State of Minnesota

Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Pine County
Pine City, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Pine County
Pine City, Minnesota

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Pine County
Pine City, Minnesota

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Introductory Section

Pine County
Pine City, Minnesota

Organization
December 31, 2024

Office	Name	Term Expires
Commissioners		
1st District	Stephen Hallan	2026
2nd District	Joshua Mohr	2026
3rd District	Terry Lovgren*	2024
4th District	J.J. Waldhalm	2024
5th District	Matt Ludwig	2026
Officers		
Elected		
Attorney	Reese Frederickson	2026
Sheriff	Jeff Nelson	2026
Appointed		
Administrator	David J. Minke	Indefinite
Assessor	Lorri Houtsma	Indefinite
Auditor-Treasurer	Kelly Schroeder	Indefinite
County Recorder	Lorri Houtsma	Indefinite
Registrar of Titles	Lorri Houtsma	Indefinite
Highway Engineer	Mark LeBrun	Indefinite
Health and Human Services Director	Rebecca Foss	Indefinite
Probation Director	Terry Fawcett	Indefinite

*Chair 2024

Financial Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report

Board of County Commissioners
Pine County
Pine City, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pine 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pine County as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee

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

Other Information

Management is responsible for the other information included in the Annual 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 report dated September 8, 2025, on our consideration of Pine County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pine County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pine County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

September 8, 2025

Management’s Discussion and Analysis

Pine County
Pine City, Minnesota

Management's Discussion and Analysis
Year Ended December 31, 2024
(Unaudited)

This section of the Pine County (the County) annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended December 31, 2024. The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board (GASB) Statement No. 34. Certain comparative information between the current year, 2024, and the prior year, 2023, is required to be presented in the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of Pine County exceed its liabilities and deferred inflows of resources on December 31, 2024, by $126,473,924 (net position). The County-wide net position increased 9.8 percent in 2024 over the prior year.

- Overall governmental fund-level revenues totaled $62,988,798 and were $1,334,656 more than expenditures in 2024. Expenditures include $2,354,261 of principal paid.

- The General Fund's fund balance increased $775,619 from the prior year and, of the total fund balance amount, $6,358,841 of total fund balance was unassigned fund balance.

Overview of the Financial Statements

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

- The first two statements are 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.

- The proprietary fund statements describe how health insurance premiums are accumulated and used to pay claims and administrative costs of employee health insurance coverage.

- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

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.

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

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

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

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.

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

The County has three kinds of funds:

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

- Proprietary Fund – The County's internal service fund is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses the internal service fund to account for its employees' health insurance. These services have been included within governmental activities in the government-wide financial statements.

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

Financial Analysis

Net Position

Over time, net position serves as a useful indicator of the County's financial position. Pine County's total net position was $126,473,924 on December 31, 2024, an increase of $11,279,928 from the prior year.

Table A-1
Statement of Net Position – Governmental Activities

	2024	2023
Assets		
Current and other assets	$ 32,959,738	$ 31,888,005
Capital assets	140,418,317	134,898,954
Total Assets	$ 173,378,055	$ 166,786,959
Deferred Outflows of Resources	$ 8,623,316	$ 12,356,488
Liabilities		
Current liabilities	$ 7,084,553	$ 8,069,088
Long-term liabilities	35,300,309	41,105,397
Total Liabilities	$ 42,384,862	$ 49,174,485
Deferred Inflows of Resources	$ 13,142,585	$ 14,774,966
Net Position		
Net investment in capital assets	$ 123,765,604	$ 114,875,725
Restricted	6,711,941	6,462,146
Unrestricted	(4,003,621)	(6,143,875)
Total Net Position	$ 126,473,924	$ 115,193,996

Change in Net Position

The government-wide total revenues were $63,942,973 for the year ended December 31, 2024 (an increase of $4,136,350). This is a 6.9 percent increase over the prior year. Property taxes and operating grants and contributions accounted for 67.7 percent of total revenue for the year (see Table A-2).

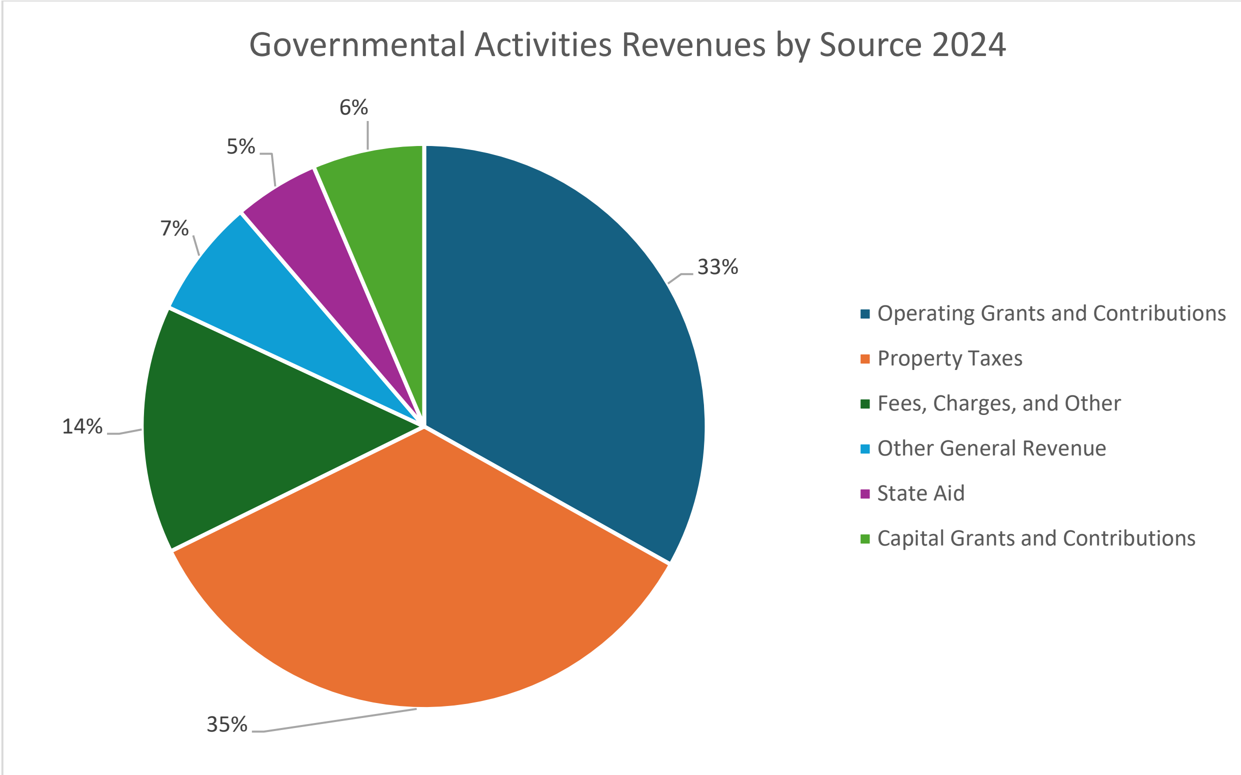
Table A-2
Change in Net Position – Governmental Activities

	2024	2023	Total Percent Change (%)
Revenues			
Program fees			
Fees, charges, fines, and other	$ 9,092,173	$ 7,735,078	17.5
Operating grants and contributions	21,180,536	22,703,683	(6.7)
Capital grants and contributions	4,094,224	1,321,283	209.9
General revenues			
Property taxes	22,122,065	21,337,046	3.7
Other taxes	2,931,620	2,609,158	12.4
Grants and contributions not restricted to specific programs	3,113,138	2,927,954	6.3
Other	1,409,217	1,172,421	20.2
Total Revenues	$ 63,942,973	$ 59,806,623	6.9
Expenses			
General government	$ 8,661,142	$ 8,180,579	5.9
Public safety	13,443,734	13,932,186	(3.5)
Highways and streets	11,489,675	11,051,436	4.0
Sanitation	500,092	533,618	(6.3)
Human services	10,964,578	10,622,312	3.2
Health	1,779,873	1,675,702	6.2
Culture and recreation	400,575	386,901	3.5
Conservation of natural resources	1,994,297	1,288,471	54.8
Economic development	2,969,974	2,863,981	3.7
Interest	459,105	496,299	(7.5)
Total Expenses	$ 52,663,045	$ 51,031,485	3.2
Change in Net Position	$ 11,279,928	$ 8,775,138	28.5
Net Position – Beginning of Year	115,193,996	106,418,858	8.2
Net Position – End of Year	$ 126,473,924	$ 115,193,996	9.8

Total revenues surpassed expenses and, therefore, net position increased $11,279,928 over last year due to revenues exceeding expenses.

The government-wide cost of all governmental activities this year was $52,663,045.

- Some of the cost was paid by the users of the County's programs ($9,092,173).
- The federal and state governments subsidized certain programs with grants and contributions ($25,274,760).
- The remainder of the County's governmental activities' costs ($18,296,112) was paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was covered by $22,122,065 in property taxes, $3,113,138 of state aid, $4,340,837 of other general revenues, and resulted in an increase to net position.


Governmental Activities Revenues by Source 2024
6%
5%
7%
33%
14%
35%
Operating Grants and Contributions
Property Taxes
Fees, Charges, and Other
Other General Revenue
State Aid
Capital Grants and Contributions

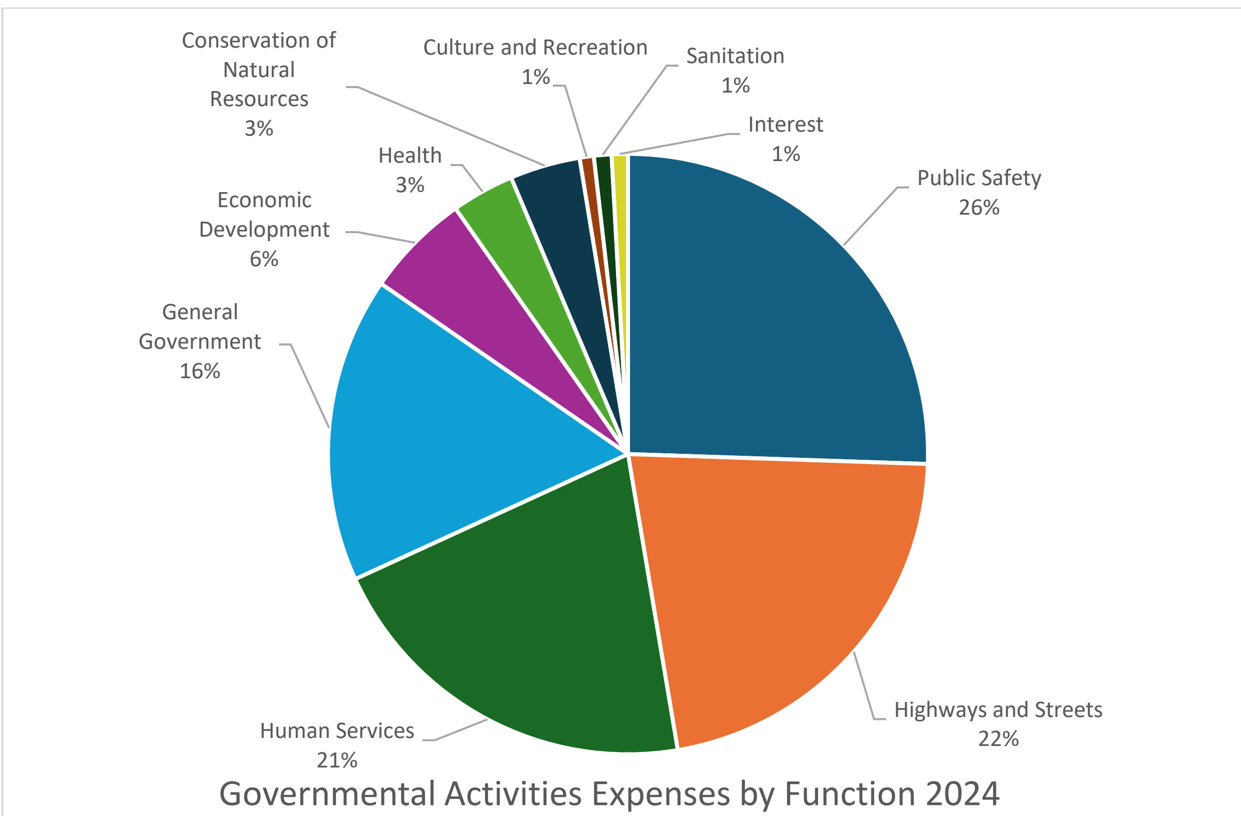

Conservation of Natural Resources 3%
Culture and Recreation 1%
Sanitation 1%
Interest 1%
Health 3%
Public Safety 26%
Economic Development 6%
General Government 16%
Highways and Streets 22%
Human Services 21%
Governmental Activities Expenses by Function 2024

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

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

	Total Cost of Services 2024	Total Cost of Services 2023	Percentage Change (%)	Net (Revenue) Cost of Services 2024	Net (Revenue) Cost of Services 2023	Percentage Change (%)
Governmental Activities						
General government	$ 8,661,142	$ 8,180,579	5.9	$ 6,551,806	$ 4,914,404	33.3
Public safety	13,443,734	13,932,186	(3.5)	10,650,193	10,354,242	2.9
Highways and streets	11,489,675	11,051,436	4.0	(3,057,651)	(289,342)	956.8
Sanitation	500,092	533,618	(6.3)	22,504	71,326	(68.4)
Human services	10,964,578	10,622,312	3.2	3,392,112	3,040,766	11.6
Health	1,779,873	1,675,702	6.2	468,408	462,453	1.3
Culture and recreation	400,575	386,901	3.5	400,575	386,901	3.5
Conservation of natural resources	1,994,297	1,288,471	54.8	(822,081)	(702,708)	17.0
Economic development	2,969,974	2,863,981	3.7	231,141	537,100	(57.0)
Interest	459,105	496,299	(7.5)	459,105	496,299	(7.5)
Total	$ 52,663,045	$ 51,031,485	3.2	$ 18,296,112	$ 19,271,441	(5.1)

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 $18,615,978. Revenues for the County's governmental funds were $62,988,798, while total expenditures were $61,654,142.

The General Fund includes the primary operations of the County in providing services to citizens. Fund balance increased by $775,619 during 2024 due to increased revenues.

The Road and Bridge Special Revenue Fund has a total fund balance of ($1,988,637). Fund balance increased $506,704 from 2023 due to less construction projects.

The Health and Human Services Special Revenue Fund has a total fund balance of $4,380,697. Fund balance decreased $255,063 from 2023 due to the planned spending of reserves.

The Land Management Special Revenue Fund has a total fund balance of $2,413,216. Fund balance increased $229,807 from 2023 due to the statutory set asides the County Board authorized from the land and timber sales.

The Clean Water Partnership Program Special Revenue Fund has a total fund balance of $564,316. Fund balance increased $110,277 from 2023 due to the continual collections of assessments on the existing 2016 and 2020 loans and early payoff of assessments.

The COVID-19 Relief Fund has a total fund balance of $39,841. Fund balance increased $27,305 from 2023 due to the reimbursement of grants.

The General Obligation Courthouse Bond Debt Service Fund has a total fund balance of $1,560,800. Fund balance increased $70,339 from 2023 due to increased revenues.

The following schedule presents a summary of General Fund revenues:

Table A-4
General Fund Revenues

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change Increase (Decrease)	Change Percent (%)
Taxes	$ 13,312,091	$ 12,699,096	$ 612,995	4.8
Special assessments	6,181	6,650	(469)	(7.1)
Licenses and permits	170,435	179,721	(9,286)	(5.2)
Intergovernmental	6,235,340	6,145,042	90,298	1.5
Charges for services	1,944,721	1,894,520	50,201	2.6
Fines and forfeits	10,931	58,366	(47,435)	(81.3)
Gifts and contributions	138,289	153,932	(15,643)	(10.2)
Investment earnings	1,250,664	1,021,040	229,624	22.5
Miscellaneous and other	738,425	613,131	125,294	20.4
Total General Fund Revenues	$ 23,807,077	$ 22,771,498	$ 1,035,579	4.5

Total General Fund revenues increased by $1,035,579, or 4.5 percent, from the previous year.

The following schedule presents a summary of General Fund expenditures:

Table A-5
General Fund Expenditures

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change Increase (Decrease)	Change Percent (%)
General government	$ 7,926,876	$ 7,129,747	$ 797,129	11.2
Public safety	13,546,281	12,652,495	893,786	7.1
Sanitation	506,223	576,814	(70,591)	(12.2)
Culture and recreation	30,000	30,000	-	-
Conservation	531,458	465,654	65,804	14.1
Economic development	160,107	26,960	133,147	493.9
Intergovernmental	370,575	356,901	13,674	3.8
Capital outlay	4,365	1,038,084	(1,033,719)	(99.6)
Debt service	260,404	125,354	135,050	107.7
Total Expenditures	$ 23,336,289	$ 22,402,009	$ 934,280	4.2

Total General Fund expenditures increased by $934,280, or 4.2 percent, from the previous year.

