873

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Long-Term Debt – Bonds

Information on individual bonds payable at December 31, 2024, was as follows:

Bonds Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2017A G.O. Capital Improvement Bonds	2038	\$345,000- \$875,000	2.00-3.50	<u>\$ 12,375,000</u>	<u>\$ 10,030,000</u>

Debt Service Requirements

Debt service requirements at December 31, 2024, were as follows:

Debt Service Requirements as of December 31, 2024

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2025	\$ 585,000	\$ 312,306
2026	600,000	294,531
2027	620,000	276,231
2028	640,000	257,331
2029	660,000	237,831
2030-2034	3,600,000	868,025
2035-2039	3,325,000	235,716
Total	<u>\$ 10,030,000</u>	<u>\$ 2,481,971</u>

Conduit Debt

The County has issued 2019A Series General Obligation Utility Revenue Refunding Bonds on behalf of Rich Prairie Sewer and Water District. The bond repayments are paid directly by Rich Prairie Sewer and Water District. Although Morrison County has pledged its full faith, credit, and taxing powers for these bonds, Rich Prairie Sewer and Water District is primarily obligated to pay the debt and, therefore, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2024, there were bonds outstanding with an aggregate principal payment amount of \$2,080,000.

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Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

Changes in Long-Term Liabilities for the Year Ended December 31, 2024

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 10,595,000	\$ -	\$ (565,000)	\$ 10,030,000	\$ 585,000
Bond discount	(1,665)	-	111	(1,554)	-
Leases payable	148,990	69,824	(56,411)	162,403	50,785
Subscriptions payable	116,328	434,615	(157,419)	393,524	99,245
Compensated absences	2,222,101	233,707*	-	2,455,808	1,806,121
Estimated liability for landfill closure/postclosure	2,705,955	201,106	-	2,907,061	-
Total Long-Term Liabilities	\$ 15,786,709	\$ 939,252	\$ (778,719)	\$ 15,947,242	\$ 2,541,151

*The change in the compensated absences liability is presented as a net change.

Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date 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 \$2,907,061 landfill closure and postclosure care liability at December 31, 2024, represents the cumulative amount reported to date based on the use of 77.31 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$853,037 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2024. Actual costs may be higher due to inflation or changes in technology or regulations.

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 is currently making monthly payments for financial assurance to the Solid Waste Special Revenue Fund. In the spring of 1994, Morrison County received approval of its Solid Waste Management Plan. At December 31, 2024, the County has restricted fund balance of \$4,579,903 in the Solid Waste Special Revenue Fund to finance closure and postclosure care. 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 revenues.

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Other Postemployment Benefits (OPEB)

Plan Description

Morrison County provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical and dental insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. For employees who were hired on or before March 1, 1986, who have at least 20 years of continuous service with the County at retirement, the County will pay \$200 per month for ten years, or until the retiree's 65th birthday if earlier.

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

Participants

Participants of the plan consisted of the following at December 31, 2023, the most recent actuarial valuation date:

Employees Covered by the OPEB Benefit Terms As of the January 1, 2024, Actuarial Valuation

Active employees	269
Retired employees	<u>4</u>
Total	<u>273</u>

Total OPEB Liability

The County's total OPEB liability of \$1,169,199 was determined by an actuarial valuation as of December 31, 2023, and was measured as of that date. The total OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

The total OPEB liability in the fiscal year-end December 31, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

OPEB Actuarial Assumptions and Other Inputs

Discount rate	3.77 percent, as of December 31, 2023
Payroll growth rate	N/A
General inflation rate	2.60 percent
Health care cost trend	7.75 percent, decreasing each year to an ultimate rate of 4.00 percent

Mortality rates were based on the most recent experience studies from PERA.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation as of December 31, 2023.

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The contribution requirements of the plan members and the County are established and may be amended by the Morrison County Board of Commissioners. The required contribution is based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the health care plan at the same rate as County employees. This results in the retirees receiving an implicit rate subsidy.

Changes in the Total OPEB Liability For the Year Ended December 31, 2024

	Total OPEB Liability
Balance at December 31, 2023	\$ 1,296,052
Changes for the year	
Service cost	\$ 95,510
Interest	54,669
Difference between expected and actual experience	(14,865)
Changes of assumptions	(178,778)
Benefit payments	(83,389)
Net change	\$ (126,853)
Balance at December 31, 2024	\$ 1,169,199

OPEB Liability Sensitivity

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2024

	Discount Rate	Total OPEB Liability
1% Decrease	2.77%	\$ 1,249,592
Current	3.77%	1,169,199
1% Increase	4.77%	1,090,985

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

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates as of December 31, 2024

	Health Care Trend Rate	Total OPEB Liability
1% Decrease	6.75% decreasing to 2.90%	\$ 1,033,071
Current	7.75% decreasing to 3.90%	1,169,199
1% Increase	8.75% decreasing to 4.90%	1,331,082

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

For the year ended December 31, 2024, the County recognized OPEB expense of (\$151,957). The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB as of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 473,216
Changes in actuarial assumptions	113,131	635,432
Contributions paid to OPEB plan subsequent to the measurement date	75,597	-
Total	<u>\$ 188,728</u>	<u>\$ 1,108,648</u>

The \$75,597 reported as a deferred outflow of resources relating to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB 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 OPEB expense as follows:

Schedule of Amortization of Deferred Outflows and Inflows of Resources Related to OPEB as of December 31, 2024

Year Ended December 31	OPEB Expense Amount
2025	\$ (225,799)
2026	(227,170)
2027	(210,377)
2028	(143,281)
2029	(120,542)
Thereafter	(68,348)

Changes in Actuarial Assumptions

- The discount rate was updated from 4.05 percent to 3.77 percent based on recent municipal bond index rates.
- Medical trends were updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- Future retiree participation rates were updated from 50 percent to 40 percent based on an analysis of past plan experience.
- Future spouse participation rates were updated from 40 percent to 35 percent based on an analysis of past

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plan experience.

- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

Pension Plans

Defined Benefit Pension Plans

Plan Description

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

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

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

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

Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been

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receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 2.50 percent. The 2024 annual increase was 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years, or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the applicable 85 percent or 80 percent funding status, the increase returns to 2.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits and disability qualification requirements vary by plan.

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Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2023.

Member and Employer Required Contribution Rates

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

Employer Contributions for the Year Ended December 31, 2024

General Employees Plan	\$ 1,208,814
Police and Fire Plan	386,163
Correctional Plan	103,973

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

Pension Costs

General Employees Plan

At December 31, 2024, the County reported a liability of \$6,924,295 for its proportionate share of the General Employees 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 proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.1873 percent. It was 0.1877 percent measured as of June 30, 2023. The County recognized pension expense of \$514,035 for its proportionate share of the General Employees Plan's pension expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$318,582 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. This contribution meets the definition of a special funding situation. The County recognized an additional \$4,800 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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General Employees Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

The County's proportionate share of the net pension liability	\$ 6,924,295
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>179,048</u>
Total	<u>\$ 7,103,343</u>

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

General Employees Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 652,496	\$ -
Changes in actuarial assumptions	34,673	2,624,833
Difference between projected and actual investment earnings	-	2,015,072
Changes in proportion	-	215,631
Contributions paid to PERA subsequent to the measurement date	<u>602,052</u>	<u>-</u>
Total	<u>\$ 1,289,221</u>	<u>\$ 4,855,536</u>

The \$602,052 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

General Employees Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (2,345,848)
2026	(437,332)
2027	(854,478)
2028	(530,709)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$2,016,277 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension

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liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.1533 percent. It was 0.1484 percent measured as of June 30, 2023. The County recognized pension expense of \$399,396 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan's fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$43,521 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$8,597 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

The County's proportionate share of the net pension liability	\$ 2,016,277
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>76,860</u>
Total	<u>\$ 2,093,137</u>

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

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Police and Fire Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 768,689	\$ -
Changes in actuarial assumptions	2,146,199	2,875,291
Difference between projected and actual investment earnings	-	601,648
Changes in proportion	125,139	187,568
Contributions paid to PERA subsequent to the measurement date	194,631	-
Total	<u>\$ 3,234,658</u>	<u>\$ 3,664,507</u>

The \$194,631 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Police and Fire Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (89,773)
2026	463,191
2027	(282,201)
2028	(776,139)
2029	60,442

Correctional Plan

At December 31, 2024, the County reported a liability of \$139,839 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 proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.4588 percent. It was 0.4728 percent measured as of June 30, 2023. The County recognized pension expense of \$200,624 for its proportionate share of the Correctional Plan's pension expense.

The State of Minnesota contributed \$5.3 million to the Correctional Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$24,115 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Correctional Plan.

Morrison County Little Falls, Minnesota

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

Correctional Plan Deferred Outflows of Resources and Deferred Inflows of Resources As of December 31, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 100,341	\$ -
Changes in actuarial assumptions	-	487,531
Difference between projected and actual investment earnings	-	181,602
Changes in proportion	-	57,841
Contributions paid to PERA subsequent to the measurement date	52,442	-
Total	\$ 152,783	\$ 726,974

The \$52,442 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Correctional Plan Schedule of Amortization of Deferred Outflows and Inflows of Resources As of December 31, 2024

Year Ended December 31	Pension Expense Amount
2025	\$ (591,387)
2026	91,844
2027	(74,821)
2028	(52,269)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$1,114,055.

[Actuarial Assumptions](#)

The total pension liability in the June 30, 2024, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

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Actuarial Assumptions for the Year Ended June 30, 2024

	General Employees Plan	Police and Fire Plan	Correctional Plan
Inflation	2.25% per year	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00% per year
Investment Rate of Return	7.00%	7.00%	7.00%

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

Actuarial assumptions used in the June 30, 2024, valuations were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

Pension Plan Investment Target Allocation and Best Estimates of Geometric Real Rates of Return for Each Major Asset Class

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent with 2023. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

General Employees Plan

- 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.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

Police and Fire Plan

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent 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 upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if 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 Plan

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

Morrison County Little Falls, Minnesota

Pension Liability Sensitivity

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2024

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 15,123,774	6.00%	\$ 4,764,857	6.00%	\$ 1,136,360
Current	7.00%	6,924,295	7.00%	2,016,277	7.00%	139,839
1% Increase	8.00%	179,475	8.00%	(240,882)	8.00%	(654,046)

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

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

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

Total Contributions by Dollar Amount and Percentage of Covered Payroll Made by the Employer For the Year Ended December 31, 2024

	Employee	Employer
Contribution amount	\$ 8,980	\$ 8,980
Percentage of covered payroll	5.00%	5.00%

Morrison County Little Falls, Minnesota

Fund Balance

Nonspendable Fund Balance

The detail of nonspendable fund balance at December 31, 2024, is as follows:

Nonspendable Fund Balance as of December 31, 2024

Road and Bridge Special Revenue Fund inventory	\$	1,030,545
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Restricted Fund Balance

The detail of restricted fund balance at December 31, 2024, is as follows:

Restricted Fund Balance as of December 31, 2024

	General	Social Services	Solid Waste	Opioid Settlement	Debt Service
Recorder's technology	\$ 286,731	\$ -	\$ -	\$ -	\$ -
Recorder's compliance	395,539	-	-	-	-
Landfill closure/postclosure	-	-	4,579,903	-	-
Law library	86,837	-	-	-	-
Attorney's forfeited property	68,045	-	-	-	-
Sheriff's contingency	49,469	-	-	-	-
DARE	43,482	-	-	-	-
Enhanced 911 programs	376,316	-	-	-	-
Aquatic invasive species	524,348	-	-	-	-
Buffer enforcement RPA	389,371	-	-	-	-
Public safety aid	799,092	-	-	-	-
Statewide local housing aid	-	112,042	-	-	-
Homeless prevention aid	-	17,250	-	-	-
Debt service	-	-	-	-	1,038,720
Opioid remediation programs	-	-	-	847,083	-
Total Restricted	\$ 3,019,230	\$ 129,292	\$ 4,579,903	\$ 847,083	\$ 1,038,720

Committed Fund Balance

The detail of committed fund balance at December 31, 2024, is as follows:

Committed Fund Balance as of December 31, 2024

	General	County Building	County Parks
Park projects	\$ -	\$ -	\$ 244,050
County building projects	-	2,043,292	-
Insurance	385,887	-	-
Total Committed	\$ 385,887	\$ 2,043,292	\$ 244,050

Morrison County Little Falls, Minnesota

Assigned Fund Balance

The detail of assigned fund balance at December 31, 2024, is as follows:

Assigned Fund Balance as of December 31, 2024

	General	Road and Bridge	Social Services	Solid Waste
800-megahertz project	\$ 163,816	\$ -	\$ -	\$ -
General government	192,197	-	-	-
Revolving loan	114,525	-	-	-
Septic program	10,222	-	-	-
Jail inmate programs	316,002	-	-	-
Jail upgrades	2,347,671	-	-	-
Sentencing to Service programs	99,873	-	-	-
Corrections	476,999	-	-	-
Sheriff's programs	821,469	-	-	-
Technology upgrades	444,468	-	-	-
Veterans' programs	54,344	-	-	-
Jail PX	150,495	-	-	-
Human services	-	-	7,811,475	-
Attorney's contingency	32,276	-	-	-
Solid waste	-	-	-	4,841,964
Boat and water	44,082	-	-	-
Capital equipment	960,664	-	-	-
Election programs	228,974	-	-	-
Highways and streets	-	8,154,353	-	-
Motor vehicle	43,854	-	-	-
Total Assigned	\$ 6,501,931	\$ 8,154,353	\$ 7,811,475	\$ 4,841,964

Note 3 – Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2024 and \$1,000,000 per claim in 2025. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

Note 4 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

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

Joint Ventures

Little Falls-Morrison County Airport Commission

The Little Falls-Morrison County Airport Commission was established in 1965, under the authority of Minn. Stat. § 360.042, for the purpose of constructing, operating, and maintaining an airport facility. The City of Little Falls maintains the accounting records of the Commission. The financial activity of the Commission is reported as the Airport Special Revenue Fund, a blended component unit, in the City of Little Falls' annual financial report.

The governing board is composed of six members: three members appointed by the City of Little Falls and three members appointed by Morrison County. The Commission is financed through federal and state grants, earnings from concessions, leases, and charges made for the use of airport facilities. The City and the County share the remainder of the costs equally.

In the event of dissolution of the Commission, all property acquired, including surplus funds, will be divided between the City and the County as follows:

- a. All assets, other than capital improvement assets, will be disposed of in any manner agreed upon by the City of Little Falls and Morrison County. If no agreement is reached within three months after termination, the County Board will appoint an individual as its representative, and the City Council will appoint an individual, who may be a City official, as its representative. The Minnesota Commissioner of Aeronautics will appoint a third person who, together with the City and County appointees, will constitute an advisory board on disposition of the airport property. This board will, as soon as possible, prepare and recommend to the City Council and County Board a complete plan for the disposition of the property. The plan will provide for the continuation of the use of the property as a public airport, if practicable.
- b. If the agreement is terminated by action of Morrison County, all capital improvement assets will belong to the City of Little Falls free and clear of any claim by the County.

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- c. If the agreement is terminated by action of the City of Little Falls, all capital improvement assets jointly owned by the City and County will belong to the City of Little Falls, provided the City pays the County 50 percent of the depreciated value of the capital improvement assets.

Morrison County provided \$60,145 in funding to the Commission during 2024. Financial information for the Commission can be obtained from the Little Falls-Morrison County Airport Commission, Little Falls City Hall, 100 Northeast 7th Avenue, Little Falls, Minnesota 56345.

Morrison-Todd-Wadena Community Health Services Board

The County Boards of Cass, Morrison, Todd, and Wadena Counties formed a Board of Health in 1977, via a joint powers agreement, for the purpose of maintaining an integrated system of community health services under Minn. Stat. ch. 145. On January 1, 2006, Cass County withdrew from the Board of Health, and Morrison County became the new fiscal agent. The full Board of Health is composed of five County Commissioners from each of the three counties. The Board appoints an executive committee of two County Commissioners from each of the three counties. An advisory committee composed of three representatives from each of the single county advisory committees makes recommendations to the Board of Health throughout the year. An administrative task force of the three public health directors meets on a monthly basis.

The three counties share responsibility to provide secretarial and financial services and to carry out the administrative requirements of the Board of Health. The three public health directors rotate the administrator position each year. Separate financial information is not available.

Morrison County Interagency Coordinating Council

The Morrison County Interagency Coordinating Council (MCICC) was established pursuant to Minn. Stat. § 124D.23. Participants include Mid-State Education District 6979; Tri-County Community Action; Morrison County Public Health; Morrison County Social Services; Morrison County Corrections; and Independent School Districts 482, 484, 485, 486, and 487.

The purpose of the MCICC is to strengthen the network of prevention, early identification, and intervention services for children, youth, and families in Morrison County.

Control of the MCICC is vested in a governing board composed of the Morrison County Social Services Director, the Morrison County Public Health Director, a Morrison County Corrections representative, and the Mid-State Education District Director. Morrison County Social Services is the fiscal agent for the MCICC. Financial information for the MCICC is accounted for in the Local Collaborative Custodial Fund of Morrison County.

Morrison County did not contribute to the MCICC during 2024. Financial information for the MCICC can be obtained by calling 320-632-0246.

Central Minnesota Emergency Medical Services Region

The Central Minnesota Emergency Medical Services Region was established in 2001, under Minn. Stat. § 471.59, to improve access, delivery, and effectiveness of the emergency medical services system; promote systematic and cost-effective delivery of services; and identify and address system needs within the member counties, which include Benton, Cass, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Stearns, Todd, Wadena, and Wright

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Counties. The Region established a Board comprising one Commissioner from each member county. The Region's Board has financial responsibility, and Stearns County is the fiscal agent.

Central Minnesota Violent Offender Task Force

Benton, Morrison, Sherburne, Stearns, and Todd Counties, and the Cities of Little Falls, Sartell, Sauk Rapids, St. Cloud, St. Joseph, and Waite Park, have entered into a joint powers agreement to investigate, identify, and disrupt illegal drug and gang activity through multi-jurisdictional investigations in Central Minnesota.

The Stearns County Sheriff's Office is the fiscal agent for the Central Minnesota Violent Offender Task Force. Members provide officers to the Task Force in lieu of appropriations; Morrison County provided no cash funding to this organization during 2024.

Control of the Task Force is vested in a Board of Directors. The members of the Board are comprised of the Sheriff of each member county; a County Attorney from a member party as the legal advisor to the Task Force; the Chief of Police for the Little Falls Police Department; the Chief of Police for the City of St. Cloud; and one representative from among the Chiefs of Police of Sartell, Sauk Rapids, St. Joseph, and Waite Park, selected annually by a majority vote of the Chiefs of Police.