General Fund Budgetary Highlights

Over the course of the year, the County revised the annual operating budget for the General Fund primarily for additional court administration and public safety expenditures and planned spending of restricted fund balances. The intergovernmental revenue budgets were revised for additional funding. The total budget did not change. In general, the County does not make a significant amount of budget amendments during the year.

- Actual revenues were $439,191 more than budgeted; this is due to the additional interest income.

- Overall, the actual expenditures were $88,039 less than budgeted primarily due to underspending in data processing (technology) during 2024.

Capital Assets

By the end of 2024, the County had invested $140,418,317 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation and amortization expense for the year was $5,318,827.

Table A-6
The County's Capital Assets – Governmental Activities

	2024	2023	Percent Change (%)
Land	$ 4,305,389	$ 4,305,389	0.0
Construction-in-progress	2,163,483	2,135,748	1.3
Buildings and building improvements	30,842,155	30,842,155	0.0
Machinery, furniture, and equipment	14,300,438	13,719,561	4.2
Intangibles	1,067,578	1,067,578	0.0
Infrastructure	164,911,922	155,399,491	6.1
Software subscriptions	1,038,084	1,038,084	0.0
Less: accumulated depreciation and amortization	(78,210,732)	(73,609,052)	6.3
Total	$ 140,418,317	$ 134,898,954	4.1

Long-Term Liabilities

At year-end, the County had $19,318,368 in long-term debt outstanding.

- The County's governmental activities' total debt decreased $1,831,831 during the fiscal year, due to annual principal payments on the debt.
- Minnesota statutes limit the amount of debt a county may levy to three percent of its total market value of taxable property. At the end of 2024, Pine County's debt was 0.38 percent of its total market value of taxable property.

Table A-7
The County's Long-Term Debt – Governmental Activities

	2024	2023	Percent Change (%)
General obligation bonds	$ 16,025,000	$ 17,940,000	(10.7)
Minnesota Pollution Control Agency loans	2,966,626	2,636,588	12.5
Installment payable	64,497	128,994	(50.0)
Software subscriptions liability	262,245	444,617	(41.0)
Total	$ 19,318,368	$ 21,150,199	(8.7)

Economic Factors and Next Year's Budgets

By the end of 2024, Pine County approved its balanced 2025 revenue and expenditure budgets and approved a 3.0 percent tax levy increase for 2025.

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. Questions about this report or additional financial information should be addressed to Kelly Schroeder, Pine County Auditor-Treasurer, Pine County Courthouse, 635 Northridge Drive Northwest, Suite 240, Pine City, Minnesota 55063.

Basic Financial Statements

Government-Wide Financial Statements

Pine County
Pine City, Minnesota

Exhibit 1

Statement of Net Position
Governmental Activities
December 31, 2024

Assets		
Cash and pooled investments	$	21,487,708
Change funds		2,575
Taxes receivable – delinquent		885,572
Special assessments receivable – noncurrent		2,606,394
Accounts receivable		2,301,154
Accrued interest receivable		36,794
Loans receivable		40,000
Due from other governments		4,475,489
Inventories		795,452
Prepaid items		328,600
Capital assets		
Non-depreciable		6,468,872
Depreciable or amortizable – net of accumulated depreciation and amortization		133,949,445
Total Assets	**$**	**173,378,055**
Deferred Outflows of Resources		
Deferred pension outflows	$	6,980,778
Deferred other postemployment benefits outflows		917,515
Refunding deferred charge on bonds		725,023
Total Deferred Outflows of Resources	**$**	**8,623,316**
Liabilities		
Accounts payable	$	772,052
Salaries payable		1,273,523
Claims payable		205,704
Contracts payable		403,824
Customer deposits		21,217
Due to other governments		1,134,173
Accrued interest payable		210,088
Unearned revenue		3,063,972
Long-term liabilities		
Due within one year		3,820,319
Other postemployment benefits liability due within one year		108,216
Due in more than one year		19,409,692
Other postemployment benefits liability due in more than one year		2,519,997
Net pension liability		9,442,085
Total Liabilities	**$**	**42,384,862**
Deferred Inflows of Resources		
Deferred pension inflows	$	11,910,576
Deferred other postemployment benefits inflows		1,232,009
Total Deferred Inflows of Resources	**$**	**13,142,585**

Pine County
Pine City, Minnesota

Exhibit 1
(Continued)

Statement of Net Position
Governmental Activities
December 31, 2024

Net Position		
Net investment in capital assets	$	123,765,604
Restricted for		
General government		127,730
Public safety		1,527,902
Highways and streets		162,427
Human services		778,242
Conservation of natural resources		739,705
Debt service		3,375,935
Unrestricted		(4,003,621)
Total Net Position	**$**	**126,473,924**

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

Pine County
Pine City, Minnesota

Exhibit 2

Statement of Activities
For the Year Ended December 31, 2024

	Expenses	Program Revenues: Fees, Charges, Fines, and Other	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Primary Government					
Governmental activities					
General government	$ 8,661,142	$ 1,090,316	$ 1,019,020	$ -	$ (6,551,806)
Public safety	13,443,734	1,214,003	1,579,538	-	(10,650,193)
Highways and streets	11,489,675	357,477	10,095,625	4,094,224	3,057,651
Sanitation	500,092	364,728	112,860	-	(22,504)
Human services	10,964,578	2,487,932	5,084,534	-	(3,392,112)
Health	1,779,873	153,391	1,158,074	-	(468,408)
Culture and recreation	400,575	-	-	-	(400,575)
Conservation of natural resources	1,994,297	2,082,881	733,497	-	822,081
Economic development	2,969,974	1,341,445	1,397,388	-	(231,141)
Interest	459,105	-	-	-	(459,105)
Total Primary Government	**$ 52,663,045**	**$ 9,092,173**	**$ 21,180,536**	**$ 4,094,224**	**$ (18,296,112)**

General Revenues	
Property taxes	$ 22,122,065
Sales tax	1,979,298
Mortgage registry and deed tax	18,604
Payments in lieu of tax	933,718
Grants and contributions not restricted to specific programs	3,113,138
Investment earnings	1,254,777
Miscellaneous	154,440
Total general revenues	**$ 29,576,040**
Change in net position	**$ 11,279,928**
Net Position – Beginning	**115,193,996**
Net Position – Ending	**$ 126,473,924**

Fund Financial Statements

Governmental Funds

Pine County
Pine City, Minnesota

Balance Sheet
Governmental Funds
December 31, 2024

	General	Road and Bridge	Health and Human Services
Assets			
Cash and pooled investments	$ 5,624,654	$ -	$ 3,682,955
Change funds	2,575	-	-
Taxes receivable			
Delinquent	521,691	89,011	169,665
Special assessments receivable			
Noncurrent	47,781	-	-
Accounts receivable	191,005	1,308	230,669
Accrued interest receivable	36,794	-	-
Due from other funds	3,749,521	13,893	925
Due from other governments	365,891	2,428,818	1,204,620
Loans receivable	-	-	-
Inventories	-	795,452	-
Prepaid items	289,709	-	20,357
Total Assets	**$ 10,829,621**	**$ 3,328,482**	**$ 5,309,191**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ 348,343	$ 64,345	$ 167,886
Salaries payable	751,436	126,564	371,792
Contracts payable	-	403,824	-
Due to other funds	13,753	3,424,328	54,680
Due to other governments	184,676	707,286	128,243
Unearned revenue	215,621	-	96,070
Customer deposits	21,217	-	-
Total Liabilities	**$ 1,535,046**	**$ 4,726,347**	**$ 818,671**
Deferred Inflows of Resources			
Unavailable revenue	**$ 421,864**	**$ 590,772**	**$ 109,823**

Exhibit 3

Land Management	Clean Water Partnership Program	COVID-19 Relief	General Obligation Courthouse Bond	Other Governmental Funds	Total
$ 2,659,875	$ 146,264	$ 2,062,293	$ 1,545,900	$ 3,756,436	$ 19,478,377
-	-	-	-	-	2,575
-	-	-	40,928	64,277	885,572
2,400	2,556,213	-	-	-	2,606,394
1,877,118	-	-	-	-	2,300,100
-	-	-	-	-	36,794
-	-	-	-	-	3,764,339
-	461,748	1,299	-	13,113	4,475,489
-	-	-	-	40,000	40,000
-	-	-	-	-	795,452
759	-	-	-	17,775	328,600
$ 4,540,152	**$ 3,164,225**	**$ 2,063,592**	**$ 1,586,828**	**$ 3,891,601**	**$ 34,713,692**
$ 2,639	$ 43,696	$ 108,583	$ -	$ 36,560	$ 772,052
9,238	-	5,631	-	8,862	1,273,523
-	-	-	-	-	403,824
234,085	-	-	-	37,493	3,764,339
1,456	-	577	-	111,935	1,134,173
-	-	1,908,960	-	843,321	3,063,972
-	-	-	-	-	21,217
$ 247,418	**$ 43,696**	**$ 2,023,751**	**$ -**	**$ 1,038,171**	**$ 10,433,100**
$ 1,879,518	**$ 2,556,213**	**$ -**	**$ 26,028**	**$ 80,396**	**$ 5,664,614**

Pine County
Pine City, Minnesota

Balance Sheet
Governmental Funds
December 31, 2024

	General	Road and Bridge	Health and Human Services
Fund Balances			
Nonspendable			
Inventories	$ -	$ 795,452	$ -
Missing heirs	37,129	-	-
Prepaid items	289,709	-	20,357
Restricted			
Veteran's outreach donations	14,904	-	-
Shop with a cop	150	-	-
ECDTF federal forfeitures	145,345	-	-
Sheriff's donation	45,876	-	-
Debt service	-	-	-
Law library	39,868	-	-
Recorder's equipment purchases	12,225	-	-
E-911	454,335	-	-
Aquatic invasive species	74,782	-	-
Permit to carry	103,093	-	-
Sheriff's backpack program	56	-	-
Sheriff's contingency	1,730	-	-
Attorney's forfeitures	85,537	-	-
Sheriff's forfeitures	18,651	-	-
Septic system upgrade program	20,892	-	-
Road access	-	-	-
Septic loans	-	-	-
Ditches	-	-	-
MIECHV grant	-	-	24,418
Sandstone training center	4,633	-	-
DUI forfeitures	13,687	-	-
County relief funds	-	-	-
Opioid remediation	-	-	-
Family resource center	-	-	96,070
Project lifesaver	200	-	-
Statewide affordable housing aid	220,238	-	-
Public safety aid	654,609	-	-
Committed			
Parks and recreation	-	-	-
Blight cleanup	-	-	-
Timber development	-	-	-
Assigned			
Sheriff's chaplain corps	2,500	-	-
UHC implementation	6,622	-	-
Human services	-	-	3,825,137
Health	-	-	414,715
Conservation of natural resources	-	-	-
Jail	267,099	-	-
Capital projects	-	-	-
Unassigned	6,358,841	(2,784,089)	-
Total Fund Balances	**$ 8,872,711**	**$ (1,988,637)**	**$ 4,380,697**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 10,829,621**	**$ 3,328,482**	**$ 5,309,191**

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

Exhibit 3

(Continued)

Land Management	Clean Water Partnership Program	COVID-19 Relief	General Obligation Courthouse Bond	Other Governmental Funds	Total
$ -	$ -	$ -	$ -	$ -	$ 795,452
-	-	-	-	-	37,129
759	-	-	-	17,775	328,600
-	-	-	-	-	14,904
-	-	-	-	-	150
-	-	-	-	-	145,345
-	-	-	-	-	45,876
-	-	-	1,560,800	1,960,919	3,521,719
-	-	-	-	-	39,868
-	-	-	-	-	12,225
-	-	-	-	-	454,335
-	-	-	-	-	74,782
-	-	-	-	-	103,093
-	-	-	-	-	56
-	-	-	-	-	1,730
-	-	-	-	-	85,537
-	-	-	-	-	18,651
-	-	-	-	-	20,892
68,184	-	-	-	-	68,184
-	564,316	-	-	-	564,316
-	-	-	-	32,423	32,423
-	-	-	-	-	24,418
-	-	-	-	-	4,633
-	-	-	-	-	13,687
-	-	39,841	-	-	39,841
-	-	-	-	437,516	437,516
-	-	-	-	-	96,070
-	-	-	-	-	200
-	-	-	-	-	220,238
-	-	-	-	-	654,609
768,967	-	-	-	-	768,967
295,826	-	-	-	-	295,826
192,818	-	-	-	-	192,818
-	-	-	-	-	2,500
-	-	-	-	-	6,622
-	-	-	-	-	3,825,137
-	-	-	-	-	414,715
1,086,662	-	-	-	-	1,086,662
-	-	-	-	-	267,099
-	-	-	-	342,176	342,176
-	-	-	-	(17,775)	3,556,977
$ 2,413,216	**$ 564,316**	**$ 39,841**	**$ 1,560,800**	**$ 2,773,034**	**$ 18,615,978**
$ 4,540,152	**$ 3,164,225**	**$ 2,063,592**	**$ 1,586,828**	**$ 3,891,601**	**$ 34,713,692**

Pine County
Pine City, Minnesota

Exhibit 4

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities
December 31, 2024

Fund balance – total governmental funds (Exhibit 3)		**$ 18,615,978**
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.		140,418,317
Unamortized deferred outflows of resources on refunding bonds are not available resources and, therefore, are not reported in governmental funds.		725,023
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.		6,980,778
Deferred outflows of resources resulting from other postemployment benefits obligations are not available resources and, therefore, are not reported in the governmental funds.		917,515
An internal service fund is used by Pine County to charge the costs of self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		1,804,681
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.		5,664,614
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
General obligation bonds	$ (16,025,000)	
Unamortized premiums on bonds	(884,415)	
G.O. MPCA loan payable	(2,966,626)	
Software subscriptions liability	(262,245)	
Installment payable	(64,497)	
Compensated absences	(3,027,228)	
Other postemployment benefits liability	(2,628,213)	
Net pension liability	(9,442,085)	(35,300,309)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the governmental funds.		(210,088)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(11,910,576)
Deferred inflows of resources resulting from other postemployment benefits obligations are not available resources and, therefore, are not reported in the governmental funds.		(1,232,009)
Net Position of Governmental Activities (Exhibit 1)		**$ 126,473,924**

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

Pine County
Pine City, Minnesota

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

	General	Road and Bridge	Health and Human Services
Revenues			
Taxes	$ 13,312,091	$ 4,151,473	$ 4,091,871
Special assessments	6,181	-	-
Licenses and permits	170,435	55,400	8,500
Intergovernmental	6,235,340	13,941,241	7,262,894
Charges for services	1,944,721	275,920	1,214,111
Fines and forfeits	10,931	-	-
Gifts and contributions	138,289	-	106,867
Investment earnings	1,250,664	-	4,113
Miscellaneous	738,425	26,157	40,253
Total Revenues	**$ 23,807,077**	**$ 18,450,191**	**$ 12,728,609**
Expenditures			
Current			
General government	$ 7,926,876	$ -	$ -
Public safety	13,546,281	-	-
Highways and streets	-	17,226,513	-
Sanitation	506,223	-	-
Human services	-	-	11,193,067
Health	-	-	1,790,605
Culture and recreation	30,000	-	-
Conservation of natural resources	531,458	-	-
Economic development	160,107	-	-
Intergovernmental			
Highways and streets	-	691,840	-
Culture and recreation	370,575	-	-
Capital outlay			
General government	4,365	-	-
Debt service			
Principal	246,869	-	-
Interest	13,535	-	-
Administrative charges	-	-	-
Total Expenditures	**$ 23,336,289**	**$ 17,918,353**	**$ 12,983,672**
Excess of Revenues Over (Under) Expenditures	**$ 470,788**	**$ 531,838**	**$ (255,063)**
Other Financing Sources (Uses)			
Transfers in	$ 323,700	$ -	$ -
Transfers out	(18,869)	-	-
Proceeds from MPCA loan	-	-	-
Proceeds from sale of capital assets	-	67,389	-
Total Other Financing Sources (Uses)	**$ 304,831**	**$ 67,389**	**$ -**
Net Change in Fund Balances	**$ 775,619**	**$ 599,227**	**$ (255,063)**
Fund Balances – January 1	**8,097,092**	**(2,495,341)**	**4,635,760**
Increase (decrease) in inventories	**-**	**(92,523)**	**-**
Fund Balances – December 31	**$ 8,872,711**	**$ (1,988,637)**	**$ 4,380,697**