Complete financial information can be obtained from the City of St. Cloud Police Department, 101 – 11th Avenue North, PO Box 1616, St. Cloud, Minnesota 56303.

Central Minnesota Emergency Services Board

The Central Minnesota Regional Radio Board was established in 2007, under the authority conferred upon the member parties by Minn. Stat. §§ 471.59 and 403.39. As of June 1, 2011, the Central Minnesota Regional Radio Board changed its name to the Central Minnesota Emergency Services Board. Members include the City of St. Cloud and the Counties of Benton, Big Stone, Douglas, Grant, Kandiyohi, Meeker, Mille Lacs, Morrison, Otter Tail, Pope, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Wadena, Wilkin, and Wright.

The purpose of the Central Minnesota Emergency Services Board is to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) owned and operated by the State of Minnesota.

The Central Minnesota Emergency Services Board is composed of one Commissioner of each county appointed by their respective County Board and one City Council member from the City appointed by the City Council, as provided in the Central Minnesota Emergency Services Board's by-laws.

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by the appropriations from member parties and by state and federal grants.

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Complete financial information can be obtained from the Central Minnesota Emergency Services Board, St. Cloud City Hall, Office of the Mayor, 400 Second Street South, St. Cloud, Minnesota 56303.

Great River Regional Library

On September 25, 1969, the Great River Regional Library was formed under a joint powers agreement, creating a regional public library system with Benton, Morrison, Stearns, and Wright Counties. It has expanded to include library services in Sherburne and Todd Counties.

The Board of Directors consists of 15 members, representing all six of the member counties. Morrison County provided \$519,097 to this organization during 2024.

Separate financial information can be obtained from the Great River Regional Library, 1300 West St. Germain Street, St. Cloud, Minnesota 56301.

Mississippi Headwaters Board

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

The Mississippi Headwaters Board consists of eight members, one appointed from each participating county. Funding is obtained through federal, state, local, and private sources. Crow Wing County maintains the accounting records of the Board. Morrison County provided \$1,500 to this organization during 2024.

Complete financial information can be obtained from the Mississippi Headwaters Board, Land Services Building, 322 Laurel Street, Brainerd, Minnesota 56401; Email: mhb@co.crow-wing.mn.us.

Rural Minnesota Concentrated Employment Programs, Inc., (Workforce Investment Act – Rural Minnesota Workforce Service Area 2)

The Rural Minnesota Concentrated Employment Programs, Inc. (RMCEP), is a private non-profit corporation that provides workforce development services in a 19-county area in North Central and West Central Minnesota. The agency was incorporated in 1968 to operate employment and training programs which include Workforce Investment Act (WIA) services. The RMCEP was established to create job training and employment opportunities for economically disadvantaged, underemployed and unemployed persons, and youthful persons in both the private and the public sector.

Morrison County provided \$26,080 to this organization in 2024.

Jointly-Governed Organizations

Community Health Information Collaborative

The Community Health Information Collaborative (CHIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. Morrison County did not contribute to the CHIC during 2024.

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Region Four – West Central Minnesota Homeland Security Emergency Management Organization

The Region Four – West Central Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. Control is vested in the Board, which is composed of representatives appointed by each Board of County Commissioners. Morrison County's responsibility does not extend beyond making this appointment.

Minnesota Counties Computer Cooperative

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created the Minnesota Counties Computer Cooperative (MCCC) to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Morrison County paid the MCCC \$92,970 for services provided.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Morrison County made no payments to the Network.

Sentencing to Service

Morrison County, in conjunction with other local governments, participates in the State of Minnesota's Sentencing to Service (STS) Program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) Program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations, and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS Program. Although Morrison County has no operational or financial control over the STS Program, Morrison County budgets for a percentage of this program.

The STS Program is a joint effort of Morrison County and the Minnesota Departments of Corrections and Natural Resources. It is designed to have a positive effect by helping inmates meet their court orders and by providing work projects, which improve the management of the state's natural resources. The Morrison County STS Program will enter into agreements with entities qualified as non-profit 501(c)(3) to provide labor for projects.

Tax Abatements

The County is subject to tax abatements granted by cities and other districts within the County, pursuant to Minn. Stat. §§ 469.174-.1794, through a pay-as-you-go program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the city or other district. TIF captures the increase in tax capacity and property taxes (of most taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

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The pay-as-you-go program provides for payment to the developer of a percentage of all tax increment received in the prior six months. The payment reimburses the developer for certain public improvements. During 2024, Morrison County had 13 pay-as-you-go programs within the County. The tax increment taxes collected during 2024 totaled \$288,470 for the County and \$49,995 for the Morrison County RDFA component unit. The County's portion of the captured tax capacity and related property taxes was approximately 42 percent.

Note 5 – Housing and Redevelopment Authority of Morrison County

Summary of Significant Accounting Policies

Financial Reporting Entity

The Housing and Redevelopment Authority (HRA) of Morrison County is a component unit of Morrison County and is reported in a separate column in the County's financial statements to emphasize that the HRA is a legally separate entity from Morrison County. The HRA of Morrison County operates as a local government unit for the purpose of providing housing and redevelopment services to the local area. The governing body consists of a five-member Board appointed by the County. The financial statements included are as of and for the year ended December 31, 2024.

Budget Information

The HRA adopts estimated revenue and expense budgets. Comparisons of estimated revenues and budgeted expenses to actual are not presented in the financial statements. Amendments to the original budget require Board approval. Appropriations lapse at year-end. The HRA does not use encumbrance accounting.

Assets, Liabilities, and Equity Accounts

Cash and Cash Equivalents

The HRA's cash and cash equivalents are considered to be cash on hand, negotiable certificates of deposit, money market funds, savings accounts, demand deposits, share accounts, and short-term investments with original maturities of three months or less.

Investments are stated at fair value, except for non-negotiable certificates of deposit, which are on a cost basis, and short-term money market investments, which are stated at amortized cost. The fair value of investments is based on quoted market prices. Short-term investments are valued at cost, which approximates fair value.

Accounts Receivable

Accounts receivable have been adjusted for all known uncollectible accounts.

Prepaid Items

Certain payments made for insurance reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

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Restricted Assets

Mandatory segregations of assets are presented as restricted cash. Such segregations are required by grantors and other external parties.

Capital Assets

Capital assets include furniture and equipment. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments greater than \$500 are capitalized. Depreciation is recorded using the straight-line method over the various lives of the assets, which range from three to ten years.

Liabilities

All liabilities are recorded as incurred in the appropriate program.

Unearned Revenue

Unearned revenues arise when resources are received by the HRA before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the HRA has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and the revenue is recognized.

Compensated Absences

Under the HRA's personnel policies, employees are granted vacation and sick leave in varying amounts based on status and length of service. Vacation leave accruals vary from one day to two days per month with a maximum carryover of 62.5 days (500 hours).

All unused vacation pay is generally paid at the time of separation if the employee leaves in good standing. Sick leave accruals vary from eight to 16 hours per month based on years of service. If an employee terminates employment due to retirement, death, or resignation and has worked for the HRA for five years, the balance in the employee's deferred sick leave account will be paid.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the HRA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position is reported as unrestricted when the funds do not meet the definition of restricted or net investment in capital assets.

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Little Falls, Minnesota

Use of Estimates

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

Detailed Notes

Deposits and Investments

The HRA's cash and cash equivalents at December 31, 2024, were comprised of demand deposits, savings accounts, and money market accounts. The HRA had no investments as of December 31, 2024.

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the HRA's deposits may not be returned to it. The HRA's deposits must be collateralized as required by Minnesota statutes for an amount exceeding FDIC or NCUA coverage. As of December 31, 2024, the HRA's bank balances of \$197,735 were not exposed to custodial credit risk and were fully collateralized.

Restricted Assets

The HRA maintains restricted cash in the amount of housing assistance payments equity as required by the grantor. As of December 31, 2024, the restricted cash was \$25,684.

Capital Assets

A summary of the HRA's capital assets at December 31, 2024, follows:

Changes in Capital Assets for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets depreciated				
Equipment and other	\$ 10,187	\$ -	\$ -	\$ 10,187
Less: accumulated depreciation	(6,435)	(1,488)	-	(7,923)
Capital Assets, Net	\$ 3,752	\$ (1,488)	\$ -	\$ 2,264

Depreciation expense was charged to Housing Choice Vouchers in the amount of \$428 and State and Local Program in the amount of \$1,060.

Morrison County

Little Falls, Minnesota

Long-Term Obligations

The summary of long-term obligation transactions for the year ended December 31, 2024, is as follows:

Long-Term Obligations for Year Ended December 31, 2024

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ 29,593	\$ 48,940	\$ (6,493)	\$ 72,040	\$ 10,748

Employees Retirement Plan

The HRA has established a 401(a), defined contribution retirement plan. Currently there is one eligible employee. The HRA pays a contribution of 8.00 percent and the employee must pay 5.50 percent of the gross wages. Employer contributions for the year ended December 31, 2024, were \$7,116.

Prior Period Adjustment

The HRA recognized a prior period adjustment in the current year that affected accounts payable and unrestricted net position. Accounts payable and unrestricted net position were adjusted by \$12,667 due to a change in recording for port-out expenses in the prior year.

Risk Management

The HRA is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation claims; and natural disasters. Property and casualty and workers' compensation liabilities are insured. The HRA retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the general-purpose financial statements.

Contingencies

Under the terms of federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the HRA expects such amounts, if any, to be immaterial.

Economic Dependency

The HRA is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development. The HRA operates at a loss prior to receiving contributions and grants from HUD.

Required Supplementary Information

**Morrison County
Little Falls, Minnesota**

Exhibit A-1

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,501,019	\$ 12,501,019	\$ 12,490,784	\$ (10,235)
Licenses and permits	264,000	264,000	283,464	19,464
Intergovernmental	4,273,671	4,273,671	6,301,608	2,027,937
Charges for services	1,615,550	1,615,550	1,796,738	181,188
Fines and forfeits	2,000	2,000	8,990	6,990
Investment income	400,000	400,000	2,098,420	1,698,420
Miscellaneous	453,000	453,000	446,976	(6,024)
Total Revenues	\$ 19,509,240	\$ 19,509,240	\$ 23,426,980	\$ 3,917,740
Expenditures				
Current				
General government				
Commissioners	\$ 322,242	\$ 322,242	\$ 304,191	\$ 18,051
Courts	140,000	140,000	133,750	6,250
Law library	36,000	36,000	32,809	3,191
Administrator	795,412	795,412	769,658	25,754
Risk management administration	316,000	316,000	344,101	(28,101)
Auditor-treasurer	1,074,913	1,074,913	983,710	91,203
Motor vehicle/license bureau	548,000	548,000	545,324	2,676
Information services	978,839	978,839	800,548	178,291
Attorney	1,249,848	1,249,848	1,188,298	61,550
Recorder	540,310	540,310	479,775	60,535
Land services	1,460,469	1,460,469	1,524,239	(63,770)
Buildings and plant	1,137,610	1,137,610	1,072,967	64,643
Veterans service officer	234,747	234,747	262,444	(27,697)
Other general government	94,400	94,400	1,649,064	(1,554,664)
Total general government	\$ 8,928,790	\$ 8,928,790	\$ 10,090,878	\$ (1,162,088)
Public safety				
Sheriff	\$ 5,254,923	\$ 5,254,923	\$ 5,491,210	\$ (236,287)
Boat and water safety	15,900	15,900	16,474	(574)
Coroner	76,500	76,500	45,275	31,225
E-911 system	220,000	220,000	147,993	72,007
County jail	2,918,715	2,918,715	2,909,734	8,981
Civil defense	109,986	109,986	115,465	(5,479)
Community corrections	1,314,875	1,314,875	1,247,133	67,742
Other public safety	176,680	176,680	157,824	18,856
Total public safety	\$ 10,087,579	\$ 10,087,579	\$ 10,131,108	\$ (43,529)

**Morrison County
Little Falls, Minnesota**

Exhibit A-1
(Continued)

**Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Culture and recreation				
Historical society	\$ 68,000	\$ 68,000	\$ 68,300	\$ (300)
Other	42,300	42,300	204,903	(162,603)
Total culture and recreation	\$ 110,300	\$ 110,300	\$ 273,203	\$ (162,903)
Conservation of natural resources				
County extension	\$ 234,622	\$ 234,622	\$ 230,664	\$ 3,958
Soil and water conservation	150,000	150,000	136,768	13,232
Agricultural society	30,000	30,000	30,137	(137)
Water planning	25,749	25,749	7,170	18,579
Ditch	-	-	37,027	(37,027)
Other	419,570	419,570	356,131	63,439
Total conservation of natural resources	\$ 859,941	\$ 859,941	\$ 797,897	\$ 62,044
Economic development				
Community development	\$ 112,650	\$ 112,650	\$ 113,154	\$ (504)
Intergovernmental				
Culture and recreation				
Library	\$ 519,097	\$ 519,097	\$ 519,097	\$ -
Debt service				
Principal retirements	\$ -	\$ -	\$ 180,184	\$ (180,184)
Interest	-	-	10,944	(10,944)
Total debt service	\$ -	\$ -	\$ 191,128	\$ (191,128)
Total Expenditures	\$ 20,618,357	\$ 20,618,357	\$ 22,116,465	\$ (1,498,108)
Excess of Revenues Over (Under) Expenditures	\$ (1,109,117)	\$ (1,109,117)	\$ 1,310,515	\$ 2,419,632
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (64,850)	\$ (64,850)
Leases issued	-	-	58,725	58,725
Issuance of software subscriptions	-	-	434,615	434,615
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 428,490	\$ 428,490
Net Change in Fund Balance	\$ (1,109,117)	\$ (1,109,117)	\$ 1,739,005	\$ 2,848,122
Fund Balance – January 1	17,396,844	17,396,844	17,396,844	-
Fund Balance – December 31	\$ 16,287,727	\$ 16,287,727	\$ 19,135,849	\$ 2,848,122

**Morrison County
Little Falls, Minnesota**

Exhibit A-2

**Budgetary Comparison Schedule
Road and Bridge Special Revenue Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,794,108	\$ 5,794,108	\$ 5,968,702	\$ 174,594
Intergovernmental	10,533,653	10,533,653	12,521,331	1,987,678
Charges for services	350,000	350,000	304,887	(45,113)
Miscellaneous	75,000	75,000	703,739	628,739
Total Revenues	\$ 16,752,761	\$ 16,752,761	\$ 19,498,659	\$ 2,745,898
Expenditures				
Current				
Highways and streets				
Administration	\$ 482,476	\$ 482,476	\$ 362,438	\$ 120,038
Maintenance	3,481,780	3,481,780	3,256,439	225,341
Construction	10,952,208	10,952,208	9,900,515	1,051,693
Equipment maintenance and shop	1,822,608	1,822,608	2,905,280	(1,082,672)
Total highways and streets	\$ 16,739,072	\$ 16,739,072	\$ 16,424,672	\$ 314,400
Conservation of natural resources				
Agricultural inspector	\$ 13,689	\$ 13,689	\$ 13,996	\$ (307)
Intergovernmental				
Highways and streets	\$ -	\$ -	\$ 667,357	\$ (667,357)
Debt service				
Principal	\$ -	\$ -	\$ 19,267	\$ (19,267)
Interest	-	-	1,331	(1,331)
Total debt service	\$ -	\$ -	\$ 20,598	\$ (20,598)
Total Expenditures	\$ 16,752,761	\$ 16,752,761	\$ 17,126,623	\$ (373,862)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 2,372,036	\$ 2,372,036
Other Financing Sources (Uses)				
Transfers in	-	-	64,850	64,850
Net Change in Fund Balance	\$ -	\$ -	\$ 2,436,886	\$ 2,436,886
Fund Balance – January 1	6,837,680	6,837,680	6,837,680	-
Increase (decrease) in inventories	-	-	(89,668)	(89,668)
Fund Balance – December 31	\$ 6,837,680	\$ 6,837,680	\$ 9,184,898	\$ 2,347,218

**Morrison County
Little Falls, Minnesota**

Exhibit A-3

**Budgetary Comparison Schedule
Social Services Special Revenue Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 4,386,594	\$ 4,386,594	\$ 4,386,664	\$ 70
Licenses and permits	105,000	105,000	155,139	50,139
Intergovernmental	8,257,300	8,257,300	8,987,479	730,179
Charges for services	2,004,550	2,004,550	2,108,409	103,859
Miscellaneous	883,200	883,200	261,359	(621,841)
Total Revenues	\$ 15,636,644	\$ 15,636,644	\$ 15,899,050	\$ 262,406
Expenditures				
Current				
Human services				
Income maintenance	\$ 4,659,081	\$ 4,659,081	\$ 4,002,476	\$ 656,605
Social services	8,640,863	8,640,863	9,408,307	(767,444)
Total human services	\$ 13,299,944	\$ 13,299,944	\$ 13,410,783	\$ (110,839)
Health				
Nursing service	\$ 2,507,450	\$ 2,507,450	\$ 2,524,447	\$ (16,997)
Debt service				
Principal retirements	\$ -	\$ -	\$ 14,379	\$ (14,379)
Interest	-	-	938	(938)
Total debt service	\$ -	\$ -	\$ 15,317	\$ (15,317)
Total Expenditures	\$ 15,807,394	\$ 15,807,394	\$ 15,950,547	\$ (143,153)
Excess of Revenues Over (Under) Expenditures	\$ (170,750)	\$ (170,750)	\$ (51,497)	\$ 119,253
Other Financing Sources (Uses)				
Leases issued	-	-	11,099	11,099
Net Change in Fund Balance	\$ (170,750)	\$ (170,750)	\$ (40,398)	\$ 130,352
Fund Balance – January 1	7,981,165	7,981,165	7,981,165	-
Fund Balance – December 31	\$ 7,810,415	\$ 7,810,415	\$ 7,940,767	\$ 130,352