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

Exhibit 5

Land Management	Clean Water Partnership Program	COVID-19 Relief	General Obligation Courthouse Bond	Other Governmental Funds	Total
$ -	$ -	$ -	$ 1,000,989	$ 1,603,679	$ 24,160,103
-	242,244	-	-	-	248,425
-	-	-	-	-	234,335
42,730	-	1,799,398	17,546	403,056	29,702,205
-	2,784	-	-	-	3,437,536
-	-	-	-	-	10,931
-	-	2,415	-	-	247,571
-	-	-	-	-	1,254,777
1,144,754	23,659	1,337,220	-	382,447	3,692,915
$ 1,187,484	**$ 268,687**	**$ 3,139,033**	**$ 1,018,535**	**$ 2,389,182**	**$ 62,988,798**
$ -	$ -	$ 72,672	$ -	$ -	$ 7,999,548
-	-	151,145	-	-	13,697,426
-	-	500	-	-	17,227,013
-	-	-	-	-	506,223
-	-	103,239	-	170,444	11,466,750
-	-	-	-	-	1,790,605
-	-	-	-	-	30,000
633,977	452,115	-	-	374,939	1,992,489
-	-	2,784,172	-	-	2,944,279
-	-	-	-	-	691,840
-	-	-	-	-	370,575
-	-	-	-	70,381	74,746
-	192,392	-	810,000	1,105,000	2,354,261
-	12,674	-	153,440	324,163	503,812
-	-	-	3,625	950	4,575
$ 633,977	**$ 657,181**	**$ 3,111,728**	**$ 967,065**	**$ 2,045,877**	**$ 61,654,142**
$ 553,507	**$ (388,494)**	**$ 27,305**	**$ 51,470**	**$ 343,305**	**$ 1,334,656**
$ -	$ -	$ -	$ 18,869	$ -	$ 342,569
(323,700)	-	-	-	-	(342,569)
-	498,771	-	-	-	498,771
-	-	-	-	-	67,389
$ (323,700)	**$ 498,771**	**$ -**	**$ 18,869**	**$ -**	**$ 566,160**
$ 229,807	**$ 110,277**	**$ 27,305**	**$ 70,339**	**$ 343,305**	**$ 1,900,816**
2,183,409	**454,039**	**12,536**	**1,490,461**	**2,429,729**	**16,807,685**
-	**-**	**-**	**-**	**-**	**(92,523)**
$ 2,413,216	**$ 564,316**	**$ 39,841**	**$ 1,560,800**	**$ 2,773,034**	**$ 18,615,978**

Exhibit 6

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

Net change in fund balances – total governmental funds (Exhibit 5)		**$ 1,900,816**
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 between the fund statements and the statement of activities is the increase or decrease in unavailable revenue.		
Unavailable revenue – December 31	$ 5,664,614	
Unavailable revenue – January 1	(4,756,482)	908,132
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. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the fund statements, the proceeds from the sale increase financial resources. The change in net position differs from the change in fund balance by the net book value of the assets disposed.		
Expenditures for general capital assets and infrastructure	$ 10,838,190	
Current year depreciation and amortization	(5,318,827)	5,519,363
Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued; whereas, those amounts are deferred and amortized over the life of the debt in the statement of activities.		
Proceeds of new debt		
Loan issued	$ (498,771)	
Adjustment to loan balance	(23,659)	(522,430)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments		
General obligation bonds	$ 1,915,000	
Loans payable	192,392	
Installment payable	64,497	2,171,889
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 software subscriptions		182,372

Pine County
Pine City, Minnesota

Exhibit 6
(Continued)

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

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	$ 19,549	
Change in compensated absences	(480,425)	
Current year amortization of premiums	133,305	
Current year amortization of refunding deferred charge	(103,573)	
Change in other postemployment benefits liability	154,737	
Change in deferred other postemployment benefits outflows of resources	(33,565)	
Change in deferred other postemployment benefits inflows of resources	(230,751)	
Change in net pension liability	4,165,640	
Change in deferred pension outflows of resources	(3,596,034)	
Change in deferred pension inflows of resources	185,682	
Change in inventories	(92,523)	122,042
An internal service fund is used by Pine County to charge the cost of the self-funded insurance programs to functions. The increase or decrease in net position of the internal service fund is reported in the government-wide statements of activities.		997,744
Change in Net Position of Governmental Activities (Exhibit 2)		**$ 11,279,928**

Proprietary Fund

Pine County
Pine City, Minnesota

Exhibit 7

Statement of Net Position
Proprietary Fund
December 31, 2024

		Governmental Activities
		Internal Service Fund
Assets		
Current assets		
Cash and pooled investments	$	2,009,331
Accounts receivable		1,054
Total Assets	**$**	**2,010,385**
Liabilities		
Current liabilities		
Claims payable	**$**	**205,704**
Net Position		
Unrestricted	**$**	**1,804,681**

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

Pine County
Pine City, Minnesota

Exhibit 8

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2024

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services	$ 4,376,711
Operating Expenses	
Cost of service	3,378,967
Operating Income (Loss)	**$ 997,744**
Net Position – January 1	806,937
Net Position – December 31	**$ 1,804,681**

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

Pine County
Pine City, Minnesota

Exhibit 9

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2024

		Governmental Activities Internal Service Fund
Cash Flows from Operating Activities		
Receipts from internal services provided	$	4,375,657
Payments to suppliers		(3,360,044)
Net cash provided by (used in) operating activities	**$**	**1,015,613**
Cash and Cash Equivalents at January 1		**993,718**
Cash and Cash Equivalents at December 31	**$**	**2,009,331**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	**$**	**997,744**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
(Increase) decrease in accounts receivable		(1,054)
Increase (decrease) in claims payable		18,923
Total adjustments	**$**	**17,869**
Net Cash Provided by (Used in) Operating Activities	**$**	**1,015,613**

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

Fiduciary Funds

Pine County
Pine City, Minnesota

Exhibit 10

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Social Welfare Private-Purpose Trust	Custodial Funds
Assets		
Cash and pooled investments	$ 60,150	$ 1,433,419
Taxes receivable – delinquent	-	940,925
Accounts receivable	-	350
Due from other governments	-	111,631
Prepaids	-	645
Total Assets	**$ 60,150**	**$ 2,486,970**
Liabilities		
Accounts payable	$ -	$ 17,532
Due to other governments	-	1,035,052
Total Liabilities	**$ -**	**$ 1,052,584**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 60,150**	**$ 1,434,386**

Pine County
Pine City, Minnesota

Exhibit 11

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2024

	Social Welfare Private-Purpose Trust	Custodial Funds
Additions		
Contributions from individuals	$ 827,417	$ 26,165,794
Interest earnings	-	4,113
Payments from the state	-	20,652
Payments from other entities	-	999,958
Total Additions	**$ 827,417**	**$ 27,190,517**
Deductions		
Payments to the state	$ -	$ 919,246
Administrative expense	-	150,692
Payments to other entities	-	26,182,739
Beneficiary payments to individuals	828,891	-
Total Deductions	**$ 828,891**	**$ 27,252,677**
Change in Net Position	**$ (1,474)**	**$ (62,160)**
Net Position – January 1	**61,624**	**1,496,546**
Net Position – December 31	**$ 60,150**	**$ 1,434,386**

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

Note 1 – Summary of Significant Accounting Policies

Pine County's financial statements are prepared in accordance with generally accepted accounting principles (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

Pine County was established March 1, 1856, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Pine County. The County is governed by a five-member Board of County 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.

Joint Ventures, Jointly-Governed Organization, and Related Organization

The County participates in joint ventures, a jointly-governed organization, and a related organization described in Note 6 – Summary of Significant Deficiencies and Other Items.

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 government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The government-wide statement of net position is presented on a consolidated basis by column and is reported on a full accrual accounting basis with an economic resource focus, 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 that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The 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, proprietary, and fiduciary—are presented. The emphasis of the governmental and proprietary fund financial statements is on major individual governmental funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 restricted intergovernmental revenues and other 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 Health and Human Services Special Revenue Fund is used to account for the restricted revenues of the economic assistance and community social services programs.

The Land Management Special Revenue Fund is used to account for the activities of the Land Department. Financing is provided primarily from the lease and sale of land and timber on County-managed, tax-forfeited lands.

The Clean Water Partnership Program Special Revenue Fund is used to account for the septic loan program through the Minnesota Pollution Control Agency.

The COVID-19 Relief Special Revenue Fund accounts for the County's awards of Coronavirus State and Local Fiscal Recovery Funds (SLFRF), the Community Development Block Grant Program (CDBG), and the County Relief Fund Program. This funding provides support to the County in its response to and recovery from the COVID-19 public health emergency.

The General Obligation Courthouse Bond Debt Service Fund is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for restricted revenues collected to address the repair and maintenance of county managed ditches, collection and distribution of grant funds related to comprehensive watershed management plans, and to address the effects of the opioid crisis.

Debt service funds are used to account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Capital project funds are used to account for future capital acquisitions and construction of major capital facilities of the County.

Internal service fund is used for health insurance premiums and payments.

Private-purpose trust funds are used to account for resources legally held in trust for the benefit of individuals.

Custodial funds are used to account for resources held by the County in a purely custodial capacity.

Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, 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 revenue 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. Pine County considers all revenues to be available if they are collected within 90 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under software subscriptions are reported as other financing sources.

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

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

Cash and Cash Equivalents

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

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 year-end, based on market prices. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were $1,250,664.

Pine 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 MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the net asset value per share provided by the pool.

Receivables and Payables

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

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.

Special assessments receivable consist of noncurrent special assessments payable in 2025 and after.

No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Capital Assets

The County’s capital assets consist of property, plant, equipment, infrastructure (roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under software subscription arrangements. The government defines capital assets as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of five years. Infrastructure items are only recorded as capital assets if the initial cost of the item is at least $50,000. Intangibles are only recorded as capital assets if the initial cost of the item is at least $20,000. Buildings and building improvements are capitalized if the initial cost is over $25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value 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 government 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 subscription term:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	20-40
Building Improvements	10-30
Public domain infrastructure	50-75
Furniture, Equipment, and vehicles	5-10
Software subscriptions	3-5
Intangibles	5

Unearned Revenue

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

Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of vacation leave, sick leave, compensatory time, and paid time off (PTO) 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 an amount based on a trend analysis of current usage of vacation, compensatory time, sick leave, and PTO. The noncurrent portion consists of the remaining amount of vacation, compensatory time, sick leave, and PTO.

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 on the 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 in the year of bond issuance.

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

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 consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/ expense) until that time. The County reports deferred outflows of resources only under the full accrual basis of accounting associated with deferred charges on refunding bonds, pension benefits, and other postemployment benefits (OPEB) and, accordingly, are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue associated with revenue received after the period of availability. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The County also reports deferred inflows of resources associated with pension benefits and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Net Pension Liability

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

Classification of Net Position

Net position represents the differences between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the government-wide financial statements. The net investment of capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position is reported as restricted in government-wide financial statements when there are limitations on its use through external restrictions 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 is net position that does not meet the definition of restricted net position or net investment in capital assets.

Classification of Fund Balances

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

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

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

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

Assigned – amounts the County intends to use for specific purposes that do 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 that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Auditor/Treasurer, who has been delegated that authority by Board policy.

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

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

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.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Balance

At December 31, 2024, the Road and Bridge Special Revenue Fund had a deficit fund equity balance of ($1,988,637). This deficit will be reduced with future tax levies and other revenue sources.

Note 3 – Detailed Notes

Assets

Deposits and Investments

Reconciliations of the County's total deposits, cash on hand, 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		
Cash and pooled investments	$	21,487,708
Change funds		2,575
Statement of Fiduciary Net Position		
Cash and pooled investments		
Social Welfare Private-Purpose Trust Fund		60,150
Custodial funds		1,433,419
Total Cash and Investments	$	22,983,852
Deposits	$	2,465,121
Change funds		2,575
Investments		20,516,156
Total Cash and Investments	$	22,983,852

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 Minnesota Statute § 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; state and local government 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 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. The County does not have a deposit policy for custodial credit risk. However, the County complies with Minnesota Statute in establishing collateral for its deposits. As of December 31, 2024, the County's deposits were not subject to custodial credit risk.

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.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of the investment. The County's policy is to minimize its exposure to interest rate risk by: (1) structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; (2) diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized; and (3) investing operating funds primarily in shorter-term securities, MAGIC Fund, money market mutual funds, or similar investment pools.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an 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.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of failure by the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County has a policy for investment custodial credit risk which permits brokers to hold investments only to the extent there is Securities Investor Protection Corporation (SIPC) and excess SIPC coverage available.

As of December 31, 2024, none of Pine 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. It is the County's policy that investing could include, but is not limited to: U.S. Treasury securities, short-term obligations of the U.S. governmental agencies and instrumentalities, mortgage-backed bonds, and A1-P1 rated commercial paper. It is the County's policy that securities having potential default risk shall be limited in size so that, in case of default, the portfolio's annual investment income will not exceed a loss on a single issuer's securities.

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

Pine County
Pine City, Minnesota

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

Investment Type	Credit Risk: Credit Rating	Credit Risk: Rating Agency	Concentration Risk: Over 5% of Portfolio	Interest Rate Risk: Maturity Date		Carrying (Fair) Value
U.S. government agency securities						
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		01/26/26	$	195,244
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		03/26/26		259,548
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		04/28/26		460,731
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		05/12/26		485,245
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		06/30/26		290,172
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		09/30/26		191,732
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		10/28/26		385,152
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		10/28/26		572,670
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		11/24/26		438,187
Federal Home Loan Bank Bonds	Aaa/AA+	Moody’s/S&P		09/10/27		746,408
Total U.S. government agency securities			19.6%		$	4,025,089
Negotiable certificates of deposit						
JP Morgan	NR	NR	<5%	01/31/25	$	149,571
Ally Bank	NR	NR	<5%	03/03/25		246,827
Mountain American Credit Union	NR	NR	<5%	08/29/25		243,971
NelNet	NR	NR	<5%	02/17/26		236,322
Bank United	NR	NR	<5%	03/19/26		235,706
BMO Harris	NR	NR	<5%	04/13/26		143,254
Discover Bank	NR	NR	<5%	06/26/26		97,954
Beal Bank	NR	NR	<5%	03/31/27		237,725
Capital One NA	NR	NR	<5%	05/18/27		240,514
Capital One USA	NR	NR	<5%	05/18/27		240,514
Morgan Stanley Bank NA	NR	NR	<5%	05/19/27		240,784
Morgan Stanley Pvt Bank	NR	NR	<5%	05/19/27		240,784
Synchrony Bank	NR	NR	<5%	08/26/27		241,198
Medallion Bank	NR	NR	<5%	08/30/27		240,975
Discover Bank	NR	NR	<5%	10/04/27		146,260
1st Financial Bank	NR	NR	<5%	11/01/27		246,595
Milestone Bank	NR	NR	<5%	12/09/27		245,608
Banker’s Bank	NR	NR	<5%	05/24/28		246,139
BMO Harris	NR	NR	<5%	07/13/28		90,572
UBS Bank	NR	NR	<5%	01/31/24		245,708
Wells Fargo Bank NA	NR	NR	<5%	01/30/24		245,453
Total negotiable certificates of deposit					$	4,502,434
MAGIC Fund	N/A	N/A	58.4%	N/A	$	11,988,633
Total investments					$	20,516,156
Deposits						2,465,121
Change funds						2,575
Total Cash and Investments					$	22,983,852

NR – Not Rated
N/A – Not Applicable
<5% – Concentration is less than 5% of investments

Fair Value Measurement

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

Investments are categorized based on the inputs to the valuation techniques as follows:

- *Level 1:* Investments are valued using inputs that are based on quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.
- *Level 2:* Investments are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- *Level 3:* Investments are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

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

Recurring Fair Value Measurements as of December 31, 2024

		Fair Value Measurements Using		
	December 31, 2024	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				
Federal Home Loan Bank Bonds	$ 4,025,089	$ 572,670	$ 3,452,419	$ -
Negotiable certificates of deposit	4,502,434	2,324,949	2,177,485	-
Total Investments by Fair Value Hierarchy	$ 8,527,523	$ 2,897,619	$ 5,629,904	$ -
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	$ 11,988,633			

Debt securities classified in Level 1 are valued using a market approach quoted in active markets for those securities.

Debt securities classified in Level 2 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 County's investments in MAGIC 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 their redemption request. The MAGIC Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

Receivables

The County had $2,449,315 in noncurrent special assessments scheduled to be collected beyond one year.

Loans Receivable

The County currently has a contract for deed outstanding with the City of Sandstone for the sale of the John Wright building. On April 18, 2023, the County and the City entered into a new contract for deed to finance the original contract's $50,000 balloon payment due at the end of 2023 into five annual $10,000 payments due on July 1 of each year starting with 2024. This receivable is reported in the Governmental Buildings Capital Projects Fund. Annual payments to the County for the contract for deed are as follows:

Loans Receivable at December 31, 2024

Year Ending	Contract for Deed	
December 31	Principal	Interest
2025	$ 10,000	$ -
2026	10,000	-
2027	10,000	-
2028	10,000	-
Total	$ 40,000	$ -

Capital Assets

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

Governmental Activities

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	$ 4,305,389	$ -	$ -	$ 4,305,389
Construction in progress	2,135,748	798,016	(770,281)	2,163,483
Total capital assets not depreciated	$ 6,441,137	$ 798,016	$ (770,281)	$ 6,468,872
Capital assets depreciated and amortized				
Buildings	$ 30,155,989	$ -	$ -	$ 30,155,989
Building improvements	686,166	-	-	686,166
Machinery and equipment	13,719,561	1,298,024	(717,147)	14,300,438
Intangibles	1,067,578	-	-	1,067,578
Infrastructure	155,399,491	9,512,431	-	164,911,922
Software subscriptions	1,038,084	-	-	1,038,084
Total capital assets depreciated and amortized	$ 202,066,869	$ 10,810,455	$ (717,147)	$ 212,160,177
Less: accumulated depreciation and amortization for				
Buildings	$ 11,318,168	$ 743,805	$ -	$ 12,061,973
Building improvements	87,248	27,446	-	114,694
Machinery and equipment	11,332,169	1,020,127	(717,147)	11,635,149
Intangibles	896,331	55,151	-	951,482
Infrastructure	49,744,818	3,190,850	-	52,935,668
Software subscriptions	230,318	281,448	-	511,766
Total accumulated depreciation and amortization	$ 73,609,052	$ 5,318,827	$ (717,147)	$ 78,210,732
Total capital assets depreciated and amortized, net	$ 128,457,817	$ 5,491,628	$ -	$ 133,949,445
Capital Assets, Net	$ 134,898,954	$ 6,289,644	$ (770,281)	$ 140,418,317

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

Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities		
General government	$	622,932
General government - Amortization		281,448
Public safety		780,784
Highways and streets		3,551,357
Human services		31,178
Health		24,816
Conservation of natural resources		26,312
Total Depreciation and Amortization Expense – Governmental Activities	$	5,318,827

Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

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

Interfund Balances as of December 31, 2024

Receivable Fund	Payable Fund		Amount	Description
General Fund	Road and Bridge Special Revenue Fund	$	3,424,328	Reimbursements and eliminate negative cash
	Health and Human Services Special Revenue Fund		54,012	Reimbursements
	Land Management Special Revenue Fund		233,688	Forfeited tax distribution
	One Watershed One Plan Special Revenue Fund		37,493	Reimbursements
Total due to General Fund		$	3,749,521	
Road and Bridge Special Revenue Fund	General Fund	$	13,036	Fuel and reimbursements
	Health and Human Services Special Revenue Fund		668	Reimbursements
	Land Management Special Revenue Fund		189	Fuel
Total due to Road and Bridge Special Revenue Fund		$	13,893	
Health and Human Services Special Revenue Fund	General Fund	$	717	Reimbursements
	Land Management Fund		208	Reimbursements
Total due to Health and Human Services Special Revenue Fund		$	925	
Total Due To/From Other Funds		$	3,764,339	

Interfund transfers

Interfund transfers for the year ended December 31, 2024 consisted of the following:

Interfund Transfers for the Year Ended December 31, 2024

Transfer to General Fund from		
Land Management Special Revenue Fund	$ 233,700	Forfeited tax distribution
Land Management Special Revenue Fund	90,000	Salary reimbursement
Total transfers to General Fund	$ 323,700	
Transfer to General Obligation Courthouse Bond Debt Service Fund from General Fund	18,869	Bond payment
Total Interfund Transfers	$ 342,569	

Liabilities

Construction Commitments

The County has active construction projects as of December 31, 2024. The projects include the following:

Active Construction Projects and Other Commitments as of December 31, 2024

	Spent-to-Date	Remaining Commitment
Governmental Activities		
Roads and bridges	$ 36,039,563	$ 403,824

Long-Term Debt

Information on individual debt instruments was as follows:

Long-Term Debt as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2015A G.O. Crossover Refunding Bonds	2031	$815,000-$1,595,000	3.00-4.00	$ 13,430,000	$ 7,460,000
2017A G.O. Capital Improvement Plan Bonds	2033	$240,000-$315,000	4.00	3,905,000	2,560,000
2020A G.O. Refunding and Capital Improvement Bonds	2031	$490,000-$785,000	1.00-3.00	8,310,000	6,005,000
2016 Minnesota Pollution Control Agency (MPCA) loans	2030	$49,404-$98,451	2.00	910,564	526,075
2020 Minnesota Pollution Control Agency (MPCA) loans	2034	$104,148	N/A	2,082,950	1,978,803
2024 Minnesota Pollution Control Agency (MPCA) loans	2034	$52,539-$57,898	1.5	772,500*	461,748
Installment Payable	2025	$48,372-$64,497	N/A	193,490	64,497
Total General Obligation Bonds, Loans, and Installment Payable				$ 29,604,504	$ 19,056,123
Add: Unamortized premium					884,415
Total General Obligation Bonds, Loans, and Installment Payable, Net					$ 19,940,538

*The total available for the County to draw down is $750,000. Original issue amount includes $22,500 of interest estimated to be accrued during the project implementation period. As of December 31, 2024, the County had drawn $461,748.

Debt Service Requirements

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

Debt Service Requirements as of December 31, 2024

Year Ending	General Obligation Bonds		MPCA Loan*	
December 31	Principal	Interest	Principal	Interest
2025	$ 1,985,000	$ 410,378	$ 299,213	$ 10,000
2026	2,065,000	345,178	301,040	8,173
2027	2,135,000	283,528	302,905	6,309
2028	2,205,000	220,809	410,278	15,601
2029	2,280,000	160,103	413,806	12,073
2030-2034	5,355,000	174,610	1,550,136	23,852
Total	$ 16,025,000	$ 1,594,606	$ 3,277,378	$ 76,008

*The repayment schedule includes $288,251 not drawn down at December 31, 2024 and $22,500 of interest estimated to be accrued during the project implementation period.

Debt Service Requirements – Installment Payable
As of December 31, 2024

Year Ending December 31	Principal	Interest
2025	$ 64,497	$ -

Software Subscription Liability

The County has entered into several subscription-based information technology arrangements for financing the acquisition of cloud-based licensing for users and a cloud-based tax billing and collections system. These arrangements are for three to four years. These arrangements have been recorded at the present value of their future minimum software subscription payments as of the inception date.

The future minimum software subscription liabilities and the present value of these minimum payments as of December 31, 2024, were as follows:

Minimum Future Payments Software Subscription
Liabilities as of December 31, 2024

Year Ending December 31	Principal	Interest
2025	$ 187,749	$ 8,159
2026	74,496	2,486
Total	$ 262,245	$ 10,645

Changes in Long-Term Liabilities

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

Governmental Activities

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

	Beginning Balance	Additions	Deductions/ Adjustments	Ending Balance	Due Within One Year
General obligation bonds	$ 17,940,000	$ -	$ (1,915,000)	$ 16,025,000	$ 1,985,000
Add: unamortized premium	1,017,720	-	(133,305)	884,415	-
MPCA loans	2,636,588	498,771	(168,733)**	2,966,626	299,213
Installment payable	128,994	-	(64,497)	64,497	64,497
Software subscription liability	444,617	-	(182,372)	262,245	187,749
Compensated absences	2,546,803	480,425*	-	3,027,228	1,283,860
Total Long-Term Liabilities	$ 24,714,722	$ 979,196	$ (2,463,907)	$ 23,230,011	$ 3,820,319

*The change in the compensated absences liability is presented as a net change.
**An adjustment of $23,659 was made to increase the 2020 Minnesota Pollution Control Agency (MPCA) loans based on the final repayment schedule.

MPCA Loans

The County participates in a revolving loan program that resulted in entering into loan agreements with the Minnesota Pollution Control Agency for financing septic systems. The loans are secured by special assessments placed on the individual parcels requesting repair of septic systems. The 2016 loan bears interest at two percent. The County has drawn down $910,564 on this note and it is considered fully disbursed. The repayment schedule requires semi-annual installments of $50,459 beginning December 15, 2020.

The 2020 loan was effective August 1, 2020, and is a no interest loan, unless the repayment is late. If repayment is late, interest shall accrue at two percent on the principal balance owed commencing on the date repayment is due according to the final repayment schedule and continuing until the payment is received by the MPCA. The County has drawn down $2,082,950 on this loan and it is considered fully disbursed. The repayment schedule requires semi-annual installments of $104,148 beginning December 15, 2024.

The Pine County Subsurface Sewage Treatment Systems Project Series 2024 loan for replacement of non-compliant septic systems was effective through Resolution 2024-44, with an interest rate of 1.5 percent per year. The loans are secured by the general obligation promissory note. The County is authorized to borrow money and issue its general obligation note in an aggregate principal amount not exceeding $750,000. The principal balance of the promissory note, plus the interest shall be payable in semiannual installments of $58,333, payable on June 15 and December 15 in each year, commencing June 15, 2028. If the full amount of the MPCA Loan has not been advanced under the MPCA Agreement by June 15, 2028, the MPCA shall, under the provisions of the MPCA Agreement, reduce the principal amount of the MPCA Loan to an amount equal to the total loan amount. The County has drawn down $461,748 of the loan as of December 31, 2024.

Aerial Photography Installment Payable

In May 2022, the County entered into a contract with a vendor to provide new aerial photography of real estate located within the county. The contract required an initial $16,124 payment to be followed by a $48,372 payment that was made in July 2023 upon shipment of the imagery to the County. Subsequent payments of $64,497 are then required on the first and second anniversaries of the shipment of the imagery to the County.

Deferred Inflows of Resources

Unavailable Revenue

Unavailable revenue consists of taxes, loans, special assessments, state-aid highway allotments, state and federal grants, and other revenues not collected soon enough after year-end to pay liabilities of the current period. Unavailable revenue at December 31, 2024, is summarized by fund:

Unavailable Revenue as of December 31, 2024

	Taxes	Grants	State Aid Highway Allotments	Loans	Other	Total
General Fund	$ 327,648	$ 46,435	$ -	$ 14,313	$ 33,468	$ 421,864
Special Revenue Funds						
Road and Bridge	56,564	135,797	398,411	-	-	590,772
Health and Human Services	108,872	951	-	-	-	109,823
Land Management	-	-	-	-	1,879,518	1,879,518
Clean Water Partnership Program	-	-	-	2,556,213	-	2,556,213
Debt Service Funds						
General Obligation Courthouse Bond	26,028	-	-	-	-	26,028
General Obligation Jail Bond	30,608	-	-	-	-	30,608
CIP Project Bond	7,667	-	-	-	-	7,667
Capital Projects Funds						
Governmental Buildings	803	-	-	-	40,000	40,803
Technology Equipment	1,318	-	-	-	-	1,318
Total	$ 559,508	$ 183,183	$ 398,411	$ 2,570,526	$ 1,952,986	$ 5,664,614

Other Postemployment Benefits (OPEB)

Plan Description

Pine County administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents. OPEB are determined by the County Commissioners and can be amended by the County through its personnel manual and union contracts. Qualified employees first hired before March 1, 1996, are eligible, with exceptions, for employer contributions for retiree health care. Contributions vary depending on the employee’s bargaining unit and the County contracts.

The County also provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Active employees who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100 percent of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of the December 31, 2023, actuarial valuation, there are 234 active employees electing coverage, 47 active employees waiving coverage, 34 retirees electing coverage, and zero retirees with only non-medical coverage.

The cost of OPEB is funded on a "pay-as-you-go" method.

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.

Total OPEB Liability

The County's OPEB liability was measured as of December 31, 2023, and the total OPEB liability was determined by an actuarial valuation as of that date. The total OPEB liability is liquidated primarily by the General Fund and the Road and Bridge and Health and Human Services Special Revenue Funds.

The total OPEB liability in the fiscal-year (FY) ending December 31, 2024, was determined using the following actuarial assumptions and other inputs and applied to all periods included in the measurement, unless otherwise specified:

OPEB Actuarial Assumptions and Other Inputs

Inflation	2.50 percent
Salary increases	Based on the most recently disclosed assumptions for the pension plan in which the employee participates.
Health care trend rate	
Not Medicare eligible	6.90 percent for FY 2024, gradually decreasing over several decades to an ultimate rate of 3.90 percent in FY 2075 and later years.
Medicare eligible	4.50 percent for medical and 6.10 percent for prescription drug for FY 2024, gradually decreasing over several decades to an ultimate rate of 3.90 percent in FY 2075 and later years.

The mortality rates used were based on those used by Public Employees Retirement Association of Minnesota (PERA). General Employees Retirement Plan employees' mortality rates were based on the Pub-2010 mortality tables with projected mortality improvements based on scale MP-2021 and other adjustments. PERA Public Employees Police and Fire Plan and PERA Public Employees Local Government Correctional Service Retirement Plan employees' mortality rates were based on the Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021 and other adjustments.

The discount rate used to measure the total OPEB liability was 3.77 percent. The discount rate is equal to the 20-year municipal bond yield using the Fidelity 20-Year Municipal GO AA Index.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance as of January 1, 2024	$ 2,782,950
Changes for the year	
Service cost	$ 128,295
Interest	115,429
Differences between expected and actual experience	(451,972)
Changes in assumptions	175,795
Benefit payments	(122,284)
Net Change in Total OPEB Liability	$ (154,737)
Balance as of December 31, 2024	$ 2,628,213

OPEB Liability Sensitivity

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

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%	$ 2,905,559
Current	3.77%	2,628,213
1% Increase	4.77%	2,383,686

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

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

	Health Care Trend Rate		
	Not Medicare eligible	Medicare eligible	Total OPEB Liability
1% Decrease	5.90%	3.50%	$ 2,339,631
Current	6.90%	4.50%	2,628,213
1% Increase	7.90%	5.50%	2,969,178

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

For the year ended December 31, 2024, the County recognized OPEB expense of $109,579. 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	$ 451,873	$ 397,564
Changes of assumptions	348,293	834,445
Employer contributions paid subsequent to the measurement date	117,349	-
Total	$ 917,515	$ 1,232,009

The $117,349 reported as deferred outflows of resources related 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 and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended	Amount
2025	$ (22,856)
2026	(27,288)
2027	(37,692)
2028	(84,556)
2029	(114,859)
Thereafter	(144,592)

Changes in Actuarial Methods and Assumptions

The following change in actuarial methods and assumptions occurred in 2024:

- The discount rate was changed from 4.05 percent to 3.77 percent based on updated 20-year municipal bond rates.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2021, PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- Mortality rates were updated from the rates used in the July 1, 2021, PERA Police and Fire Plan and July 1, 2021, PERA Correctional Plan valuations to the rates used in the July 1, 2023, valuations.

- The percent of future non-Medicare eligible retirees other than Teamsters Deputies electing each medical plan changed to reflect recent plan experience. The following table provides the changes for the assumed percent electing each plan:

Medical Plan	Fiscal 2024 Valuation	Fiscal 2023 Valuation
CMM $1500	25%	45%
HSA	70%	50%
VEBA	5%	5%

- The general inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated analysis of historical inflation rates and forward-looking market expectations.

- The wage inflation and payroll growth assumption was changed from 3.00 percent to 3.25 percent based on an updated analysis of historical rates and forward-looking market expectations and the July 1, 2023, PERA valuations, adjusted for inflation.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Pine 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 three years of credited service. No Pine 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 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.

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	$	1,072,483
Police and Fire Plan		639,046
Correctional Plan		208,873

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 $5,945,860 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 0.1608 percent. It was 0.1590 percent measured as of June 30, 2023. The County recognized pension expense of $284,560 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 $273,565 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 $4,122 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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	$	5,945,860
State of Minnesota's proportionate share of the net pension liability associated with the County.		153,748
Total	$	6,099,608

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	$ 558,811	$ -
Changes in actuarial assumptions	30,215	2,231,686
Difference between projected and actual investment earnings	-	1,621,516
Changes in proportion	151,582	332,642
Contributions paid to PERA subsequent to the measurement date	543,495	-
Total	$ 1,284,103	$ 4,185,844

The $543,495 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	$ (1,882,511)
2026	(406,350)
2027	(700,660)
2028	(455,715)

Police and Fire Plan

At December 31, 2024, the County reported a liability of $3,214,345 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 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 0.2443 percent. It was 0.2482 percent measured as of June 30, 2023. The County recognized pension expense of $622,370 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 $69,381 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 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. The County recognized an additional $13,705 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	$	3,214,345
State of Minnesota's proportionate share of the net pension liability associated with the County		122,530
Total	$	3,336,875

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:

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	$ 1,276,346	$ -
Changes in actuarial assumptions	3,693,135	4,808,214
Difference between projected and actual investment earnings	-	922,595
Changes in proportion	94,582	513,871
Contributions paid to PERA subsequent to the measurement date	327,496	-
Total	$ 5,391,559	$ 6,244,680

The $327,496 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	$ (146,977)
2026	808,744
2027	(522,066)
2028	(1,383,233)
2029	62,915

Correctional Plan

At December 31, 2024, the County reported a liability of $281,880 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 0.9249 percent. It was 0.9524 percent measured as of June 30, 2023. The County recognized pension expense of $345,393 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 $48,611 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.