**Morrison County
Little Falls, Minnesota**

Exhibit A-4

**Budgetary Comparison Schedule
Solid Waste Special Revenue Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 263,113	\$ 263,113	\$ 261,922	\$ (1,191)
Special assessments	-	-	1,822	1,822
Licenses and permits	14,000	14,000	8,700	(5,300)
Intergovernmental	166,995	166,995	165,481	(1,514)
Charges for services	3,492,300	3,492,300	3,926,906	434,606
Investment income	-	-	159,347	159,347
Miscellaneous	32,000	32,000	50,781	18,781
Total Revenues	\$ 3,968,408	\$ 3,968,408	\$ 4,574,959	\$ 606,551
Expenditures				
Current				
Sanitation				
Solid waste	3,968,408	3,968,408	3,689,515	278,893
Net Change in Fund Balance	\$ -	\$ -	\$ 885,444	\$ 885,444
Fund Balance – January 1	8,536,423	8,536,423	8,536,423	-
Fund Balance – December 31	\$ 8,536,423	\$ 8,536,423	\$ 9,421,867	\$ 885,444

**Morrison County
Little Falls, Minnesota**

**Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2024**

	<u>2024</u>	<u>2023</u>
Total OPEB Liability		
Service cost	\$ 95,510	\$ 123,412
Interest	54,669	30,484
Differences between expected and actual experience	(14,865)	(8,040)
Changes of assumption or other inputs	(178,778)	(174,689)
Benefit payments	<u>(83,389)</u>	<u>(63,060)</u>
Net change in total OPEB liability	\$ (126,853)	\$ (91,893)
Total OPEB Liability – Beginning	<u>1,296,052</u>	<u>1,387,945</u>
Total OPEB Liability – Ending	<u><u>\$ 1,169,199</u></u>	<u><u>\$ 1,296,052</u></u>
 Covered-employee payroll	 \$ 19,400,000	 \$ 18,700,000
Total OPEB liability (asset) as a percentage of covered-employee payroll	6.03%	6.93%

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

Exhibit A-5

2022	2021	2020	2019	2018
\$ 176,579	\$ 151,907	\$ 122,352	\$ 161,331	\$ 147,236
46,273	52,647	95,271	79,392	79,545
(281,040)	(3,805)	(764,023)	-	-
(534,391)	92,073	170,542	(103,792)	51,823
(51,286)	(61,034)	(62,241)	(90,795)	(87,488)
\$ (643,865)	\$ 231,788	\$ (438,099)	\$ 46,136	\$ 191,116
2,031,810	1,800,022	2,238,121	2,191,985	2,000,869
\$ 1,387,945	\$ 2,031,810	\$ 1,800,022	\$ 2,238,121	\$ 2,191,985
\$ 16,600,000	\$ 16,600,000	\$ 16,000,000	\$ 15,100,000	\$ 14,500,000
8.36%	12.24%	11.25%	14.82%	15.12%

**Morrison County
Little Falls, Minnesota**

Exhibit A-6

**Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Plan
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Morrison County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1873 %	\$ 6,924,295	\$ 179,048	\$ 7,103,343	\$ 15,841,854	43.71 %	89.08 %
2023	0.1877	10,495,974	289,376	10,785,350	14,928,649	70.31	83.10
2022	0.1921	15,214,383	445,968	15,660,351	14,398,166	105.67	76.67
2021	0.1944	8,301,751	253,472	8,555,223	14,020,740	59.21	87.00
2020	0.1955	11,721,118	361,566	12,082,684	13,943,942	84.06	79.06
2019	0.1810	10,007,085	310,986	10,318,071	12,806,819	78.14	80.23
2018	0.1827	10,135,447	332,473	10,467,920	12,281,974	82.52	79.53
2017	0.1790	11,427,242	143,718	11,570,960	11,534,045	99.07	75.90
2016	0.1728	14,030,503	183,184	14,213,687	10,721,283	130.87	68.91
2015	0.1761	9,126,416	N/A	9,126,416	10,350,204	88.18	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Morrison County
Little Falls, Minnesota**

Exhibit A-7

**Schedule of Contributions
PERA General Employees Retirement Plan
December 31, 2024**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 1,208,814	\$ 1,208,814	\$ -	\$ 16,107,288	7.50 %
2023	1,156,621	1,156,621	-	15,421,604	7.50
2022	1,092,595	1,092,595	-	14,567,933	7.50
2021	1,063,077	1,063,077	-	14,165,058	7.50
2020	1,029,491	1,029,491	-	13,726,554	7.50
2019	987,642	987,642	-	13,168,565	7.50
2018	980,549	980,549	-	13,073,990	7.50
2017	887,535	887,535	-	11,833,810	7.50
2016	835,107	835,107	-	11,134,758	7.50
2015	789,631	789,631	-	10,528,415	7.50

Morrison County's year-end is December 31.

**Morrison County
Little Falls, Minnesota**

Exhibit A-8

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Morrison County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1533 %	\$ 2,016,277	\$ 76,860	\$ 2,093,137	\$ 2,122,227	95.01 %	90.17 %
2023	0.1484	2,562,675	103,241	2,665,916	1,949,068	131.48	86.47
2022	0.1522	6,623,143	289,429	6,912,572	1,855,190	357.01	70.53
2021	0.1401	1,081,423	48,618	1,130,041	1,741,920	62.08	93.66
2020	0.1615	2,078,655	48,995	2,127,650	1,781,440	116.68	87.19
2019	0.1529	1,627,775	N/A	1,627,775	1,615,149	100.78	89.26
2018	0.1440	1,534,892	N/A	1,534,892	1,517,285	101.16	88.84
2017	0.1380	1,863,164	N/A	1,863,164	1,412,986	131.86	85.43
2016	0.1360	5,457,917	N/A	5,457,917	1,369,334	398.58	63.88
2015	0.1370	1,556,641	N/A	1,556,641	1,256,015	123.93	86.61

The measurement date for each year is June 30.

N/A – Not Applicable

**Morrison County
Little Falls, Minnesota**

Exhibit A-9

**Schedule of Contributions
PERA Public Employees Police and Fire Plan
December 31, 2024**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 386,163	\$ 386,163	\$ -	\$ 2,181,710	17.70 %
2023	358,891	358,891	-	2,027,630	17.70
2022	338,428	338,428	-	1,912,023	17.70
2021	317,311	317,311	-	1,792,727	17.70
2020	302,209	302,209	-	1,707,394	17.70
2019	284,462	284,462	-	1,678,241	16.95
2018	266,790	266,790	-	1,646,849	16.20
2017	233,204	233,204	-	1,439,532	16.20
2016	221,832	221,832	-	1,369,333	16.20
2015	204,151	204,151	-	1,260,189	16.20

Morrison County's year-end is December 31.

**Morrison County
Little Falls, Minnesota**

Exhibit A-10

**Schedule of Proportionate Share of Net Pension Liability
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/ Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.4588 %	\$ 139,839	\$ 1,158,668	12.07 %	97.54 %
2023	0.4728	213,729	1,108,720	19.28	95.94
2022	0.5212	1,732,469	1,140,995	151.84	74.58
2021	0.5111	(83,964)	1,135,926	(7.39)	101.61
2020	0.5201	141,124	1,131,783	12.47	96.67
2019	0.4974	68,865	1,083,945	6.35	98.17
2018	0.4838	79,571	988,078	8.05	97.64
2017	0.5100	1,453,505	1,011,741	143.66	67.89
2016	0.5500	2,009,227	1,036,779	193.80	58.16
2015	0.5400	83,484	969,324	8.61	96.95

The measurement date for each year is June 30.

**Morrison County
Little Falls, Minnesota**

Exhibit A-11

**Schedule of Contributions
PERA Public Employees Local Government Correctional Service Retirement Plan
December 31, 2024**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2024	\$ 103,973	\$ 103,973	\$ -	\$ 1,187,593	8.75 %
2023	99,710	99,710	-	1,139,539	8.75
2022	96,508	96,508	-	1,102,949	8.75
2021	100,809	100,809	-	1,152,059	8.75
2020	97,271	97,271	-	1,111,665	8.75
2019	94,846	94,846	-	1,083,945	8.75
2018	93,839	93,839	-	1,072,439	8.75
2017	85,604	85,604	-	978,321	8.75
2016	90,808	90,808	-	1,037,943	8.75
2015	86,792	86,792	-	991,903	8.75

Morrison County's year-end is December 31.

Morrison County Little Falls, Minnesota

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

Note 1 – Budgetary Information

The County Board adopts annual budgets for the General Fund, all special revenue funds except the Opioid Settlement Fund, and the Debt Service Fund. These budgets are prepared on the modified accrual basis of accounting.

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

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

Note 2 – Excess of Expenditures Over Budget

The following major governmental funds had expenditures in excess of budget at the function level for the year ended December 31, 2024:

Excess of Expenditures over Appropriations

	Expenditures	Final Budget	Excess
General Fund			
Current			
General government	\$ 10,090,878	\$ 8,928,790	\$ 1,162,088
Public safety	10,131,108	10,087,579	43,529
Culture and recreation	273,203	110,300	162,903
Economic development	113,154	112,650	504
Debt service	191,128	-	191,128
Road and Bridge Special Revenue Fund			
Current			
Conservation of natural resources	13,996	13,689	307
Intergovernmental			
Highways and streets	667,357	-	667,357
Debt Service	20,598	-	20,598
Social Services Special Revenue Fund			
Current			
Human Services	13,410,783	13,299,944	110,839
Health	2,524,447	2,507,450	16,997
Debt Service	15,317	-	15,317

Note 3 – Other Postemployment Benefits Funding Status

See Note 2 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

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Note 4 – Employer Contributions to Other Postemployment Benefits

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

Note 5 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

2024

- The discount rate was updated from 4.05 percent to 3.77 percent based on recent municipal bond index rates.
- Medical trends were updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- Future retiree participation rates were updated from 50 percent to 40 percent based on an analysis of past plan experience.
- Future spouse participation rates were updated from 40 percent to 35 percent based on an analysis of past plan experience.
- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

2023

- The discount rate was updated from 2.06 percent to 4.05 percent based on recent municipal bond index rates.

2022

- The medical trend was updated based on recently published trend model and trend surveys to better reflect future anticipated experience.
- Medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate was updated from 2.12 percent to 2.06 percent based on recent municipal bond index rates.
- Withdrawal, retirement, mortality, disability, and salary scale assumptions were updated to those included in the recently published PERA actuarial valuations.
- For regular retirees, eligible for the \$200 per month County-paid subsidy, future retiree participation rates

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were updated from 100 percent to 70 percent based on analysis of past plan experience.

- For all other regular retirees, future retiree participation rates were updated from 65 percent to 50 percent based on analysis of past plan experience.
- Future retiree spouse participation rates were updated from 40 percent for the PERA Coordinated Plan, 60 percent for the PERA Police and Fire Plan, and 50 percent for the PERA Correctional Plan to 40 percent based on analysis of past plan experience.
- Future retiree medical plan blending was updated based on an analysis of medical plan election rates as of the valuation date.

2021

- The discount rate was changed from 2.74 percent to 2.12 percent.

2020

- There were no changes in plan provisions, cost allocation procedures, contribution allocation procedures, or methods from the previous measurement. There were no adjustments of prior measurements or use of approximations which would materially impact the results.

2019

- There were no changes in plan provisions, cost allocation procedures, contribution allocation procedures, or methods from the previous measurement. There were no adjustments of prior measurements or use of approximations which would materially impact the results.

2018

- There were no other changes in plan provisions, cost allocation procedures, contribution allocation procedures, or method from the previous measurement. There were no adjustments of prior measurements or use of approximations which would materially impact the results.

Note 6 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

2024

- 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.

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- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for 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.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

2021

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

2020

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

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- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

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

2017

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

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2024

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent 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 upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was

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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

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent 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.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The

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changes result in slightly more unreduced retirements and fewer assumed early retirements.

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

2020

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

2019

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

2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.

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- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

Public Employees Local Government Correctional Service Retirement Plan

2024

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

2023

- The investment return rate was changed from 6.50 percent to 7.00 percent.

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- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020, experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability were lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.

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- Minor changes to form of payment assumptions were applied.

2020

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

2019

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

2018

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

2017

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

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2016

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

Supplementary Information

**Combining and Individual Fund
Financial Statements**

**Morrison County
Little Falls, Minnesota**

Exhibit B-1

**Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 779,843	\$ 779,843	\$ 779,404	\$ (439)
Intergovernmental	126,238	126,238	126,238	-
Investment income	-	-	27,205	27,205
Total Revenues	\$ 906,081	\$ 906,081	\$ 932,847	\$ 26,766
Expenditures				
Debt service				
Principal	\$ 585,000	\$ 585,000	\$ 565,000	\$ 20,000
Interest	321,081	321,081	329,556	(8,475)
Administrative (fiscal) charges	-	-	495	(495)
Total Expenditures	\$ 906,081	\$ 906,081	\$ 895,051	\$ 11,030
Net Change in Fund Balance	\$ -	\$ -	\$ 37,796	\$ 37,796
Fund Balance – January 1	1,000,924	1,000,924	1,000,924	-
Fund Balance – December 31	\$ 1,000,924	\$ 1,000,924	\$ 1,038,720	\$ 37,796

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Nonmajor Governmental Funds

Special Revenue Funds

County Building – to account for funds accumulated for the repair of buildings used for County administration. Financing is provided primarily by an annual property tax levy.

County Parks – to account for the operation, maintenance, and development of the County's park system, including acquisition of land, park development, park maintenance, and administration of park activities. Financing is provided primarily by an annual property tax levy, and state and federal grants.

**Morrison County
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Exhibit C-1

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024**

	Special Revenue Funds		
	County Building	County Parks	Total
<u>Assets</u>			
Cash and pooled investments	\$ 2,043,292	\$ 252,658	\$ 2,295,950
Taxes receivable – delinquent	4,417	2,229	6,646
Total Assets	\$ 2,047,709	\$ 254,887	\$ 2,302,596
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ -	\$ 8,608	\$ 8,608
Deferred Inflows of Resources			
Unavailable revenue	\$ 4,417	\$ 2,229	\$ 6,646
Fund Balances			
Committed			
Park projects	\$ -	\$ 244,050	\$ 244,050
County building projects	2,043,292	-	2,043,292
Total Fund Balances	\$ 2,043,292	\$ 244,050	\$ 2,287,342
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,047,709	\$ 254,887	\$ 2,302,596

**Morrison County
Little Falls, Minnesota**

Exhibit C-2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024**

	Special Revenue Funds		
	County Building	County Parks	Total
Revenues			
Taxes	\$ 192,672	\$ 97,606	\$ 290,278
Intergovernmental	31,349	35,934	67,283
Miscellaneous	46,072	1,921	47,993
Total Revenues	\$ 270,093	\$ 135,461	\$ 405,554
Expenditures			
Current			
General government	\$ 113,670	\$ -	\$ 113,670
Culture and recreation	-	163,479	163,479
Total Expenditures	\$ 113,670	\$ 163,479	\$ 277,149
Net Change in Fund Balances	\$ 156,423	\$ (28,018)	\$ 128,405
Fund Balances – January 1	1,886,869	272,068	2,158,937
Fund Balances – December 31	\$ 2,043,292	\$ 244,050	\$ 2,287,342

**Morrison County
Little Falls, Minnesota**

Exhibit C-3

**Budgetary Comparison Schedule
County Building Special Revenue Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 193,651	\$ 193,651	\$ 192,672	\$ (979)
Intergovernmental	31,349	31,349	31,349	-
Miscellaneous	-	-	46,072	46,072
Total Revenues	\$ 225,000	\$ 225,000	\$ 270,093	\$ 45,093
Expenditures				
Current				
General government	225,000	225,000	113,670	111,330
Net Change in Fund Balance	\$ -	\$ -	\$ 156,423	\$ 156,423
Fund Balance – January 1	1,886,869	1,886,869	1,886,869	-
Fund Balance – December 31	\$ 1,886,869	\$ 1,886,869	\$ 2,043,292	\$ 156,423

**Morrison County
Little Falls, Minnesota**

Exhibit C-4

**Budgetary Comparison Schedule
County Parks Special Revenue Fund
For the Year Ended December 31, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 100,049	\$ 100,049	\$ 97,606	\$ (2,443)
Intergovernmental	15,908	15,908	35,934	20,026
Miscellaneous	-	-	1,921	1,921
Total Revenues	\$ 115,957	\$ 115,957	\$ 135,461	\$ 19,504
Expenditures				
Current				
Culture and recreation				
Parks	115,957	115,957	163,479	(47,522)
Net Change in Fund Balance	\$ -	\$ -	\$ (28,018)	\$ (28,018)
Fund Balance – January 1	272,068	272,068	272,068	-
Fund Balance – December 31	\$ 272,068	\$ 272,068	\$ 244,050	\$ (28,018)

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Fiduciary Funds

Custodial Funds

The following custodial funds are used to account for assets held by the County as an agent for other governmental units, individuals, or private organizations:

Taxes and Penalties – to account for the collection and distribution of taxes and penalties to the various taxing districts.

Special Districts – to account for the collection and distribution of taxes and penalties to the various special taxing districts.

Jail Inmate – to account for the collection and payment of monies on behalf of individuals held in the Morrison County jail.

Forfeited Land – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota and other taxing districts.

Local Collaborative – to account for the collection and payment of amounts due to the Morrison County Interagency Coordinating Council.

Morrison-Todd-Wadena Board of Health – to account for the activity of grants and expenditures on behalf of the Morrison-Todd-Wadena Board of Health.

State Taxes and Fees – to account for the collection and apportionment of fees and taxes collected on behalf of the State of Minnesota.

Civil Action – to account for the collection and payment of monies collected through civil law procedures on behalf of external entities.