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	$ 202,209	$ -
Changes in actuarial assumptions	-	982,072
Difference between projected and actual investment earnings	-	342,871
Changes in proportion	-	155,109
Contributions paid to PERA subsequent to the measurement date	102,907	-
Total	$ 305,116	$ 1,480,052

The $102,907 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	$ (1,216,115)
2026	194,418
2027	(150,790)
2028	(105,356)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was $1,252,323.

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:

Actuarial Assumptions for the Year Ended June 30, 2024

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

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.

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%	$12,986,714	6.00%	$ 7,596,126	6.00%	$ 2,290,616
Current	7.00%	5,945,860	7.00%	3,214,345	7.00%	281,880
1% Increase	8.00%	154,114	8.00%	(384,013)	8.00%	(1,318,392)

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 members of the Board of Commissioners of Pine 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	$ 8,211	$ 8,211
Percentage of covered payroll	5.00%	5.00%

Note 4 – Postemployment Health Care Plans

MSRS Health Care Savings Plan

In May 2006, Pine County's Board of Commissioners approved a Health Care Savings Plan (HCSP) administered by the Minnesota State Retirement System (MSRS). The plan is authorized under Minn. Stat. § 352.98 and through an Internal Revenue Service (IRS) private letter ruling establishing the HCSP as a tax-exempt benefit as of July 29, 2002. The plan is open to any active public employees in Minnesota if they are covered under certain public service retirement plans.

Under the terms of the HCSP, employees are allowed to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. The IRS private letter ruling requires mandatory participation of all employees in each bargaining unit in order to gain tax-free benefits. Allowable amounts deposited into individual accounts must be negotiated by each individual bargaining unit and the employer. The plan must be written into the collective bargaining agreement or a Memo of Understanding. For those employees not covered by a bargaining unit, amounts to be deposited into individual accounts must be agreed to by the employer and included in a written personnel policy.

Under Pine County's plan, both unionized and non-unionized employees are allowed to contribute up to two percent of their annual salary into their HCSP account. Through a Memo of Understanding between Pine County and the Law Enforcement Labor Services (LELS) Deputies Division, those unionized employees are authorized to contribute up to one percent of their annual salary. Additionally, the LELS Deputies Division employees are allowed to transfer excess compensatory hours, wellness day hours, and personal day hours to their HCSP accounts. Non-unionized employees, according to policy, must transfer personal time off days in excess of the maximum allowed into their HCSP accounts.

Minnesota Service Cooperative VEBA Plan

In 2004, the Pine County Board of Commissioners approved a Voluntary Employee's Beneficiary Association (VEBA) plan for funding employee health benefits as authorized under Section 213(d) of the IRS code. The VEBA plan is a health reimbursement plan providing for individual employer-funded accounts that can be used to help pay eligible medical expenses incurred by participating employees. The plan is used in combination with a high-deductible health plan. Funding is provided through pre-tax contributions from Pine County based on employee health care premiums, accumulated severance, and other longevity-based benefits.

The current maximum County contribution for active employees consists of the difference between the County's contribution to its employees' single or family health insurance premiums under its existing comprehensive major medical plan, less the cost of the single or family health insurance premium under the VEBA high-deductible plan.

Any balance remaining in an employee's account at year-end rolls over into the subsequent year.

Eligibility requirements include:

- being an active employee or retiree of a public entity;
- active employees must have a high-deductible health plan; and
- being a member of a bargaining unit that has approved the VEBA plan.

Note 5 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of the MCIT Workers' Compensation, Property and Casualty, and Employee Benefits (for health insurance) 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.

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.

The Employee Benefits Division of the MCIT health plan is self-insured. Benefits under the plan are paid from assets of MCIT. Each participating county contributes the aggregate cost of coverage under the plan for the covered employees attributable to it. These amounts are held in trust by MCIT until they are needed to pay for benefits under the plan or to defray the reasonable costs of administering the plan. Stop-loss coverage of $150,000 is available to protect the assets held in trust by MCIT from catastrophic loss due to unexpected plan costs.

In 2021, Pine County established a limited risk management program for health coverage. Premiums are paid into the Internal Service Fund by all other funds with payroll and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a $200,000 stop-loss per claimant. The aggregate stop-loss limit was 115 percent of expected claims ($4,183,844 for 2024) for the health plan. The County contracts with United Health Care to administer the County's health care benefit claims. United Health Care processes all benefit claims and charges the County an administrative fee. Liabilities of the Internal Service Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The December 31, 2024, liability is determined based on detailed reports received by the County from the third-party administrator for claims incurred, adjusted, and paid through January 1, 2025. Changes in the balances of claims liabilities during 2024 are as follows:

Changes in Claims Liability

	2024	2023
Unpaid claims, January 1	$ 186,781	$ 201,635
Incurred claims	3,467,105	2,974,691
Claim payments	(3,448,182)	(2,989,545)
Unpaid claims, December 31	$ 205,704	$ 186,781

Note 6 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

Amounts received or receivable from granting 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 government.

Conduit Debt

Camp Heartland Project, Inc.

In 2000, the County issued $1,175,000 of Industrial Development Revenue Notes to provide financial assistance to Camp Heartland Project, Inc., a nonprofit corporation, for refinancing the corporation’s debt incurred for acquiring, constructing, and equipping facilities located in Willow River. The corporation is primarily engaged in providing programs for children infected with or affected by HIV/AIDS. The notes are secured by the property financed and are payable solely from revenues of the corporation. In 2016, Pine County refinanced the outstanding amount of the $1,175,000 Industrial Development Revenue Note, Series 2000, in which the outstanding principal amount payable was $703,405, by issuing a Revenue Note, Series 2016 One Heartland, Inc., Project, formerly known as Camp Heartland Project, Inc. Neither the County, the state, nor any political subdivision thereof, is obligated in any manner for repayment of the notes. Accordingly, the notes are not reported as liabilities in the accompanying financial statements. The balance as of December 31, 2024, is $284,227.

Joint Ventures

East Central Solid Waste Commission

The East Central Solid Waste Commission was established in March 1988 by a joint powers agreement among Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to conduct a solid waste management program on behalf of the participating counties. The Commission is an organized joint venture having the powers, duties, and privileges granted joint powers by Minn. Stat. § 471.59. The Commission has five voting members, one Commissioner from each county. Each county has one voting member and, in the absence of the voting member, an alternate, who is also a County Commissioner, votes.

Each county's proportionate share of the total operating costs is based on the most recent census data available and is to be adjusted upon the admission of additional counties or the withdrawal of counties. The Commission will remain in existence as long as two or more counties remain as parties to the agreement. Upon dissolution of the Commission, there will be an audit to determine assets and liabilities, and the proceeds will be distributed to the counties based on their respective ratios set by the most recent census data.

Each county's share of the Commission's assets, liabilities, and equities cannot be accurately determined since it will fluctuate with census data rather than ownership interest.

Complete financial information can be obtained from: East Central Solid Waste Commission, 1756 – 180th Avenue, Mora, Minnesota 55051.

Snake River Watershed Management Board

The Snake River Watershed Management Board was established in April 1983 by Aitkin, Kanabec, Mille Lacs, and Pine Counties, pursuant to the provisions of Minn. Stat. § 471.59. The purpose of the Board is to coordinate the member counties' water plans and to develop objectives to promote sound hydrologic management of water and related land resources.

The four-member Board consists of one County Commissioner from each of the participating counties. The Kanabec County Auditor is the fiscal agent for the Board.

The Board is funded through an annual budget, and participation in the administrative cost is in the following percentages:

Percentage of Funding by Member

Aitkin County	20.8%
Kanabec County	49.5%
Mille Lacs County	9.2%
Pine County	20.5%

Pine County provided no funding to this organization during 2024. The board is pending dissolution after the creation of the Snake River Watershed Plan Partnership in September 2023 with the personal property being returned to the member county contributing the same. The Snake River Watershed Management Board on November 6, 2024, passed a resolution to dissolve and close out the operations of the Snake River Watershed Management Board.

Complete financial information can be obtained from: Snake River Watershed Management Board, Kanabec County Courthouse, 18 North Vine Street, Mora, Minnesota 55051.

Snake River Watershed Plan Partnership

The Snake Comprehensive Watershed Plan Partnership was established in September 2023, pursuant to Minn. Stat. § 471.59, as a joint powers entity. The parties to this agreement have the responsibility and authority to separately or cooperatively, by joint agreement pursuant to Minn. Stat. § 471.59, to prepare, develop, adopt, implement, and administer a comprehensive local water management plan, or substitute thereof, and carry out implementation actions, programs, and projects toward achievement of goals and objectives of such plans.

The Board consists of one member from the Counties of Aitkin, Kanabec, Mille Lacs and Pine, and the Soil and Water Conservation Districts of Aitkin, Kanabec, Mille Lacs and Pine. Pine County is the fiscal agent.

Central Minnesota Emergency Medical Services Region

The Central Minnesota Emergency Medical Services Region (the 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. The member counties are Benton, Cass, Crow Wing, Kanabec, Mille Lacs, Morrison, Pine, Stearns, Todd, Wadena, and Wright. 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.

Complete financial information can be obtained from: Central Minnesota Emergency Medical Services Region, Administration Center, 705 Courthouse Square, St. Cloud, Minnesota 56303-4701.

Central Minnesota Jobs and Training Services, Inc. (WIA – Workforce Service Area 5)

Central Minnesota Jobs and Training Services, Inc. (CMJTS) is a nonprofit employment and training agency and a partner in the Minnesota WorkForce Center System. CMJTS is a joint venture established pursuant to Minnesota Statutes ch. 268 and § 471.59, consisting of 11 counties in Central Minnesota, including Meeker, McLeod, Renville, Kandiyohi, Kanabec, Wright, Sherburne, Mille Lacs, Isanti, Chisago, and Pine Counties and is also a partner of Workforce Service Area 5.

CMJTS’s mission is to match job seekers, youth, businesses, and those seeking training with the resources available to them. Funding is to be provided through block grants from the U.S. Department of Labor. One County Commissioner from each participating county is appointed to the Joint Powers Board.

Rush Line Corridor Joint Powers Agreement

The Rush Line Corridor Joint Powers Agreement was established in March 1999, pursuant to Minn. Stat. ch. 398A and § 471.59, as a joint powers entity. The Rush Line Corridor is a transit way corridor that originates in St. Paul in Ramsey County and extends north from Ramsey County through Washington, Chisago, Pine, and Carlton Counties to Duluth in St. Louis County. The Rush Line Corridor consists of the cities, counties, and towns from St. Paul to Duluth and was created to preserve the corridor for future multi-modal transportation improvements including highway, rail transit, and multi-use paths.

As part of the agreement, a joint powers board called the Rush Line Corridor Task Force was created to make the decisions needed to carry out the terms of the joint powers agreement. This Task Force consists of one member and one alternate appointed from each party, with their membership terms beginning on January 15 and ending on January 14 of the next succeeding year, or until a successor is appointed.

The Task Force has the authority to adopt budgets; enter into transactions, contracts, and leases; incur debts, liabilities, and obligations; employ agents and employees; and enter into legal claims. The Task Force is also a separate entity from its members, and the members are not liable for the Task Force's actions.

Funding, if needed for administrative costs, is provided to the Task Force based on corridor county population for the most recent census year or state demographer data available. Pine County made no contributions in 2024.

Minneapolis-Duluth/Superior Passenger Rail Alliance Joint Powers Agreement

The Minneapolis-Duluth/Superior Passenger Rail Alliance (also known as the "Northern Lights Express") Joint Powers Agreement was established in February 2008, pursuant to Minn. Stat. §§ 471.59, 398A.04 and 398A.06, as a joint powers entity. The Minneapolis-Duluth/Superior Passenger Rail Alliance corridor is a transit way corridor that is a critical line between the Twin Cities metropolitan area and northeast areas of Minnesota and further serving communities in the Corridor from Minneapolis, northeast to Duluth, Minnesota, and Superior, Wisconsin ("Twin Ports"). The Minneapolis-Duluth/Superior Passenger Rail Alliance was created to analyze the feasibility, environmental impact, rail characteristics, station locations, train scheduling, operations, and other necessary features for integrated transportation improvements along the corridor, including intercity passenger and freight rail and to analyze safety and related issues. The Joint Powers Agreement provides a mechanism whereby the Alliance can facilitate systematic planning and development for passenger rail transportation along the corridor, including communication with and coordination of Alliance activities as necessary with BNSF Railway Company (primary owner and operator of the corridor); other affected railroads; state agencies; counties; municipalities; the Federal Railroad Administration; other regulatory, planning, and funding agencies; tribal authorities; and other stakeholders for advancement of the Alliance's purposes.

As part of the agreement, a joint powers board called the Minneapolis-Duluth/Superior Passenger Rail Alliance Board was created to make the decisions needed to carry out the terms of the joint powers agreement. This Board consists of one elected official selected by each party and alternate members, consisting of one individual selected by each party, with their membership terms beginning on January 1 and ending on January 1 of the next succeeding year, or until a successor is appointed by the applicable party.

The Board has the authority to adopt budgets; enter into transactions, contracts, and leases; incur debts, liabilities, and obligations; employ agents and employees; and enter into legal claims. The Board is also a separate entity from its members, and the members are not liable for the Board's actions.

The parties shall contribute the funds necessary to carry out the purposes and powers of the Board, consistent with an annual budget and cost-sharing formula adopted by the Board and approved annually by each party's governing body. The St. Louis-Lake Regional Railroad Authority shall initially serve as the fiscal agent for the Board and shall provide contract management and the necessary legal services for said contract management until such time the Board otherwise designates a fiscal agent. During 2024, Pine County elected not to pay a contribution and decided not to be a voting member of the Joint Powers Board.

Northeast Minnesota Emergency Communications Board

The Northeast Minnesota Emergency Communications Board (formerly Northeast Minnesota Regional Radio Board) was established through a joint powers agreement, pursuant to Minn. Stat. §§ 471.59 and 403.39, to provide for regional administration of enhancements to the Statewide Public Safety Radio and Communication System (ARMER) and to enhance and improve interoperable public safety communications.

The joint powers are the Counties of Aitkin, Carlton, Cass, Cook, Crow Wing, Itasca, Kanabec, Koochiching, Lake, Pine, and St. Louis and the Cities of Duluth, Hibbing, International Falls, and Virginia, along with three tribes including the Grand Portage Band of Chippewa, Leech Lake Band of Ojibwe, and Mille Lacs Band of Ojibwe. Control of the Northeast Minnesota Regional Radio Board is vested in a Board of Directors composed of one County Commissioner from each of the member counties and one City Councilor from each of the member cities, and one tribal member. In addition, there is one member from the Northeast Minnesota Regional Advisory Committee, one member from the Northeast Minnesota Regional Radio System User Committee, and one member from the Northeast Minnesota Owners and Operators Committee who are also voting members of the Board.

St. Louis County is the fiscal agent for the Northeast Minnesota Emergency Communications Board. Funding is provided by grants and contributions from participating members. Pine County made $466 in contributions in 2024.

East Central Drug and Violent Offender Task Force

The East Central Drug and Violent Offender Task Force was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the enforcement of controlled substance laws, deterrence of violent crimes, and investigation of other associated unlawful activity in the respective jurisdictions.

The joint powers are Chisago, Isanti, Kanabec, and Pine Counties. Control of the Task Force is vested in an Administrative Board composed of the sheriff of each of the members, or his or her designee, and one associate member from one of the participating counties' county attorney's office as appointed by the Board.

Pine County is the fiscal agent for the Task Force and accounts for it as a custodial fund. Funding is provided by grants and matching contributions from participating members. Pine County made no contributions in 2024.

East Central Regional Library

The East Central Regional Library was established by a joint powers agreement among Aikin, Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties to provide an efficient and improved regional public library service. The Library's Board comprises 18 members—one County Board member and two appointees from each county. Pine County's contributions for 2024 were $336,600.

Complete financial statements of the East Central Regional library can be obtained at 244 South Birch, Cambridge, Minnesota 55008.

Pine County Children, Families, and Learning Services Collaborative

The Pine County Children, Families, and Learning Services Collaborative was established to create opportunities to enhance family strengths and support through service coordination and access to informal communication. Pine

County has no operational or financial control over the Collaborative. The County is the fiscal agent for the Collaborative and accounts for it in a custodial fund.

Jointly-Governed Organization

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

Minnesota Counties Computer Consortium

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

Related Organization

Pine County Housing and Redevelopment Authority

The Pine County Housing and Redevelopment Authority (HRA) is a legally separate organization having numerous rights and powers. The Pine County Board appoints all of the HRA Board members, but financial accountability necessary to include this organization as a component unit of the County is not present. Related party transactions totaled $225 for per diems and mileage in 2024.

Tax-Forfeited Land

The County manages approximately 38,539 acres of state-owned, tax-forfeited land with an estimated market value for 2024 of $44,669,700. This land generates revenues primarily from recreational land leases and land and timber sales. Land management costs, including forestry costs such as site preparation, seedlings, tree planting, and logging roads, are accounted for as current expenditures. Revenues in excess of expenditures are distributed to the County and cities, towns, and school districts within the County according to state statute.

Required Supplementary Information

Pine County
Pine City, Minnesota

Exhibit A-1

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 13,604,944	$ 13,604,944	$ 13,312,091	$ (292,853)
Special assessments	6,650	6,650	6,181	(469)
Licenses and permits	175,216	175,216	170,435	(4,781)
Intergovernmental	6,175,106	6,406,315	6,235,340	(170,975)
Charges for services	1,885,361	1,941,361	1,944,721	3,360
Fines and forfeits	13,000	13,000	10,931	(2,069)
Gifts and contributions	105,000	105,000	138,289	33,289
Investment earnings	400,000	400,000	1,250,664	850,664
Miscellaneous	656,200	715,400	738,425	23,025
Total Revenues	**$ 23,021,477**	**$ 23,367,886**	**$ 23,807,077**	**$ 439,191**
Expenditures				
Current				
General government				
Commissioners	$ 288,375	$ 298,375	$ 288,616	$ 9,759
Courts	50,600	80,600	87,069	(6,469)
Law library	29,000	29,000	35,518	(6,518)
County auditor	902,481	902,481	919,685	(17,204)
County assessor	966,462	966,462	959,735	6,727
Elections	184,256	184,256	212,816	(28,560)
Data processing	1,071,088	1,071,088	846,344	224,744
Central services	34,000	34,000	47,227	(13,227)
Administrator	611,538	601,538	601,679	(141)
Attorney	1,593,834	1,593,834	1,548,109	45,725
Contracted legal services	20,000	30,000	30,289	(289)
Recorder	439,220	434,220	420,808	13,412
Planning and zoning	381,615	405,815	406,438	(623)
Buildings and plant	809,405	809,405	769,324	40,081
Veterans service officer	158,324	158,324	158,246	78
Victim services	93,910	93,910	98,875	(4,965)
Other general government	460,546	485,546	496,098	(10,552)
Total general government	**$ 8,094,654**	**$ 8,178,854**	**$ 7,926,876**	**$ 251,978**

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

Pine County
Pine City, Minnesota

Exhibit A-1
(Continued)

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	$ 6,735,918	$ 6,925,918	$ 7,096,561	$ (170,643)
Federal forfeitures	-	-	32,910	(32,910)
Sandstone range training center	1,500	1,500	106	1,394
Federal boat and water safety enforcement	25,500	25,500	21,321	4,179
Court security	106,622	66,622	58,411	8,211
Boat and water safety	5,630	5,630	7,749	(2,119)
Coroner	63,500	63,500	67,980	(4,480)
E-911 system	204,000	204,000	118,154	85,846
County jail	4,930,920	4,830,920	4,618,149	212,771
Probation and parole	1,306,503	1,276,503	1,255,642	20,861
ERC federal grant	-	-	42,494	(42,494)
Civil defense	121,382	121,382	115,409	5,973
Other public safety	106,403	106,403	111,395	(4,992)
Total public safety	**$ 13,607,878**	**$ 13,627,878**	**$ 13,546,281**	**$ 81,597**
Sanitation				
Solid waste	$ -	$ -	$ 51	$ (51)
Recycling	541,298	552,298	506,172	46,126
Total sanitation	**$ 541,298**	**$ 552,298**	**$ 506,223**	**$ 46,075**
Culture and recreation				
Historical society	**$ 30,000**	**$ 30,000**	**$ 30,000**	**$ -**
Conservation of natural resources				
County extension	$ 211,830	$ 211,830	$ 207,349	$ 4,481
Soil and water conservation	88,049	165,822	126,281	39,541
Agricultural society/County fair	10,000	10,000	10,000	-
Aquatic invasive species	122,810	122,810	187,828	(65,018)
Total conservation of natural resources	**$ 432,689**	**$ 510,462**	**$ 531,458**	**$ (20,996)**
Economic development				
Economic development	**$ -**	**$ 153,436**	**$ 160,107**	**$ (6,671)**

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

Pine County
Pine City, 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 (Continued)				
Intergovernmental				
Regional Library	**$ 371,400**	**$ 371,400**	**$ 370,575**	**$ 825**
Capital outlay				
General government	**$ -**	**$ -**	**$ 4,365**	**$ (4,365)**
Debt service				
Principal	$ -	$ -	$ 246,869	$ (246,869)
Interest	-	-	13,535	(13,535)
Total debt service	**$ -**	**$ -**	**$ 260,404**	**$ (260,404)**
Total Expenditures	**$ 23,077,919**	**$ 23,424,328**	**$ 23,336,289**	**$ 88,039**
Excess of Revenues Over (Under) Expenditures	**$ (56,442)**	**$ (56,442)**	**$ 470,788**	**$ 527,230**
Other Financing Sources (Uses)				
Transfers in	$ 90,000	$ 90,000	$ 323,700	$ 233,700
Transfers out	(18,869)	(18,869)	(18,869)	-
Total Other Financing Sources (Uses)	**$ 71,131**	**$ 71,131**	**$ 304,831**	**$ 233,700**
Net Change in Fund Balance	**$ 14,689**	**$ 14,689**	**$ 775,619**	**$ 760,930**
Fund Balance – January 1	**8,097,092**	**8,097,092**	**8,097,092**	**-**
Fund Balance – December 31	**$ 8,111,781**	**$ 8,111,781**	**$ 8,872,711**	**$ 760,930**

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

Pine County
Pine City, Minnesota

Exhibit A-2

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 3,711,021	$ 3,711,021	$ 4,151,473	$ 440,452
Licenses and permits	32,000	32,000	55,400	23,400
Intergovernmental	11,949,799	11,949,799	13,941,241	1,991,442
Charges for services	242,250	242,250	275,920	33,670
Miscellaneous	125,300	125,300	26,157	(99,143)
Total Revenues	**$ 16,060,370**	**$ 16,060,370**	**$ 18,450,191**	**$ 2,389,821**
Expenditures				
Current				
Highways and streets				
Administration	$ 418,487	$ 418,487	$ 430,244	$ (11,757)
Engineering/construction	9,074,631	9,074,631	10,970,518	(1,895,887)
Maintenance/equipment	2,834,216	2,834,216	3,044,099	(209,883)
Equipment repair and shop	2,448,352	2,448,352	2,774,242	(325,890)
Unallocated – highways and streets	9,684	9,684	7,410	2,274
Total highways and streets	**$ 14,785,370**	**$ 14,785,370**	**$ 17,226,513**	**$ (2,441,143)**
Intergovernmental				
Highways and streets	**-**	**-**	**691,840**	**(691,840)**
Total Expenditures	**$ 14,785,370**	**$ 14,785,370**	**$ 17,918,353**	**$ (3,132,983)**
Excess of Revenues Over (Under) Expenditures	**$ 1,275,000**	**$ 1,275,000**	**$ 531,838**	**$ (743,162)**
Other Financing Sources (Uses)				
Transfers in	$ 225,000	$ 225,000	$ -	$ (225,000)
Transfers out	(1,500,000)	(1,500,000)	-	1,500,000
Proceeds from sale of capital assets	-	-	67,389	67,389
Total Other Financing Sources (Uses)	**$ (1,275,000)**	**$ (1,275,000)**	**$ 67,389**	**$ 1,342,389**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 599,227**	**$ 599,227**
Fund Balance – January 1	**(2,495,341)**	**(2,495,341)**	**(2,495,341)**	**-**
Increase (decrease) in inventories	**-**	**-**	**(92,523)**	**(92,523)**
Fund Balance – December 31	**$ (2,495,341)**	**$ (2,495,341)**	**$ (1,988,637)**	**$ 506,704**

Pine County
Pine City, Minnesota

Exhibit A-3

Budgetary Comparison Schedule
Health and Human Services Special Revenue Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 4,149,918	$ 4,149,918	$ 4,091,871	$ (58,047)
Licenses and permits	9,200	9,200	8,500	(700)
Intergovernmental	7,187,828	7,299,769	7,262,894	(36,875)
Charges for services	1,155,750	1,155,750	1,214,111	58,361
Gifts and contributions	145,500	145,500	106,867	(38,633)
Investment earnings	700	700	4,113	3,413
Miscellaneous	77,350	77,350	40,253	(37,097)
Total Revenues	**$ 12,726,246**	**$ 12,838,187**	**$ 12,728,609**	**$ (109,578)**
Expenditures				
Current				
Human services				
Income maintenance	$ 3,716,084	$ 3,716,084	$ 3,890,967	$ (174,883)
Social services	7,460,133	7,460,133	7,302,100	158,033
Total human services	**$ 11,176,217**	**$ 11,176,217**	**$ 11,193,067**	**$ (16,850)**
Health				
Nursing services	$ 424,978	$ 506,292	$ 618,017	$ (111,725)
Women, infants, and children	209,456	209,456	206,976	2,480
Maternal and child health	625,265	655,892	626,640	29,252
Environmental health	79,276	79,276	2,692	76,584
Health education	300,208	300,208	274,562	25,646
COVID relief	59,851	59,851	61,718	(1,867)
Total health	**$ 1,699,034**	**$ 1,810,975**	**$ 1,790,605**	**$ 20,370**
Total Expenditures	**$ 12,875,251**	**$ 12,987,192**	**$ 12,983,672**	**$ 3,520**
Net Change in Fund Balance	**$ (149,005)**	**$ (149,005)**	**$ (255,063)**	**$ (106,058)**
Fund Balance – January 1	**4,635,760**	**4,635,760**	**4,635,760**	**-**
Fund Balance – December 31	**$ 4,486,755**	**$ 4,486,755**	**$ 4,380,697**	**$ (106,058)**

Pine County
Pine City, Minnesota

Exhibit A-4

Budgetary Comparison Schedule
Land Management Special Revenue Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 43,406	$ 43,406	$ 42,730	$ (676)
Miscellaneous	691,638	691,638	1,144,754	453,116
Total Revenues	**$ 735,044**	**$ 735,044**	**$ 1,187,484**	**$ 452,440**
Expenditures				
Current				
Conservation of natural resources				
Land use	$ 628,938	$ 628,938	$ 591,569	$ 37,369
Other conservation	16,106	16,106	42,408	(26,302)
Total Expenditures	**$ 645,044**	**$ 645,044**	**$ 633,977**	**$ 11,067**
Excess of Revenues Over (Under) Expenditures	**$ 90,000**	**$ 90,000**	**$ 553,507**	**$ 463,507**
Other Financing Sources (Uses)				
Transfers out	(90,000)	(90,000)	(323,700)	(233,700)
Net Change in Fund Balance	**$ -**	**$ -**	**$ 229,807**	**$ 229,807**
Fund Balance – January 1	**2,183,409**	**2,183,409**	**2,183,409**	**-**
Fund Balance – December 31	**$ 2,183,409**	**$ 2,183,409**	**$ 2,413,216**	**$ 229,807**

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

Pine County
Pine City, Minnesota

Exhibit A-5

Budgetary Comparison Schedule
Clean Water Partnership Program Special Revenue Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	$ -	$ 209,066	$ 242,244	$ 33,178
Charges for services	-	-	2,784	2,784
Total Revenues	**$ -**	**$ 209,066**	**$ 268,687**	**$ 59,621**
Expenditures				
Current				
Sanitation				
Septic system upgrades	**$ -**	**$ 372,593**	**$ 452,115**	**$ (79,522)**
Debt service				
Principal	$ -	$ 196,392	$ 192,392	$ 4,000
Interest	-	12,674	12,674	-
Total debt service	**$ -**	**$ 209,066**	**$ 205,066**	**$ 4,000**
Total Expenditures	**$ -**	**$ 581,659**	**$ 657,181**	**$ (75,522)**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ (372,593)**	**$ (388,494)**	**$ (15,901)**
Other Financing Sources (Uses)				
Proceeds from MPCA loan	-	372,593	498,771	126,178
Net Change in Fund Balance	**$ -**	**$ -**	**$ 110,277**	**$ 110,277**
Fund Balance – January 1	**454,039**	**454,039**	**454,039**	**-**
Fund Balance – December 31	**$ 454,039**	**$ 454,039**	**$ 564,316**	**$ 110,277**

-

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

Pine County
Pine City, Minnesota

Exhibit A-6

Budgetary Comparison Schedule
COVID-19 Relief Special Revenue Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	$ 127,635	$ 1,324,131	$ 1,799,398	$ 475,267
Gifts and contributions	-	-	2,415	2,415
Miscellaneous	-	1,311,088	1,337,220	26,132
Total Revenues	**$ 127,635**	**$ 2,635,219**	**$ 3,139,033**	**$ 503,814**
Expenditures				
Current				
General government				
Pine Technical College	$ -	$ -	$ 47,672	$ (47,672)
Other general government	-	-	25,000	(25,000)
Total general government	**$ -**	**$ -**	**$ 72,672**	**$ (72,672)**
Public safety				
Sheriff's office	**$ -**	**$ -**	**$ 151,145**	**$ (151,145)**
Highways and streets				
Employee referral bonus	**$ -**	**$ -**	**$ 500**	**$ (500)**
Human services				
Social services	$ -	$ -	$ 102,739	$ (102,739)
Employee referral bonus	-	-	500	(500)
Total human services	**$ -**	**$ -**	**$ 103,239**	**$ (103,239)**
Economic development				
Broadband expansion	$ -	$ 671,496	$ 713,107	$ (41,611)
Personal services	127,635	127,635	83,051	44,584
Other economic development	-	1,836,088	1,988,014	(151,926)
Total economic development	**$ 127,635**	**$ 2,635,219**	**$ 2,784,172**	**$ (148,953)**
Total Expenditures	**$ 127,635**	**$ 2,635,219**	**$ 3,111,728**	**$ (476,509)**
Net Change in Fund Balance	**$ -**	**$ -**	**$ 27,305**	**$ 27,305**
Fund Balance – January 1	**12,536**	**12,536**	**12,536**	**-**
Fund Balance – December 31	**$ 12,536**	**$ 12,536**	**$ 39,841**	**$ 27,305**

Pine County
Pine City, Minnesota

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

	2024	2023
Total OPEB Liability		
Service cost	$ 128,295	$ 177,068
Interest	115,429	65,514
Differences between expected and actual experience	(451,972)	13,243
Changes of assumption or other inputs	175,795	(801,611)
Benefit payments	(122,284)	(109,450)
Net change in total OPEB liability	**$ (154,737)**	**$ (655,236)**
Total OPEB Liability – Beginning	**2,782,950**	**3,438,186**
Total OPEB Liability – Ending	**$ 2,628,213**	**$ 2,782,950**
Covered-employee payroll	$ 18,596,769	$ 17,970,792
Total OPEB liability (asset) as a percentage of covered-employee payroll	14.13%	15.49%

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

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

2022	2021	2020	2019	2018
$ 198,232	$ 166,022	$ 132,139	$ 132,612	$ 115,403
63,467	76,200	81,403	72,140	74,194
604,731	(7,393)	212,077	-	-
(357,213)	232,349	213,653	(98,690)	118,308
(92,295)	(101,607)	(91,173)	(90,633)	(95,376)
$ 416,922	**$ 365,571**	**$ 548,099**	**$ 15,429**	**$ 212,529**
3,021,264	**2,655,963**	**2,107,594**	**2,092,165**	**1,879,636**
$ 3,438,186	**$ 3,021,534**	**$ 2,655,693**	**$ 2,107,594**	**$ 2,092,165**
$ 17,151,705	$ 17,318,336	$ 15,923,394	$ 15,092,758	$ 14,482,185
20.05%	17.45%	16.68%	13.96%	14.45%

Pine County
Pine City, Minnesota

Exhibit A-8

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 Pine 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	0.1608 %	$ 5,945,860	$ 153,748	$ 6,099,608	$ 13,601,677	43.71 %	89.08 %
2023	0.1590	8,891,102	245,122	9,136,224	12,642,520	70.33	83.10
2022	0.1674	13,258,135	388,672	13,646,807	12,541,597	105.71	76.67
2021	0.1604	6,849,799	209,181	7,058,980	11,547,877	59.32	87.00
2020	0.1577	9,454,836	291,620	9,746,456	11,166,981	84.67	79.06
2019	0.1524	8,425,855	261,822	8,687,677	10,783,529	78.14	80.23
2018	0.1479	8,204,885	269,044	8,473,929	9,940,474	82.54	79.53
2017	0.1440	9,167,329	115,248	9,282,577	9,254,922	99.05	75.90
2016	0.1400	11,391,664	148,746	11,540,410	8,656,402	131.60	68.91
2015	0.1380	7,136,329	N/A	7,136,329	8,095,828	88.15	78.19

The measurement date for each year is June 30.
N/A – Not Applicable

Pine County
Pine City, Minnesota

Exhibit A-9

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	$ 1,072,483	$ 1,072,483	$ -	$ 14,299,943	7.50 %
2023	972,988	972,988	-	12,973,173	7.50
2022	925,475	925,475	-	12,339,667	7.50
2021	883,785	883,785	-	11,783,729	7.50
2020	893,010	893,010	-	11,906,881	7.50
2019	822,567	822,567	-	10,967,515	7.50
2018	785,931	785,931	-	10,479,062	7.50
2017	711,725	711,725	-	9,489,637	7.50
2016	684,966	684,966	-	9,134,718	7.50
2015	613,543	613,543	-	8,179,660	7.50

The County's year-end is December 31.

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

Exhibit A-10

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 Pine 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	0.2443 %	$ 3,214,345	$ 122,530	$ 3,336,875	$ 3,383,249	95.01 %	90.17 %
2023	0.2482	4,286,091	172,648	4,458,739	3,259,921	131.48	86.47
2022	0.2629	11,440,370	499,806	11,940,176	3,193,826	358.20	70.53
2021	0.2389	1,844,055	82,923	1,926,978	2,823,697	65.31	93.66
2020	0.2461	3,243,861	23,511	3,267,372	2,699,334	120.17	87.19
2019	0.2450	2,608,272	N/A	2,608,272	2,583,506	100.96	89.26
2018	0.2350	2,504,858	N/A	2,504,858	2,476,926	101.13	88.84
2017	0.2210	2,983,763	N/A	2,983,763	2,271,421	131.36	85.43
2016	0.2240	8,989,510	N/A	8,989,510	2,151,548	417.82	63.88
2015	0.2080	2,363,367	N/A	2,363,367	1,906,286	123.98	86.61

The measurement date for each year is June 30.
N/A – Not Applicable

Pine County
Pine City, Minnesota

Exhibit A-11

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	$ 639,046	$ 639,046	$ -	$ 3,610,429	17.70 %
2023	575,630	575,630	-	3,252,147	17.70
2022	567,160	567,160	-	3,204,294	17.70
2021	516,083	516,083	-	2,915,725	17.70
2020	517,276	517,276	-	2,922,462	17.70
2019	455,688	455,688	-	2,688,427	16.95
2018	409,362	409,362	-	2,526,921	16.20
2017	384,748	384,748	-	2,374,989	16.20
2016	353,971	353,971	-	2,185,007	16.20
2015	331,325	331,325	-	2,045,215	16.20

The County's year-end is December 31.

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

Pine County
Pine City, Minnesota

Exhibit A-12

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	0.9249 %	$ 281,880	$ 2,306,753	12.22 %	97.54 %
2023	0.9524	430,532	2,233,280	19.28	95.94
2022	1.0849	3,606,208	2,383,261	151.31	74.58
2021	1.0169	(167,056)	2,248,434	(7.43)	101.61
2020	1.0185	276,360	2,165,423	12.76	96.67
2019	0.9563	132,400	2,039,858	6.49	98.17
2018	0.9915	163,072	2,021,912	8.07	97.64
2017	0.9400	2,679,009	1,892,287	141.58	67.89
2016	1.0200	3,726,203	1,926,761	193.39	58.16
2015	0.9800	151,508	1,753,715	8.64	96.95

The measurement date for each year is June 30.

Exhibit A-13

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	$ 208,873	$ 208,873	$ -	$ 2,387,120	8.75 %
2023	193,449	193,449	-	2,210,846	8.75
2022	198,371	198,371	-	2,267,097	8.75
2021	199,947	199,947	-	2,285,098	8.75
2020	204,115	204,115	-	2,332,741	8.75
2019	184,756	184,756	-	2,111,492	8.75
2018	178,579	178,579	-	2,040,902	8.75
2017	171,842	171,842	-	1,963,907	8.75
2016	162,295	162,295	-	1,855,532	8.75
2015	163,274	163,274	-	1,865,985	8.75

The County's year-end is December 31.

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except for the Ditch and Opioid Settlement Special Revenue Funds; and the Governmental Buildings and Technology Equipment Capital Projects Funds. All appropriations lapse at fiscal year-end.

Based on a process established by the Board of County Commissioners, all departments of the County submit requests for appropriations to the County Administrator each year. A draft of the proposed budget is presented to a Budget Committee. The Budget Committee consists of all five County Commissioners, the County Administrator, and the County Auditor-Treasurer. The Budget Committee reviews and amends the departmental requests in order to develop a proposed budget and preliminary tax levy. Before September 30, a final draft of the proposed budget and preliminary tax levy is presented to the County Board for review. A final budget and tax levy is adopted by the Board and certified to the Auditor-Treasurer no later than the statutory deadline.

The appropriate budget is prepared by fund, function, and department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control—the level at which expenditures may not legally exceed appropriations—is the fund level, except for the General Fund, which is at the department level.

Note 2 – Excess of Expenditures Over Appropriations

The following major special revenue funds and departments of the General Fund had expenditures in excess of budget for the year ended December 31, 2024:

Excess of Expenditures over Appropriations

	Expenditures	Final Budget	Excess
General Fund			
Current			
General government			
Courts	$ 87,069	$ 80,600	$ 6,469
Law library	35,518	29,000	6,518
County auditor	919,685	902,481	17,204
Elections	212,816	184,256	28,560
Central services	47,227	34,000	13,227
Administrator	601,679	601,538	141
Contracted legal services	30,289	30,000	289
Planning and zoning	406,438	405,815	623
Victim services	98,875	93,910	4,965
Other general government	496,098	485,546	10,552
Public safety			
Sheriff	7,096,561	6,925,918	170,643
Federal forfeitures	32,910	-	32,910
Boat and water safety	7,749	5,630	2,119
Coroner	67,980	63,500	4,480
ERC federal grant	42,494	-	42,494
Other public safety	111,395	106,403	4,992
Sanitation			
Solid waste	51	-	51
Conservation of natural resources			
Aquatic invasive species	187,828	122,810	65,018
Economic Development			
Economic Development	160,107	153,436	6,671
Capital outlay			
General government	4,365	-	4,365
Debt service			
Principal	246,869	-	246,869
Interest	13,535	-	13,535
Road and Bridge Special Revenue Fund	17,918,353	14,785,370	3,132,983
Clean Water Partnership Program			
Special Revenue Fund	657,181	581,659	75,522
COVID-19 Relief Special Revenue Fund	3,111,728	2,635,219	476,509

Note 3 – Other Postemployment Benefits Funded Status

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75 to pay related benefits.

Note 4 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred for fiscal year December 31:

2024

- The discount rate was changed from 4.05 percent to 3.77 percent based on updated 20-year municipal bond rates.
- Medical per capital claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the July 1, 2021, PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- Mortality rates were updated from the rates used in the July 1, 2021, PERA Police and Fire Plan and July 1, 2021, PERA Correctional Plan valuations to the rates used in the July 1, 2023 valuations.
- The percent of future non-Medicare eligible retirees other than Teamsters Deputies electing each medical plan changed to reflect recent plan experience. The following table provides the changes for the assumed percent electing each plan:

Medical Plan	Fiscal 2024 Valuation	Fiscal 2023 Valuation
CMM $1500	25%	45%
HAS	70%	50%
VEBA	5%	5%

- The general inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated analysis of historical inflation rates and forward-looking market expectations.
- The wage inflation and payroll growth assumption was changed from 3.00 percent to 3.25 percent based on an updated analysis of historical rates and forward-looking market expectations and the July 1, 2023, PERA valuations, adjusted for inflation.

2023

- The discount rate was changed from 1.84 percent to 4.05 percent based on updated 20-year municipal bond rates.

2022

- The discount rate was changed from 2.00 percent to 1.84 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.

- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the July 1, 2019, Public Employees Retirement Association of Minnesota (PERA) General Employees Plan, PERA Police and Fire Plan, and PERA Correctional Plan valuations to the rates used in the July 1, 2021, valuations.

- The percent of future non-Medicare eligible retirees other than Teamsters Deputies electing each medical plan changed to reflect recent plan experience and new plan offerings.

- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 25 percent to 20 percent to reflect recent plan experience.

<u>2021</u>

- The discount rate was changed from 2.75 percent to 2.00 percent based on updated 20-year municipal bond rates.

<u>2020</u>

- The discount rate was changed from 3.71 percent to 2.75 percent based on updated 20-year municipal bond rates.

- The health care trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.

- Mortality and salary increase rates were updated from the rates used in the July 1, 2017, Public Employee Retirement Association (PERA) General Employees Plan, Police and Fire Plan, and Correctional Plan valuations to the rates used in the July 1, 2019, valuations.

- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.

- The inflation assumption was changed from 2.75 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

<u>2019</u>

- The discount rate changed from 3.31 percent to 3.71 percent.

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.

<u>2018</u>

- The discount rate was changed from 3.50 percent to 3.31 percent based on updated 20-year municipal bond rates.

- The actuarial cost method changed from using the Projected Unit Credit cost method to the Entry Age Normal level percent to pay cost method.

- Health care trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's excise tax on high-cost health insurance plans.

- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.

- Withdrawal, retirement, and mortality rates were updated from the rates used in the July 1, 2015, PERA General Employees Retirement Plan, Police and Fire Plan, and Correctional Plan valuations to the rates used in the July 1, 2017, valuations.

- A salary scale assumption was added to reflect the cost method change. Rates are from the July 1, 2017, PERA General Employees Retirement Plan, Police and Fire Plan, and Correctional Plan valuations.

- The percent of retirees electing spouse coverage changed from 40 percent to 30 percent to reflect recent plan experience.

- The percent of future non-Medicare eligible retirees other than Teamster deputies electing each medical plan changed to reflect recent plan experience and new plan offerings.

- The percent of future non-Medicare eligible Teamster deputy retirees electing each medical plan changed to reflect recent plan experience and new plan offerings.

Note 5 – 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.

- 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.
- 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.

<u>2019</u>

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

<u>2018</u>

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.

- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

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

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

- Contribution stabilizer provisions were repealed.

- 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 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.

<u>2022</u>

- 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.

<u>2021</u>

- 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 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.
- 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.
- 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.
- 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.

<u>2018</u>

- 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.

<u>2017</u>

- 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.

<u>2016</u>

- 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

Governmental Funds

Combining and Individual Fund
Financial Statements

Exhibit B-1

Budgetary Comparison Schedule
General Obligation Courthouse Bond Debt Service Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,015,484	$ 1,015,484	$ 1,000,989	$ (14,495)
Intergovernmental	-	-	17,546	17,546
Total Revenues	**$ 1,015,484**	**$ 1,015,484**	**$ 1,018,535**	**$ 3,051**
Expenditures				
Debt service				
Principal	$ 810,000	$ 810,000	$ 810,000	$ -
Interest	153,440	153,440	153,440	-
Administrative charges	4,000	4,000	3,625	375
Total Expenditures	**$ 967,440**	**$ 967,440**	**$ 967,065**	**$ 375**
Excess of Revenues Over (Under) Expenditures	**$ 48,044**	**$ 48,044**	**$ 51,470**	**$ 3,426**
Other Financing Sources (Uses)				
Transfers in	18,869	18,869	18,869	-
Net Change in Fund Balance	**$ 66,913**	**$ 66,913**	**$ 70,339**	**$ 3,426**
Fund Balance – January 1	**1,490,461**	**1,490,461**	**1,490,461**	**-**
Fund Balance – December 31	**$ 1,557,374**	**$ 1,557,374**	**$ 1,560,800**	**$ 3,426**

Pine County
Pine City, Minnesota

Nonmajor Governmental Funds

Special Revenue Funds

The Ditch Fund accounts for funds used for public improvements and services for the ditch system.

The Opioid Settlement Fund accounts for funds to be received in a settlement with pharmaceutical companies and distributors as part of the National Prescription Opiate Litigation.

The One Watershed One Plan Fund accounts for the collection and distribution of grant funds related to comprehensive watershed management plans for the Kettle River/Upper St. Croix and Snake River watersheds.

Debt Service Funds

The General Obligation Jail Bond Fund accounts for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

The CIP Project Bond Fund accounts for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Capital Projects Funds

The Governmental Buildings Fund accounts for future capital acquisitions and construction.

The Technology Equipment Fund accounts for future equipment acquisitions.

Pine County
Pine City, Minnesota

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue		
	Ditch	Opioid Settlement	One Watershed One Plan
Assets			
Cash and investments	$ 32,423	$ 447,343	$ 970,896
Taxes receivable			
Delinquent	-	-	-
Prepaid items	-		17,775
Due from other governments	-	-	3,113
Loans receivable	-	-	-
Total Assets	**$ 32,423**	**$ 447,343**	**$ 991,784**
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	$ -	$ -	$ -
Salaries payable	-	8,862	-
Due to other funds	-	-	37,493
Due to other governments	-	965	110,970
Unearned revenue	-	-	843,321
Total Liabilities	**$ -**	**$ 9,827**	**$ 991,784**
Deferred Inflows of Resources			
Unavailable revenue	$ -	$ -	$ -
Fund Balances			
Nonspendable			
Prepaid items	$ -	$ -	$ 17,775
Restricted			
Debt service	-	-	-
Ditches	32,423	-	-
Opioid remediation	-	437,516	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	(17,775)
Total Fund Balances	**$ 32,423**	**$ 437,516**	**$ -**
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	**$ 32,423**	**$ 447,343**	**$ 991,784**

Debt Service		Capital Projects		
General Obligation Jail Bond	**CIP Project Bond**	**Governmental Buildings**	**Technology Equipment**	**Total**
$ 1,756,264	$ 182,251	$ 214,943	$ 152,316	$ 3,756,436
47,982	12,697	1,174	2,424	64,277
-	-	-	-	17,775
-	-	10,000	-	13,113
-	-	40,000	-	40,000
$ 1,804,246	**$ 194,948**	**$ 266,117**	**$ 154,740**	**$ 3,891,601**
$ -	$ -	$ **36,560**	$ -	$ 36,560
-	-	-	-	8,862
-	-	-	-	37,493
-	-	-	-	111,935
-	-	-	-	843,321
$ -	**$ -**	**$ 36,560**	**$ -**	**$ 1,038,171**
$ 30,608	**$ 7,667**	**$ 40,803**	**$ 1,318**	**$ 80,396**
$ -	$ -	$ -	$ -	$ 17,775
1,773,638	187,281	-	-	1,960,919
-	-	-	-	32,423
-	-	-	-	437,516
-	-	188,754	153,422	342,176
-	-	-	-	(17,775)
$ 1,773,638	**$ 187,281**	**$ 188,754**	**$ 153,422**	**$ 2,773,034**
$ 1,804,246	**$ 194,948**	**$ 266,117**	**$ 154,740**	**$ 3,891,601**

Pine County
Pine City, Minnesota

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue		
	Ditch	Opioid Settlement	One Watershed One Plan
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	374,939
Miscellaneous	-	372,447	-
Total Revenues	**$ -**	**$ 372,447**	**$ 374,939**
Expenditures			
Current			
Human services	$ -	$ 170,444	$ -
Conservation of natural resources	-	-	374,939
Capital outlay			
General government	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Administrative charges	-	-	-
Total Expenditures	**$ -**	**$ 170,444**	**$ 374,939**
Excess of Revenues Over (Under) Expenditures	**$ -**	**$ 202,003**	**$ -**
Fund Balances – January 1	**32,423**	**235,513**	**-**
Fund Balances – December 31	**$ 32,423**	**$ 437,516**	**$ -**

Exhibit B-3

Debt Service		Capital Projects		
General Obligation Jail Bond	CIP Project Bond	Governmental Buildings	Technology Equipment	Total
$ 1,166,776	$ 338,098	$ 24,982	$ 73,823	$ 1,603,679
20,452	5,929	434	1,302	403,056
-	-	10,000	-	382,447
$ 1,187,228	**$ 344,027**	**$ 35,416**	**$ 75,125**	**$ 2,389,182**
$ -	$ -	$ -	$ -	$ 170,444
-	-	-	-	374,939
-	-	70,381	-	70,381
855,000	250,000	-	-	1,105,000
249,800	74,363	-	-	324,163
475	475	-	-	950
$ 1,105,275	**$ 324,838**	**$ 70,381**	**$ -**	**$ 2,045,877**
$ 81,953	**$ 19,189**	**$ (34,965)**	**$ 75,125**	**$ 343,305**
1,691,685	**168,092**	**223,719**	**78,297**	**2,429,729**
$ 1,773,638	**$ 187,281**	**$ 188,754**	**$ 153,422**	**$ 2,773,034**

Pine County
Pine City, Minnesota

Exhibit B-4

Budgetary Comparison Schedule
General Obligation Jail Bond Debt Service Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 1,182,835	$ 1,182,835	$ 1,166,776	$ (16,059)
Intergovernmental	-	-	20,452	20,452
Total Revenues	**$ 1,182,835**	**$ 1,182,835**	**$ 1,187,228**	**$ 4,393**
Expenditures				
Debt service				
Principal	$ 855,000	$ 855,000	$ 855,000	$ -
Interest	249,800	249,800	249,800	-
Administrative charges	2,600	2,600	475	2,125
Total Expenditures	**$ 1,107,400**	**$ 1,107,400**	**$ 1,105,275**	**$ 2,125**
Net Change in Fund Balance	**$ 75,435**	**$ 75,435**	**$ 81,953**	**$ 6,518**
Fund Balance – January 1	**1,691,685**	**1,691,685**	**1,691,685**	**-**
Fund Balance – December 31	**$ 1,767,120**	**$ 1,767,120**	**$ 1,773,638**	**$ 6,518**

Pine County
Pine City, Minnesota

Exhibit B-5

Budgetary Comparison Schedule
CIP Project Bond Debt Service Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 343,093	$ 343,093	$ 338,098	$ (4,995)
Intergovernmental	-	-	5,929	5,929
Total Revenues	**$ 343,093**	**$ 343,093**	**$ 344,027**	**$ 934**
Expenditures				
Debt service				
Principal	$ 250,000	$ 250,000	$ 250,000	$ -
Interest	74,363	74,363	74,363	-
Administrative charges	2,600	2,600	475	2,125
Total Expenditures	**$ 326,963**	**$ 326,963**	**$ 324,838**	**$ 2,125**
Net Change in Fund Balance	**$ 16,130**	**$ 16,130**	**$ 19,189**	**$ 3,059**
Fund Balance – January 1	**168,092**	**168,092**	**168,092**	**-**
Fund Balance – December 31	**$ 184,222**	**$ 184,222**	**$ 187,281**	**$ 3,059**

Pine County
Pine City, Minnesota

Fiduciary Funds

Custodial Funds

The Pine County Children, Families, and Learning Services Collaborative Fund accounts for the collection and payment of funds of the Children, Families, and Learning Services Collaborative.

The State Revenue Fund accounts for the collection and distribution of funds for the State of Minnesota.

The Taxes and Penalties Fund accounts for the collection of taxes and penalties and their payment to the various taxing districts.

The East Central Drug and Violent Offenders Task Force Fund accounts for the collection and distribution of grant funds, agency-deposited funds, and pending/settled forfeiture funds.

The EDA/HRA Fund accounts for the collection and distribution of funds for the Pine County Housing and Redevelopment Authority/Economic Development Authority.

The Tax-Forfeited Land Fund accounts for proceeds from the sale of tax-forfeited land collected by the County to be distributed to local governments within the County.

Pine County
Pine City, Minnesota

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

	Pine County Children, Families, and Learning Services Collaborative	State Revenue
Assets		
Cash and pooled investments	$ 219,702	$ 5,042
Taxes receivable – delinquent	-	-
Accounts receivable	-	350
Due from other governments	41,698	26,374
Prepaids	-	-
Total Assets	**$ 261,400**	**$ 31,766**
Liabilities		
Accounts payable	$ -	$ 11,447
Due to other governments	39,949	5,722
Total Liabilities	**$ 39,949**	**$ 17,169**
Net Position		
Restricted for individuals, organizations, and other governments	**$ 221,451**	**$ 14,597**

Taxes and Penalties	East Central Drug and Violent Offenders Task Force	EDA/HRA	Tax-Forfeited Land	Total Custodial Funds
$ 593,373	$ 140,897	$ 120,956	$ 353,449	$ 1,433,419
940,925	-	-	-	940,925
-	-	-	-	350
-	42,559	1,000	-	111,631
-	-	645	-	645
$ 1,534,298	**$ 183,456**	**$ 122,601**	**$ 353,449**	**$ 2,486,970**
$ -	$ -	$ 6,085	$ -	$ 17,532
593,373	42,559	-	353,449	1,035,052
$ 593,373	**$ 42,559**	**$ 6,085**	**$ 353,449**	**$ 1,052,584**
$ 940,925	**$ 140,897**	**$ 116,516**	**$ -**	**$ 1,434,386**

Pine County
Pine City, Minnesota

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

	Pine County Children, Families, and Learning Services Collaborative	State Revenue
Additions		
Contributions from individuals	$ -	$ 841,259
Interest earnings	4,113	-
Payments from the state	-	20,652
Payments from other entities	170,435	56,720
Total Additions	**$ 174,548**	**$ 918,631**
Deductions		
Payments to the state	$ 559	$ 918,687
Administrative expense	150,692	-
Payments to other entities	-	-
Total Deductions	**$ 151,251**	**$ 918,687**
Change in Net Position	**$ 23,297**	**$ (56)**
Net Position – January 1	**198,154**	**14,653**
Net Position - December 31	**$ 221,451**	**$ 14,597**

Exhibit C-2

Taxes and Penalties	East Central Drug and Violent Offenders Task Force	EDA/HRA	Tax-Forfeited Land	Total Custodial Funds
$ 25,324,535	$ -	$ -	$ -	$ 26,165,794
-	-	-	-	4,113
-	-	-	-	20,652
-	138,654	280,700	353,449	999,958
$ 25,324,535	**$ 138,654**	**$ 280,700**	**$ 353,449**	**$ 27,190,517**
$ -	$ -	$ -	$ -	$ 919,246
-	-	-	-	150,692
25,378,362	162,106	288,822	353,449	26,182,739
$ 25,378,362	**$ 162,106**	**$ 288,822**	**$ 353,449**	**$ 27,252,677**
$ (53,827)	**$ (23,452)**	**$ (8,122)**	**$ -**	**$ (62,160)**
994,752	**164,349**	**124,638**	**-**	**1,496,546**
$ 940,925	**$ 140,897**	**$ 116,516**	**$ -**	**$ 1,434,386**

Other Schedules

Pine County
Pine City, Minnesota

Exhibit D-1

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

Appropriations and Shared Revenue		
State		
Highway users tax	$	11,358,319
Road gas tax		6,978
Market value credit		383,786
Disparity reduction aid		963
County program aid		2,479,512
Local performance aid		4,229
Police aid		449,822
Out-of-home placement aid		65,252
Local homeless prevention aid		76,989
Statewide affordable housing aid		110,119
Local government cannabis aid		2,114
Casino aid/tribal tax agreement		107,580
Riparian protection aid		46,562
SCORE		104,555
E-911		210,926
Aquatic invasive species aid		117,817
Total appropriations and shared revenue	**$**	**15,525,523**
Reimbursement for Services		
State		
Minnesota Department of Human Services	**$**	**1,411,409**
Payments		
Local		
Payments in lieu of taxes	**$**	**933,718**
Grants		
State		
Minnesota Department of/Board of		
Corrections	$	648,205
Public Safety		5,204
Economic Development		135,088
Health		640,287
Natural Resources		158,299
Secretary of State		30,285
Human Services		1,433,660
Veterans Affairs		10,000
Water and Soil Resources		544,839
Peace Officer Standards and Training Board		37,505
Pollution Control Agency		8,305
Total state	**$**	**3,651,677**

Pine County
Pine City, Minnesota

Exhibit D-1
(Continued)

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

Grants (Continued)	
Federal	
Department of	
Agriculture	$ 540,345
Justice	143,110
Transportation	2,400,413
Treasury	533,986
Education	3,525
Health and Human Services	3,251,276
Homeland Security	37,524
Housing and Urban Development	1,265,412
Election Assistance Commission	4,287
Total federal	**$ 8,179,878**
Total state and federal grants	**$ 11,831,555**
Total Intergovernmental Revenue	**$ 29,702,205**

Pine County
Pine City, Minnesota

Exhibit D-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	222MN004W1003	$	191,715
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514		347,755
Passed Through Minnesota Department of Natural Resources				
Forest Health Protection	10.680	20-DG-11094200-212		875
Total U.S. Department of Agriculture			**$**	**540,345**
U.S. Department of Housing and Urban Development				
Passed Through Minnesota Department of Employment and Economic Development				
COVID-19 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CARE-21-0002-O-FY21	**$**	**1,238,107**
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	F-CVS-2024-PCAO	$	69,789
Edward Byrne Memorial Justice Assistance Grant Program	16.738	F-JAGRE-2022-PCAO		46,647
Total U.S. Department of Justice			**$**	**116,436**
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	1052173	**$**	**2,536,210**
U.S. Department of Treasury				
Direct				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		**$**	**533,986**
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education – Grants for Infants and Families	84.181	B04MC32551	**$**	**3,525**
U.S. Election Assistance Commission				
Passed Through Minnesota Secretary of State				
COVID-19 – HAVA Election Security Grants	90.404	G53HAVA2020	**$**	**4,287**
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	NU90TU000040	$	80
Early Hearing Detection and Intervention	93.251	H61MC00035		75
COVID-19 – Immunization Cooperative Agreements	93.268	NH23IP922628		5,650
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000508		44,715
Temporary Assistance for Needy Families	93.558	2401MNTANF		47,299
(Total Temporary Assistance for Needy Families 93.558 $452,255)				

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

Pine County
Pine City, Minnesota

Exhibit D-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 (Continued)			
Passed Through Minnesota Department of Health			
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE11OE000048	18,092
Maternal and Child Health Services Block Grant to the States	93.994	B04MC32551	35,232
Passed Through Minnesota Department of Human Services			
Marylee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPSS	8,471
Temporary Assistance for Needy Families	93.558	2401MNTANF	404,956
(Total Temporary Assistance for Needy Families 93.558 $452,255)			
Child Support Services	93.563	2301MNCSES	986,280
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2401MNRCMA	2,316
CCDF Cluster			
Child Care and Development Block Grant	93.575	2401MNCCDF	12,919
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	11,338
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	1,812
Foster Care Title IV-E	93.658	2401MNFOST	164,387
Social Services Block Grant	93.667	2401MNSOSR	202,792
Child Abuse and Neglect State Grants	93.669	2301MNNCAN	1,812
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	744
Children's Health Insurance Program	93.767	2305MN5021	502
Medicaid Cluster			
Medical Assistance Program	93.778	2405MN5ADM	1,230,649
Medical Assistance Program	93.778	2405MN5MAP	12,005
(Total Medical Assistance Program 93.778 $1,242,654)			
Total U.S. Department of Health and Human Services			**$ 3,192,126**
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Natural Resources			
Boating Safety Financial Assistance	97.012	3319FAS190127	$ 19,195
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-ARPA-2022-PINECO-4333	22,242
Total U.S. Department of Homeland Security			**$ 41,437**
Total Federal Awards			**$ 8,206,459**

Totals by Cluster	
Total expenditures for SNAP Cluster	$ 347,755
Total expenditures for CCDF Cluster	12,919
Total expenditures for Medicaid Cluster	1,242,654

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

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

Pine County
Pine City, Minnesota

Notes to the Schedule of Expenditure 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 Pine County. The County's reporting entity is defined in Note 1 to the financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Pine 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Pine County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Pine 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

Pine County has elected not to use the ten percent de minimis indirect cost rate nor the 15 percent de minimis indirect cost rate, as applicable, allowed under the Uniform Guidance.

Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	$ 8,179,878
Grants received more than 90 days after year-end, unavailable in 2024	
Highway Planning and Construction (AL No. 20.205)	135,797
Emergency Management Performance Grants (AL No. 97.042)	22,242
Unavailable in 2023, recognized as revenue in 2024	
COVID-19 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (AL No. 14.228)	(27,305)
Edward Byrne Memorial Justice Assistance Grant Program (AL No. 16.738)	(26,674)
Temporary Assistance for Needy Families (AL No. 93.558)	(59,150)
Emergency Management Performance Grants (AL No. 97.042)	(18,329)
Expenditures per Schedule of Expenditures of Federal Awards	$ 8,206,459

Management and Compliance Section

STATE OF MINNESOTA

Office of the State Auditor

Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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
Pine County
Pine City, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pine 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 September 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pine 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. 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 material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pine 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.

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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 Pine 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.

Pine County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Pine 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

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

September 8, 2025

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

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
Pine County
Pine City, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited Pine 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 Pine County's major federal programs for the year ended December 31, 2024. Pine 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, Pine 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 Pine 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 Pine County's compliance with the compliance requirements referred to above.

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

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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 Pine 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 Pine 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.

Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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	*/s/Chad Struss*
Julie Blaha State Auditor	Chad Struss, CPA Deputy State Auditor

September 8, 2025

Pine County
Pine City, 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? **Yes**
- Significant deficiencies identified? **None reported**

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

Federal Awards

Internal control over the major federal programs:
- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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)? **No**

Identification of the major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
93.778	Medicaid Cluster

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

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

Section II – Financial Statement Findings

2024-001 **Audit Adjustment**
Prior Year Finding Number: 2023-001
Year of Finding Origination: 2023
Type of Finding: Internal Control Over Financial Reporting
Severity of Deficiency: Material Weakness

Criteria: 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control 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.

Condition: A material audit adjustment was identified that resulted in a significant change to the County's financial statements.

Context: The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was identified during the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustment was reviewed and approved by management and is reflected in the financial statements: the Road and Bridge Special Revenue Fund required adjustments to increase due from other governments by $977,872; deferred inflows of resources by $135,797; and intergovernmental revenue by $842,075 to account for additional receivables related to federal road projects.

Cause: The County informed us that this transaction was missed by County staff during the process for year-end financial reporting due to human error.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

View of Responsible Official: Concur

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

PINE COUNTY AUDITOR-TREASURER

PINE COUNTY COURTHOUSE

635 Northridge Dr NW * Suite 240 * PINE CITY, MN 55063

Melissa Berg	**320-591-1669**	**Sully Lucht**	**320-591-1670**
Alison Hughes	**320-591-1666**	**Kathy Reiser**	**320-591-1664**
Cassandra Johnson	**320-591-1624**	**Kelly M. Schroeder**	**320-591-1668**
Janice Johnston	**320-591-1660**	**Carolyn White**	**320-591-1672**
		Fax	**320-591-1671**

Representation of Pine County
Pine City, Minnesota

Corrective Action Plan
For the Year Ended December 31, 2024

Finding Number: 2024-001
Finding Title: Audit Adjustment

Name of Contact Person Responsible for Corrective Action:
Kelly Schroeder, County Administrator/Auditor-Treasurer

Corrective Action Planned:
After the accrual period, all Road & Bridge Fund transactions will thoroughly be reviewed by Auditor-Treasurer staff to ensure appropriate accrual information is reflected in IFS. Additionally, Auditor-Treasurer staff will meet with the Assistant County Engineer and the Road & Bridge Office Manager to annually review the status of projects and payments.

Staff have also worked with the Road & Bridge Office Manager to better understand the project coding which comes in with payments to help identify prior year projects.

Anticipated Completion Date:
04/01/2026

PINE COUNTY AUDITOR-TREASURER

PINE COUNTY COURTHOUSE
635 Northridge Dr NW * Suite 240 * PINE CITY, MN 55063

Melissa Berg	320-591-1669	Pam Lawrence	320-591-1667
Alison Hughes	320-591-1666	Sully Lucht	320-591-1670
Cassandra Johnson	320-591-1624	Kathy Reiser	320-591-1664
Janice Johnston	320-591-1660	Kelly M. Schroeder	320-591-1668
		Fax	320-591-1671

Representation of Pine County
Pine City, Minnesota

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

Finding Number: 2023-001
Year of Finding Origination: 2023
Finding Title: Audit Adjustments

Summary of Condition: Material audit adjustments were identified that resulted in significant changes to the County's financial statements.

Summary of Corrective Action Previously Reported: After the accrual period, all Road & Bridge Fund transactions will thoroughly be reviewed by Auditor-Treasurer staff to ensure appropriate accrual information is reflected in IFS. Additionally, Auditor-Treasurer staff will meet with the Assistant County Engineer and the Road & Bridge Office Manager to annually review the status of projects and payments.

The COVID-19 unearned revenue issue was addressed by creating an expense account to match the revenue account rather than comingling revenues and expenditures.

Status: Partially Corrected. An expenditure account was created in the COVID-19 Relief Fund and no material audit adjustments were identified for the fund. However, material audit adjustments were identified again for the Road & Bridge Fund.

Finding Number: 2023-002
Year of Finding Origination: 2023
Finding Title: Journal Entry Approval

Summary of Condition: Appropriate County management does not review or approve journal entries made by staff responsible for the accounting of the Health and Human Services Fund.

Summary of Corrective Action Previously Reported: After each month is closed, Health & Human Services Fiscal Supervisor will email the County Auditor-Treasurer to let her know she has completed the journal entries for the month. The County Auditor-Treasurer will then navigate to the electronic copy of the journal entries and support, review them, and electronically apply a signature and the date reviewed to them.

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 three covered transactions tested, the County did not perform the verification for suspended or debarred vendors prior to entering into the covered transactions.

Summary of Corrective Action Previously Reported: Prior to payment of any invoices from the COVID-19 funds, a suspension and debarment check will be completed and a copy of which documented. Additionally, any new contracts, if any, that are entered into will have the certification for the vendor included.

Status: Partially Corrected. New contracts included the certification that the contractor was not suspended or debarred. Additional invoices throughout the year were not reviewed for suspension and debarment prior to payment but were checked on the calendar event date.

Corrective action taken was significantly different than the action previously reported. Rather than performing a suspension and debarment check prior to payment, staff have a recurring calendar event to check for suspension and debarment for ongoing contracts, which was completed for the one vendor that was ongoing on the date of the recurring calendar event.