**Morrison County
Little Falls, Minnesota**

**Combining Statement of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
December 31, 2024**

	<u>Taxes and Penalties</u>	<u>Special Districts</u>	<u>Jail Inmate</u>
<u>Assets</u>			
Cash and pooled investments	\$ 492,738	\$ 3,377	\$ 8,036
Due from other governments	-	-	-
Accounts receivable for other governments	-	-	-
Interest receivable for other governments	-	-	-
Taxes and special assessments receivable for other governments	733,854	-	-
	<u>733,854</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,226,592</u>	<u>\$ 3,377</u>	<u>\$ 8,036</u>
<u>Liabilities</u>			
Due to other governments	<u>\$ 492,738</u>	<u>\$ 3,377</u>	<u>\$ -</u>
<u>Net Position</u>			
Restricted for Individuals, organizations, and other governments	<u><u>\$ 733,854</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,036</u></u>

Exhibit D-1

Forfeited Land	Local Collaborative	Morrison-Todd- Wadena Board of Health	State Taxes and Fees	Civil Action	Total Custodial Funds
\$ 1,000	\$ 233,362	\$ 80,637	\$ 132,267	\$ -	\$ 951,417
-	46,150	374,315	-	-	420,465
-	1,000	-	193,695	-	194,695
-	1,785	-	-	-	1,785
-	-	-	-	-	733,854
\$ 1,000	\$ 282,297	\$ 454,952	\$ 325,962	\$ -	\$ 2,302,216
\$ 1,000	\$ -	\$ 374,408	\$ 137,093	\$ -	\$ 1,008,616
\$ -	\$ 282,297	\$ 80,544	\$ 188,869	\$ -	\$ 1,293,600

**Morrison County
Little Falls, Minnesota**

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
For the Year Ended December 31, 2024**

	<u>Taxes and Penalties</u>	<u>Special Districts</u>	<u>Jail Inmate</u>
Additions			
Contributions from individuals	\$ -	\$ -	\$ 152,403
Investment earnings	-	-	-
Property tax and special assessment collections for other governments	30,645,160	222,319	-
Tax-forfeited land sales	-	-	-
Federal/State revenue	80,422	-	-
Other taxes collected for other governments	-	-	-
Fees collected for other governments	-	-	-
Mortgage foreclosure sales	-	-	-
Miscellaneous	-	-	-
Total Additions	<u>\$ 30,725,582</u>	<u>\$ 222,319</u>	<u>\$ 152,403</u>
Deductions			
Beneficiary payments to individuals	\$ -	\$ -	\$ 43,730
Payments of property tax and special assessments to other governments	30,657,099	222,319	-
Payments to state	-	-	-
Payments to other individuals/entities	135,247	-	109,330
Total Deductions	<u>\$ 30,792,346</u>	<u>\$ 222,319</u>	<u>\$ 153,060</u>
Change in net position	<u>\$ (66,764)</u>	<u>\$ -</u>	<u>\$ (657)</u>
Net Position – January 1	<u>800,618</u>	<u>-</u>	<u>8,693</u>
Net Position – December 31	<u><u>\$ 733,854</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,036</u></u>

Exhibit D-2

Forfeited Land	Local Collaborative	Morrison-Todd- Wadena Board of Health	State Taxes and Fees	Civil Action	Total Custodial Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,403
-	10,389	-	-	-	10,389
-	-	-	-	-	30,867,479
480	-	-	-	-	480
-	185,192	1,663,626	-	-	1,929,240
-	-	-	1,024,635	-	1,024,635
-	-	-	1,026,568	-	1,026,568
-	-	-	-	122,602	122,602
-	10,000	-	-	-	10,000
\$ 480	\$ 205,581	\$ 1,663,626	\$ 2,051,203	\$ 122,602	\$ 35,143,796
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,730
480	-	-	-	-	30,879,898
-	-	-	2,054,960	-	2,054,960
-	152,809	1,639,693	250	122,602	2,159,931
\$ 480	\$ 152,809	\$ 1,639,693	\$ 2,055,210	\$ 122,602	\$ 35,138,519
\$ -	\$ 52,772	\$ 23,933	\$ (4,007)	\$ -	\$ 5,277
-	229,525	56,611	192,876	-	1,288,323
\$ -	\$ 282,297	\$ 80,544	\$ 188,869	\$ -	\$ 1,293,600

**Morrison County
Rural Development Finance Authority**

**Morrison County
Little Falls, Minnesota**

Exhibit E-1

**General Fund Balance Sheet and
Governmental Activities Statement of Net Position
Morrison County Rural Development Finance Authority
December 31, 2024**

	<u>General Fund</u>	<u>Reconciliation</u>	<u>Governmental Activities</u>
<u>Assets</u>			
Current assets			
Cash	\$ 706,661	\$ -	\$ 706,661
Due from other governments	3,244	-	3,244
Loans receivable – net of allowance	318,248	-	318,248
	<u>1,028,153</u>	<u>-</u>	<u>1,028,153</u>
Total Assets	<u>\$ 1,028,153</u>	<u>\$ -</u>	<u>\$ 1,028,153</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</u>			
Deferred Inflows of Resources			
Unavailable revenue	\$ 318,248	\$ (318,248)	\$ -
Fund Balance			
Restricted for economic development	709,905	(709,905)	-
	<u>709,905</u>	<u>(709,905)</u>	<u>-</u>
Net Position			
Restricted for economic development		1,028,153	1,028,153
		<u>1,028,153</u>	<u>1,028,153</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 1,028,153</u>	<u>\$ -</u>	<u>\$ 1,028,153</u>
Reconciliation of the General Fund Balance to Net Position			
Fund Balance – General Fund			\$ 709,905
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.			<u>318,248</u>
Net Position – Governmental Activities			<u>\$ 1,028,153</u>

**Morrison County
Little Falls, Minnesota**

Exhibit E-2

**General Fund Statement of Revenues, Expenditures, and Changes in
Fund Balance and Statement of Activities – Governmental Activities
Morrison County Rural Development Finance Authority
For the Year Ended December 31, 2024**

	<u>General Fund</u>	<u>Reconciliation</u>	<u>Governmental Activities</u>
Revenues			
Taxes	\$ 106,165	\$ -	\$ 106,165
Intergovernmental			
State-shared revenues	3,943	-	3,943
Investment earnings	11,975	-	11,975
Miscellaneous	64,883	(49,563)	15,320
	<u>186,966</u>	<u>(49,563)</u>	<u>137,403</u>
Total Revenues	\$ 186,966	\$ (49,563)	\$ 137,403
Expenditures/Expenses			
Current			
Economic development	102,762	-	102,762
	<u>102,762</u>	<u>-</u>	<u>102,762</u>
Net Change in Fund Balance/Change in Net Position	\$ 84,204	\$ (49,563)	\$ 34,641
Fund Balance/Net Position – January 1	625,701	367,811	993,512
	<u>625,701</u>	<u>367,811</u>	<u>993,512</u>
Fund Balance/Net Position – December 31	\$ 709,905	\$ 318,248	\$ 1,028,153
	<u><u>709,905</u></u>	<u><u>318,248</u></u>	<u><u>1,028,153</u></u>
Reconciliation of the Statement of General Fund Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities			
Net Change in Fund Balance			\$ 84,204
In the fund, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue and expenses between the fund statement and the statement of activities is the increase or decrease in unavailable revenue.			<u>(49,563)</u>
Change in Net Position of Governmental Activities			\$ 34,641
			<u><u>34,641</u></u>

Other Schedules

**Morrison County
Little Falls, Minnesota**

Exhibit F-1

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2024**

Appropriations and Shared Revenue

State

Highway users tax	\$ 10,569,536
County program aid	2,715,451
County program aid – health	22,917
Market value credit – real property	670,966
Market value credit – health	5,664
PERA state aid	57,562
Disparity reduction aid	28,853
Disparity reduction aid – health	243
Aquatic invasive species	125,821
Riparian protection aid	122,044
Police aid	263,798
Cannabis aid	2,114
SCORE	118,560
Local homeless prevention aid	37,539
Affordable housing aid	112,042
Healthy housing aid	499
Out-of-home placement aid	4,140
Enhanced 911	223,526

Total appropriations and shared revenue	\$ 15,081,275
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Reimbursement for Services

Minnesota Department of Human Services	\$ 1,459,859
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Payments

Local grants	\$ 414,981
Local share of construction	293,242
Payments in lieu of taxes	207,007

Total payments	\$ 915,230
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Grants

State

Minnesota Department/Board of	
Corrections	\$ 946,905
Public Safety	13,756
Health	410,963
Veterans Affairs	12,000
Natural Resources	193,800
Human Services	2,506,995
Revenue	726
Water and Soil Resources	26,586
Pollution Control Agency	75,212
Secretary of State	81,250
Trial Courts	74,159
Peace Officer Standards and Training Board	26,355

Total state	\$ 4,368,707
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**Morrison County
Little Falls, Minnesota**

Exhibit F-1
(Continued)

**Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2024**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 559,368
Defense	3,600
Transportation	1,127,250
Treasury	1,568,464
Education	1,050
Health and Human Services	3,054,440
Homeland Security	30,177
Total federal	\$ 6,344,349
Total state and federal grants	\$ 10,713,056
Total Intergovernmental Revenue	\$ 28,169,420

**Morrison County
Little Falls, Minnesota**

Exhibit F-2

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	242MN004W1003	\$ 214,053
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514	<u>345,315</u>
Total U.S. Department of Agriculture			<u>\$ 559,368</u>
U.S. Department of Defense			
Passed Through Minnesota Department of Military Affairs National Guard Military Operations and Maintenance (O&M) Projects	12.401	Not Provided	<u>\$ 3,600</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00049	\$ 1,125,300
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	A-ENFRC24-2024- MORRISO-6984	<u>1,950</u>
Total U.S. Department of Transportation			<u>\$ 1,127,250</u>
U.S. Department of the Treasury			
Direct COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 1,468,464
Local Assistance and Tribal Consistency Fund	21.032		<u>100,000</u>
Total U.S. Department of the Treasury			<u>\$ 1,568,464</u>
U.S. Department of Education			
Passed Through Minnesota Department of Health Special Education – Grants for Infants and Families	84.181	BO4MC32551	<u>\$ 1,050</u>

**Morrison County
Little Falls, Minnesota**

Exhibit F-2
(Continued)

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Human Services			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPS	\$ 4,092
Temporary Assistance for Needy Families	93.558	2401MNTANF	302,834
(Total Temporary Assistance for Needy Families 93.558 \$346,014)			
Child Support Services	93.563	2401MNCSES	637,578
Child Support Services	93.563	2401MNCEST	100,525
(Total Child Support Services 93.563 \$738,103)			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2401MNRDMA	1,958
CCDF Cluster			
Child Care and Development Block Grant	93.575	2401MNCCDF	2,828
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	6,468
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	1,600
Foster Care Title IV-E	93.658	2401MNFOST	299,771
Social Services Block Grant	93.667	2401MNSOSR	192,896
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2401MNCILP	17,820
Children's Health Insurance Program	93.767	2405MN5021	570
Medicaid Cluster			
Medical Assistance Program	93.778	2405MNSADM	1,309,582
Medical Assistance Program	93.778	2405MNSMAP	16,733
(Total Medical Assistance Program 93.778 \$1,326,315)			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	NU90TU000040	18,087
COVID-19 – Immunization Cooperative Agreements	93.268	NH23IP922628	34,643
Temporary Assistance for Needy Families	93.558	2401MNTANF	43,180
(Total Temporary Assistance for Needy Families 93.558 \$346,014)			
Centers For Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE11OE000048	21,360
Maternal and Child Health Services Block Grant to the States	93.994	B0452933	41,915
Total U.S. Department of Health and Human Services			\$ 3,054,440
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	R29G70CGBLA23	\$ 2,232
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	A-ENFRC24-2024-MORRISO-6984	27,945
Total U.S. Department of Homeland Security			\$ 30,177
Total Federal Awards			\$ 6,344,349

Morrison County did not pass any federal awards through to subrecipients during the year ended December 31, 2024.

Totals by Cluster

Total expenditures for SNAP Cluster	\$ 345,315
Total expenditures for Highway Safety Cluster	1,950
Total expenditures for CCDF Cluster	2,828
Total expenditures for Medicaid Cluster	1,326,315

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

Morrison County Little Falls, Minnesota

Notes to the Schedule of Expenditures of Federal Awards As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Morrison County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$859,103 in federal awards expended by the Housing and Redevelopment Authority of Morrison County component unit, because other auditors were engaged to perform a single audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Morrison County under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Morrison County it is not intended to and does not present the financial position, changes in net position, or cash flows of Morrison County.

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

Note 2 – De Minimis Cost Rate

Morrison County has elected to use the ten percent de minimis indirect cost rate or the 15 percent de minimis indirect cost rate, as applicable, allowed under the Uniform Guidance.

Management and Compliance Section

Morrison County



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of County Commissioners
Morrison County
Little Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Morrison County, Minnesota, 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, and have issued our report thereon dated August 25, 2025. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Authority of Morrison County, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. This report also does not include the results of our audit testing of the Morrison County Rural Development Finance Authority component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Section.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Minnesota Legal Compliance

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

Morrison County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Morrison County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* 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. This 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. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

August 25, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of County Commissioners
Morrison County
Little Falls, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morrison County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Morrison County's major federal programs for the year ended December 31, 2024. Morrison County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Morrison County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Other Matter – Federal Expenditure Not Included in the Compliance Audit

Morrison County's basic financial statements include the operations of the Housing and Redevelopment Authority (HRA) of Morrison County component unit, which expended \$859,103 in federal awards which are not included in Morrison County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2024. Our compliance audit, described in the Opinion on Each Major Federal Program section, does not include the operations of the HRA of Morrison County component unit because other auditors performed a single audit in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Morrison County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Morrison County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a significant deficiency.

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

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

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

/s/Julie Blaha

Julie Blaha
State Auditor

August 25, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Morrison County Little Falls, Minnesota

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over the major federal programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of the major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Morrison County qualified as a low-risk auditee? **No**

Section II – Financial Statement Findings

2024-001 Departmental Internal Accounting Control

Prior Year Finding Number: 2023-001

Year of Finding Origination: 1996

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Morrison County Little Falls, Minnesota

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect the County's assets, proper segregation of the record-keeping, custody, and authorization functions should be in place, and, where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: Two County departments that collect fees lack proper segregation of duties: Land Services and Sheriff. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts, as well as reconciling bank accounts.

Context: Due to the limited number of office personnel within the County departments, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Morrison County; however, the County's management should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

Effect: Inadequate segregation of duties could adversely affect the ability of the County employees, in the normal course of performing their assigned functions, to detect misstatements in a timely period.

Cause: The County does not have the economic resources needed to hire additional qualified accounting staff in order to adequately segregate duties.

Recommendation: We recommend the County's elected officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the staff are implementing the internal control policies and procedures to the extent possible.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

2024-002 Eligibility

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

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

Program: 93.778 Medical Assistance Program

Award Number and Year: 2405MN5ADM; 2024

Pass-Through Agency: Minnesota Department of Human Services

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the

Morrison County Little Falls, Minnesota

Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' Social Security number verification. Minnesota Statutes, Section 256B.05, requires county agencies to administer Medical Assistance.

Condition: The Minnesota Department of Human Services maintains the computer system, METS, which is used by the County to support the eligibility determination process. In a sample of 40 case files tested for eligibility, two participants' Social Security numbers were not verified.

Questioned Costs: Not applicable. The County administers the program, but the State of Minnesota pays benefits to participants in this program.

Context: The State of Minnesota and the County split the eligibility determination process. Generally, the County resolves eligibility issues when prompted by the system, while the State performs the initial review of the case files, including determining the information in METS is verified. Participants receive benefits from the State.

The population consisted of 7,560 active METS cases enrolled in the Medical Assistance Program in 2024; the sample size was 40 case files. The sample size was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: The improper input or updating of information in METS and lack of verification of key eligibility-determining factors increases the risk that program participants will receive benefits when they are not eligible.

Cause: Program personnel responsible for resolving eligibility issues in METS did not ensure all required information was input or updated correctly or verified.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation needed to resolve eligibility issues exists and is properly input, updated, or verified in METS. In addition, the County should consider providing further training to program personnel.

View of Responsible Official: Concur



Morrison County provides cost effective, high quality services to county residents in a friendly and respectful manner.

Auditor/Treasurer

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**Representation of Morrison County
Little Falls, Minnesota**

Corrective Action Plan
For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Departmental Internal Accounting Control

Name of Contact Person Responsible for Corrective Action:

Shannon Coyle, County Auditor Treasurer

Corrective Action Planned:

Morrison County management is aware of this situation and will continue to periodically review its internal control procedures and modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Anticipated Completion Date:

Management and departments are aware of and continue to monitor the situation. Due to limited staffing levels, the anticipated completion date is ongoing.

Finding Number: 2024-002

Finding Title: Eligibility

Program: 93.778 Medical Assistance Program

Name of Contact Person Responsible for Corrective Action:

Amy Waldvogel, Financial Assistance Supervisor

Corrective Action Planned:

The supervisor will periodically pull random cases and verify all required verifications are notated and on file. The required verification for programs will be reviewed at unit meetings and employee/supervisor meetings.

Anticipated Completion Date:

Completion date of 10/31/2025, there will be ongoing reviews to continue accuracy of benefits for Morrison County residents.



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Auditor/Treasurer

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**Representation of Morrison County
Little Falls, Minnesota**

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2024

Finding Number: 2023-001

Year of Finding Origination: 1996

Finding Title: Departmental Internal Accounting Control

Summary of Condition: Several County departments that collect fees lack proper segregation of duties, including the Attorney, Land Services, Sheriff, and Extension Departments. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts, as well as reconciling bank accounts.

Summary of Corrective Action Previously Reported: Morrison County management is aware of this situation and will continue to periodically review its internal control procedures and modify its procedures as necessary to address any issues related to the lack of segregation of duties.

Status: Not Corrected. The County's limited staff in many departments prevents complete segregation of duties. The County periodically reviews its internal control processes and implements compensating controls as needed to address the lack of segregation of duties. Please see Corrective Action Plan for further information.

Finding Number: 2023-002

Year of Finding Origination: 2022

Finding Title: Reporting

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Summary of Condition: The County incorrectly reported the full CSLFRF award amount of \$6,484,839 as expenditures on the annual Project and Expenditure Report submitted to the U.S. Department of the Treasury for 2023 when they should have reported \$615,436.

Summary of Corrective Action Previously Reported: Morrison County management is aware that the annual Project and Expenditure Report submitted for Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) to the U.S. Treasury was done so incorrectly. The County has reviewed the U.S. Department of the Treasury guidance and form instructions to ensure it is correctly reporting its CSLFRF activity going forward.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-003

Year of Finding Origination: 2023

Finding Title: Suspension and Debarment

Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Summary of Condition: For two covered transactions tested, the verification for suspended or debarred vendors was not performed prior to entering into the covered transactions.

Summary of Corrective Action Previously Reported: Morrison County management is aware of the Federal requirements prohibiting non-federal entities from contracting with parties that are suspended or debarred. The County has reviewed the U.S. Department of the Treasury compliance and reporting guidance to ensure it checks SAM.gov exclusions, collects a certification, or adds a clause or condition to the covered transaction, prior to applying Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) funds.

Status: Fully Corrected. Corrective action was taken.

**Morrison County
Rural Development Finance Authority**



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Commissioners
Morrison County Rural Development Finance Authority
Little Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Morrison County, Minnesota, which include as supplementary information, the financial statements of the Morrison County Rural Development Finance Authority (RDFA), a discretely presented component unit, 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, and have issued our report thereon dated August 25, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morrison County RDFA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Morrison County RDFA failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Morrison County RDFA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Morrison County RDFA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morrison County RDFA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

Julie Blaha
State Auditor

August 25, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor