

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Redwood County Redwood Falls, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Redwood County Redwood Falls, Minnesota

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Introductory Section

Redwood County Redwood Falls, Minnesota

Organization

Office	Name	Term Expires
Commissioners		
1st District	Rick Wakefield, Vice Chair	January 2025
2nd District	Jim Salfer, Chair	January 2027
3rd District	Dennis Groebner	January 2027
4th District	Robert Van Hee	January 2025
5th District	David Forkrud	January 2025
County Officers		
Elected		
Attorney	Jenna Peterson*	January 2027
Auditor-Treasurer	Jean Price	January 2027
District Court Judge	Patrick R. Rohland	January 2027
Recorder	Amy Gewerth**	January 2027
Sheriff	Jason Jacobson	January 2027
Appointed		
Administrator	Vicki Kletscher	Indefinite
Assessor	Jesse Jacobson	December 2028
Director of Planning and Environmental Services	Nick Brozek	Indefinite
Highway Engineer	Anthony Sellner	April 2028
License Center Supervisor	Amy Serbus	Indefinite
Maintenance Supervisor	Loren Gewerth	Indefinite
Medical Examiner	Dr. Kelly Mills	December 2026
Veterans Service Officer	Roger Zollner	Indefinite

*Jenna Peterson resigned effective January 2, 2025 and Shannon Ness was appointed to fill the remaining term, effective January 3, 2025.

**Amy Gewerth was appointed as Recorder effective February 1, 2024, to fill the remaining term of Joyce Anderson, who resigned effective January 31, 2024.

Financial Section



Independent Auditor's Report

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and 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 Redwood County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, 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 June 25, 2025, on our consideration of Redwood 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 Redwood 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 Redwood County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

June 25, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Redwood County

Redwood Falls, Minnesota

Management's Discussion and Analysis

December 31, 2024

(Unaudited)

The Management's Discussion and Analysis (MD&A) provides an overview and analysis of the County's financial activities for the fiscal year ended December 31, 2024. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the County's basic financial statements that follow this section.

Financial Highlights

- Governmental activities' total net position is \$150,343,961, of which \$125,700,554 is the net investment in capital assets, and \$10,064,870 is restricted to specific purposes. The \$14,578,537 remaining may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's net position increased by \$5,550,920 for the year ended December 31, 2024. A large part of the increase is attributable to the County's net investment in capital assets and decrease in liabilities and deferred inflows of resources.
- The net cost of governmental activities for the current fiscal year was \$16,881,501. The net cost was funded by general revenues totaling \$22,432,421.
- Fund balances of the governmental funds increased by \$255,355. Most of the increase was due to new leases issued and the sale of capital assets.
- For the year ended December 31, 2024, the assigned and unassigned fund balance of the General Fund was \$17,150,515, or 131.3 percent of the total General Fund expenditures for the year, a decrease of 7.3 percentage points.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County using the full accrual basis of accounting, with the difference (assets plus deferred outflows of resources, less liabilities and deferred inflows of resources) being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating. It is important to consider other nonfinancial factors, such as changes in the County's property tax base and the condition of County roads and other capital assets, to assess the overall health of the County.

The Statement of Activities presents the County's governmental activities. Most of the basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities. The County has no business-type activities or discretely presented component units for which the County is legally accountable.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

Fund level financial statements provide detailed information about the significant funds—not the County as a whole. Some funds are required to be established by state law or by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financial decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Solid Waste Special Revenue Fund, Ditch Special Revenue Fund, EDA Special Revenue Fund, and Debt Service Fund. Budgetary comparison schedules have been provided as either required or other supplementary information for each of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are Exhibits 3 through 6 of this report.

A proprietary fund is maintained by Redwood County. Internal service funds are 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 self-insurance. The service benefits the governmental functions and has been allocated to the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements are Exhibits 7 through 9 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the County's own programs or activities. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

All fiduciary activities are reported in a separate Statement of Fiduciary Net Position on Exhibit 10, Statement of Changes in Fiduciary Net Position on Exhibit 11, and the Custodial Funds Combining Statements are shown on Exhibits C-1 and C-2.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 30 through 71 of this report.

Other Information

Other information is provided as supplementary information regarding Redwood County's intergovernmental revenue and federal awards programs.

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the County's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$150,343,961 at the close of 2024. The largest portion of the net position (83.6 percent) reflects the County's net investment in capital assets (for example: land, buildings, equipment, and infrastructure such as roads and bridges), less any related outstanding debt used to acquire those assets. However, it should be noted that these assets are not available for future spending or for liquidating any remaining debt. Comparative data with 2023 is presented.

Statement of Net Position

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 37,993,953	\$ 44,403,248
Capital assets	152,557,430	147,090,832
Total Assets	\$ 190,551,383	\$ 191,494,080
Deferred Outflows of Resources		
Deferred other postemployment benefits outflows	\$ 664,604	\$ 344,559
Deferred pension outflows	2,588,372	3,968,766
Total Deferred Outflows of Resources	\$ 3,252,976	\$ 4,313,325
Liabilities		
Long-term liabilities	\$ 34,790,638	\$ 36,135,147
Other liabilities	3,410,492	6,243,163
Total Liabilities	\$ 38,201,130	\$ 42,378,310
Deferred Inflows of Resources		
Deferred other postemployment benefits inflows	\$ 114,458	\$ 123,450
Deferred pension inflows	4,518,526	4,503,697
Deferred lease inflows	626,284	803,348
Advance from other governments	-	3,205,559
Total Deferred Inflows of Resources	\$ 5,259,268	\$ 8,636,054
Net Position		
Net investment in capital assets	\$ 125,700,554	\$ 122,761,377
Restricted	10,064,870	7,951,156
Unrestricted	14,578,537	14,080,508
Total Net Position	\$ 150,343,961	\$ 144,793,041

Unrestricted net position—the part of net position that may be used to meet the County's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements—is 9.7 percent of net position.

Governmental Activities

The County's activities increased net position by 3.8 percent (\$144,793,041 for 2023, compared to \$150,343,961 for 2024). Key elements in this increase in net position are as follows for 2024, with comparative data for 2023.

Changes in Net Position

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 3,678,616	\$ 5,927,365
Operating grants and contributions	12,807,720	14,919,798
Capital grants and contributions	2,427,098	2,785,720
General revenues		
Property taxes	16,824,395	14,990,168
Other	5,608,026	6,425,562
Total Revenues	\$ 41,345,855	\$ 45,048,613
Expenses		
General government	\$ 5,782,199	\$ 5,964,522
Public safety	5,957,373	5,679,205
Highways and streets	14,268,290	11,829,095
Sanitation	749,911	716,942
Human services	3,474,009	3,111,772
Health	185,100	219,806
Culture and recreation	392,226	467,239
Conservation of natural resources	3,837,656	4,614,409
Economic development	187,531	3,152,344
Interest	960,640	468,531
Total Expenses	\$ 35,794,935	\$ 36,223,865
Special Item		
PrimeWest Health buy-in	\$ -	\$ (389,886)
Change in Net Position	\$ 5,550,920	\$ 8,434,862
Net Position – January 1	144,793,041	136,358,179
Net Position – December 31	\$ 150,343,961	\$ 144,793,041

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the County's governmental funds is to provide information on short-term inflows, outflows, and the balances left at year-end available for spending. Such information is useful in assessing the County's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

At the end of 2024, governmental funds reported combined ending fund balances of \$27,700,066, an increase of \$255,355 in comparison with the prior year. Of the combined ending fund balances, \$18,572,159 represents committed, assigned and unassigned fund balance which is available for spending at the County's discretion. The remainder of the fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law, grant agreements, bond covenants, or is nonspendable.

The General Fund is the main operating fund for the County. At the end of the current fiscal year, it had an assigned and unassigned fund balance of \$17,150,515. As a measure of the General Fund’s liquidity, it may be useful to compare assigned and unassigned fund balance to total expenditures. The General Fund’s assigned and unassigned fund balance represents 131.3 percent of total General Fund expenditures. The ending fund balance increased by \$2,119,430 during 2024, primarily due to more investment earnings than expected in the current year.

The Road and Bridge Special Revenue Fund had an assigned fund balance of \$2,035,115 at fiscal year-end, representing 9.7 percent of its annual expenditures. The ending fund balance decreased \$4,012,819 during 2024, primarily due to spending the bond proceeds from the sale of the Series 2023A General Obligation Bonds on construction projects.

The Solid Waste Special Revenue Fund had restricted fund balance of \$45,000 and an assigned fund balance of \$37,451 at fiscal year-end.

The Ditch Special Revenue Fund had restricted fund balance of \$2,733,550 at fiscal year-end. The ending fund balance increased \$1,142,511 during 2024.

The EDA Special Revenue Fund had an assigned fund balance of \$206,857 at fiscal year-end.

The Debt Service Fund had restricted fund balance of \$1,712,400 at fiscal year-end. The Debt Service Fund was created in 2008 due to the issuance of bonds for the renovation of the Government Center, remodeling of the Courthouse, and the purchase of equipment. In 2013, new bonds were sold for the construction and remodeling of the Law Enforcement Center. In 2016, the sale of a refunding bond occurred which was used to crossover refund \$1,170,000 of the \$3,920,000 General Obligation Improvement Bond, Series 2008A, called on February 1, 2019. In 2021, General Obligation Bonds in the amount of \$9,185,000 were sold for the construction of the Justice Center and \$1,285,000 to refund the 2013A Law Enforcement Center bonds. In 2023, General Obligation Bonds in the amount of \$9,170,000 were sold to fund various improvements to roads and bridges.

Governmental Activities

The County’s total revenues were \$41,345,855. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2024.

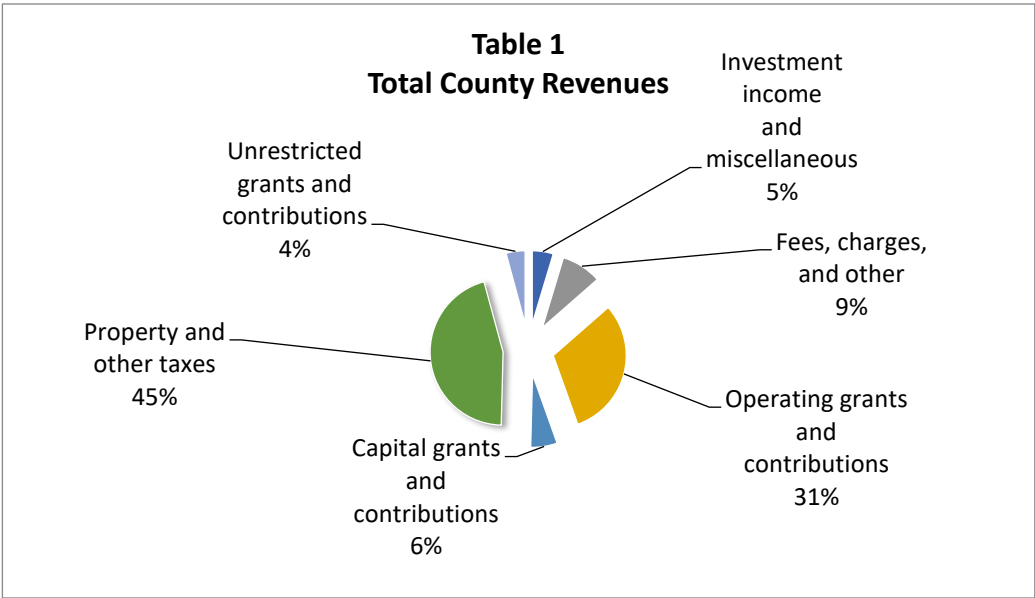
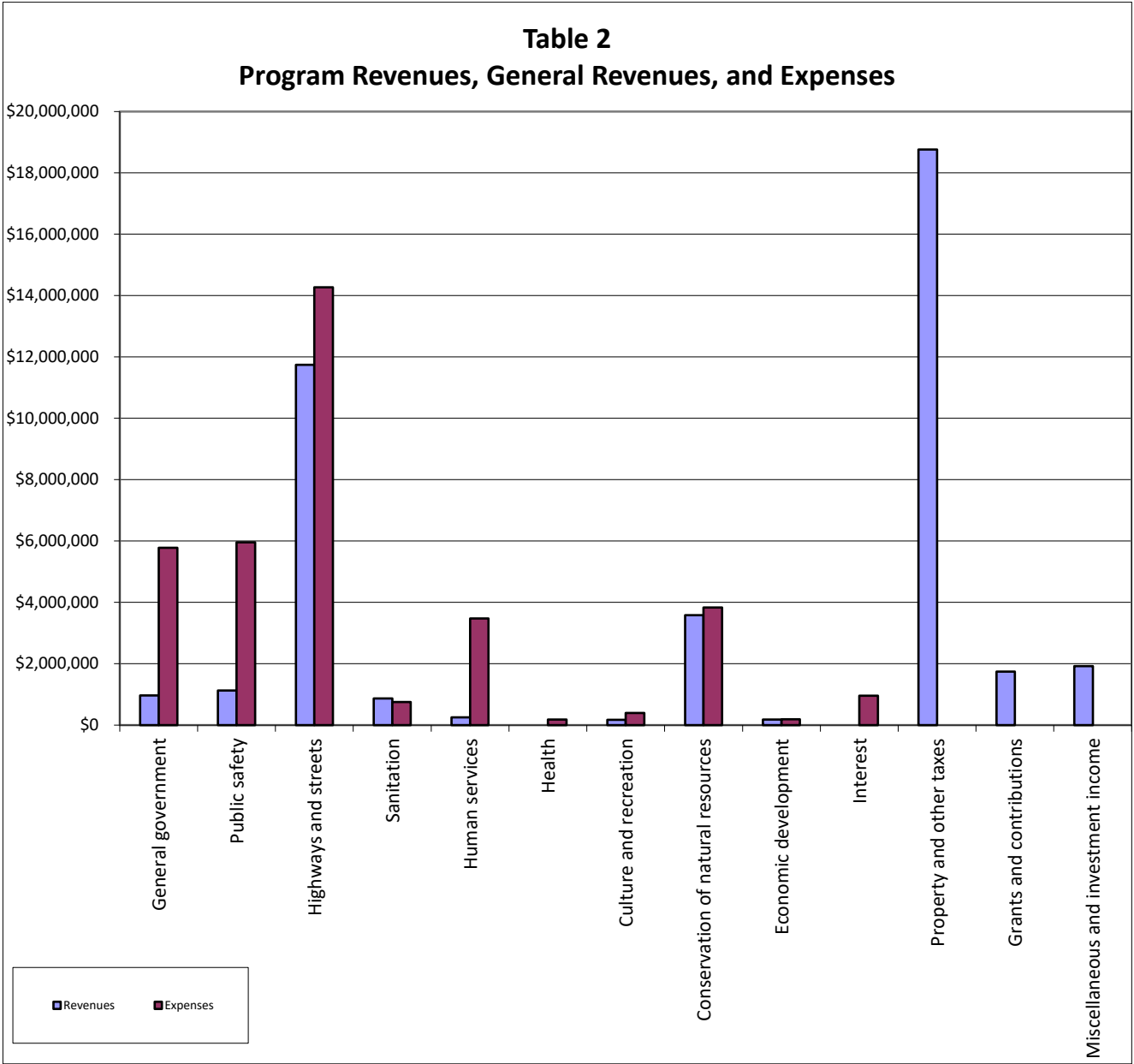


Table 2 presents the cost and revenue of each program, as well as the County’s general revenues.

Total program and general revenues for the County were \$41,345,855, while total expenses were \$35,794,935, reflecting a \$5,550,920 increase in net position for the year ended December 31, 2024.



The cost of all governmental activities this year was \$35,794,935. However, as shown on the Statement of Activities on Exhibit 2, the amount that taxpayers ultimately financed for these activities through County property taxes was only \$16,824,395, because some of the cost was paid by those who directly benefited from the programs (\$3,678,616) or by other governments and organizations that subsidized certain programs with grants and contributions (\$15,234,818). The County paid for the remaining “public benefit” portion of governmental activities with general revenues, primarily taxes (some of which could be used only for certain programs) and other revenues, such as grants and contributions not restricted to specific programs and investment income.

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

Table 3
Governmental Activities

	Total Cost of Services 2024	Net Cost (Revenue) of Services 2024
Highways and streets	\$ 14,268,290	\$ 2,526,260
Public safety	5,957,373	4,828,492
General government	5,782,199	4,810,105
Human services	3,474,009	3,221,227
Conservation of natural resources	3,837,656	249,827
Sanitation	749,911	(117,962)
All others	1,725,497	1,363,552
Totals	<u>\$ 35,794,935</u>	<u>\$ 16,881,501</u>

General Fund Budgetary Highlights

The amendments to the budget were for the creation of the EDA Special Revenue Fund in 2023 that needed amendments for 2024 for presentation in the financial statements.

Capital Assets and Debt Administration

Capital Assets

The County's capital assets for its governmental activities at December 31, 2024, totaled \$152,557,430 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, lease equipment, and software subscriptions. The investment in capital assets increased \$5,466,598, or 3.7 percent, from the previous year. The increase was due to the \$8,322,579 addition in infrastructure.

Table 4
Capital Assets at Year End
(Net of Accumulated Depreciation and Amortization)

	2024	2023
Land and right of way	\$ 2,546,260	\$ 2,546,260
Infrastructure	115,370,293	110,160,211
Buildings	23,901,975	24,637,029
Improvements other than buildings	498,223	535,726
Machinery and equipment	6,938,737	5,747,360
Lease equipment	323,581	93,713
Software subscriptions	36,080	46,992
Construction in progress	2,942,281	3,323,541
Totals	<u>\$ 152,557,430</u>	<u>\$ 147,090,832</u>

Additional information about the County's capital assets can be found in the notes to the financial statements of this report.

Long-Term Liabilities

The County has bonds payable at December 31, 2024, of \$27,702,552.

The County issued Series 2021A, General Obligation Law Enforcement Center Refunding Bonds in the amount of \$1,285,000 to refund \$1,500,000 of the \$3,375,000 Series 2013A, General Obligation Law Enforcement Center Bonds, to be called on February 1, 2022. Series 2021A, General Obligation Law Enforcement Center Refunding Bonds will mature on April 1, 2028.

The County issued Series 2021A, General Obligation Recycling Facility Refunding Bonds in the amount of \$770,000 to refund \$900,000 of the \$2,040,000 Series 2013A, General Obligation Recycling Facility Bonds, to be called on February 1, 2022. This bond is paid by Redwood/Renville Regional Solid Waste Authority. Series 2021A, General Obligation Recycling Facility Refunding Bonds will mature on April 1, 2028.

The County issued Series 2021A, General Obligation Justice Center Bonds in the amount of \$9,185,000 for the construction of the Justice Center. Series 2021A, General Obligation Justice Center Bonds will mature on April 1, 2042.

The County issued Series 2021A, General Obligation CSAH Bonds in the amount of \$6,095,000. Series 2021A, General Obligation CSAH Bonds will mature on April 1, 2037.

The County issued Series 2023A, General Obligation Capital Improvement Bonds in the amount of \$9,170,000 to fund various improvements to roads and bridges. Series 2023A, General Obligation Capital Improvement Bonds will mature on February 1, 2034.

Table 5
Outstanding Bonded Debt

	2024	2023
General Obligation Crossover Refunding Bonds, Series 2016A	\$ -	\$ 250,000
General Obligation Law Enforcement Center Refunding Bonds, Series 2021A	1,028,208	1,256,511
General Obligation Recycling Facility Refunding Bonds, Series 2021A	617,953	754,942
General Obligation Justice Center Bonds, Series 2021A	9,849,129	9,886,025
General Obligation CSAH Bonds, Series 2021A	6,271,360	6,634,541
General Obligation Capital Improvement Bonds, Series 2023A	9,935,902	10,012,492
Totals	<u>\$ 27,702,552</u>	<u>\$ 28,794,511</u>

Minnesota statutes limit the amount of debt a county may levy to 3.0 percent of its total market value. At the end of 2024, the County's outstanding debt was 0.42 percent of its total estimated market value.

Additional information on the County's long-term debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets

The County's elected and appointed officials considered many factors when setting the 2025 budget, tax rates, and fees that will be charged for the year.

- The average unemployment rate for Redwood County at the end of 2024 was 2.5 percent, an increase of 0.1 percentage points from one year ago. The state unemployment rate was 2.6 percent. The 2023 County population (last known year) was 15,288, a decrease of 137 from the 2020 census of 15,425.
- At the end of 2024, Redwood County set its 2025 revenue and expenditure budgets.

- The 2025 property tax levy for the County increased to \$18,240,041, compared to \$17,197,510 in 2024.

Requests for Information

This financial report is designed to provide a general overview of Redwood County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the County's Auditor-Treasurer, Jean Price, Redwood County Government Center, 403 South Mill Street, PO Box 130, Redwood Falls, Minnesota 56283.

Basic Financial Statements

Government-Wide Financial Statements

**Redwood County
Redwood Falls, Minnesota**

Exhibit 1

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

Assets

Cash and pooled investments	\$ 25,109,409
Investments	5,059,006
Receivables – net	7,620,164
Inventories	144,469
Prepaid items	60,905
Capital assets	
Non-depreciable or amortizable	5,488,541
Depreciable or amortizable – net of accumulated depreciation and amortization	147,068,889
Total Assets	\$ 190,551,383

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 664,604
Deferred pension outflows	2,588,372
Total Deferred Outflows of Resources	\$ 3,252,976

Liabilities

Accounts payable and other current liabilities	\$ 2,496,797
Unearned revenue	913,695
Long-term liabilities	
Due within one year	1,853,234
Due in more than one year	27,774,747
Other postemployment benefits liability due within one year	148,392
Other postemployment benefits liability due in more than one year	1,398,267
Net pension liability	3,615,998
Total Liabilities	\$ 38,201,130

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 114,458
Deferred pension inflows	4,518,526
Deferred lease inflows	626,284
Total Deferred Inflows of Resources	\$ 5,259,268

Net Position

Net investment in capital assets	\$ 125,700,554
Restricted for	
General government	421,203
Public safety	785,952
Conservation of natural resources	4,985,247
Highways and streets	2,126,927
Debt service	1,448,869
Economic development	296,672
Unrestricted	14,578,537
Total Net Position	\$ 150,343,961

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

**Redwood County
Redwood Falls, Minnesota**

Exhibit 2

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

	Program Revenues				Net (Expense)
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs					
Primary government					
Governmental activities					
General government	\$ 5,782,199	\$ 829,844	\$ 142,250	\$ -	\$ (4,810,105)
Public safety	5,957,373	171,783	957,098	-	(4,828,492)
Highways and streets	14,268,290	433,924	8,881,008	2,427,098	(2,526,260)
Sanitation	749,911	630,611	237,262	-	117,962
Human services	3,474,009	-	252,782	-	(3,221,227)
Health	185,100	-	-	-	(185,100)
Culture and recreation	392,226	125,798	50,615	-	(215,813)
Conservation of natural resources	3,837,656	1,431,329	2,156,500	-	(249,827)
Economic development	187,531	55,327	130,205	-	(1,999)
Interest	960,640	-	-	-	(960,640)
Total Governmental Activities	\$ 35,794,935	\$ 3,678,616	\$ 12,807,720	\$ 2,427,098	\$ (16,881,501)
General Revenues					
Property taxes					\$ 16,824,395
Wheelage tax					364,036
County local option sales tax					1,275,654
Other taxes					13,080
Payments in lieu of tax					284,551
Grants and contributions not restricted to specific programs					1,743,515
Unrestricted investment income					1,669,117
Miscellaneous					258,073
Total general revenues					\$ 22,432,421
Change in net position					\$ 5,550,920
Net Position – Beginning					144,793,041
Net Position – Ending					\$ 150,343,961

Fund Financial Statements

Governmental Funds

**Redwood County
Redwood Falls, Minnesota**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
<u>Assets</u>			
Cash and pooled investments	\$ 16,562,286	\$ 3,958,392	\$ 28,815
Petty cash and change funds	1,800	-	-
Investments	4,797,400	-	-
Taxes receivable			
Delinquent	39,844	11,907	13,902
Special assessments receivable			
Delinquent	-	-	-
Noncurrent	14,128	-	-
Accounts receivable – net	38,727	5,015	-
Accrued interest receivable	8,289	-	-
Due from other funds	4,465	417,809	-
Due from other governments	105,730	2,632,710	-
Loans receivable	1,164,198	-	-
Leases receivable	651,682	-	-
Inventories	-	144,469	-
Prepaid items	51,877	8,103	-
Total Assets	<u>\$ 23,440,426</u>	<u>\$ 7,178,405</u>	<u>\$ 42,717</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 146,793	\$ 28,076	\$ -
Salaries payable	439,255	132,270	-
Contracts payable	23,706	665,292	-
Due to other funds	472,757	41,934	-
Due to other governments	272,253	11,460	28,815
Unearned revenue	824,096	79,599	-
Total Liabilities	<u>\$ 2,178,860</u>	<u>\$ 958,631</u>	<u>\$ 28,815</u>
Deferred Inflows of Resources			
Unavailable revenue	\$ 1,259,145	\$ 1,479,422	\$ 13,902
Deferred lease inflows	626,284	-	-
Total Deferred Inflows of Resources	<u>\$ 1,885,429</u>	<u>\$ 1,479,422</u>	<u>\$ 13,902</u>
Fund Balances			
Nonspendable	\$ 52,327	\$ 152,572	\$ -
Restricted	1,694,921	2,552,665	-
Committed	478,374	-	-
Assigned	6,085,899	2,035,115	-
Unassigned	11,064,616	-	-
Total Fund Balances	<u>\$ 19,376,137</u>	<u>\$ 4,740,352</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,440,426</u>	<u>\$ 7,178,405</u>	<u>\$ 42,717</u>

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

Exhibit 3

<u>Solid Waste</u>	<u>Ditch</u>	<u>EDA</u>	<u>Debt Service</u>	<u>Total</u>
\$ 90,134	\$ 1,375,743	\$ 489,864	\$ 1,450,793	\$ 23,956,027
-	-	-	-	1,800
-	-	-	261,606	5,059,006
-	-	-	6,974	72,627
28,645	8,827	-	-	37,472
-	1,636,865	-	-	1,650,993
-	40,499	-	-	84,241
-	-	-	237	8,526
-	41,934	55,233	-	519,441
-	1,072,988	-	-	3,811,428
-	-	113,125	-	1,277,323
-	-	-	-	651,682
-	-	-	-	144,469
-	305	620	-	60,905
<u>\$ 118,779</u>	<u>\$ 4,177,161</u>	<u>\$ 658,842</u>	<u>\$ 1,719,610</u>	<u>\$ 37,335,940</u>
\$ 36	\$ 151,933	\$ 50	\$ -	\$ 326,888
135	14,050	5,085	-	590,795
-	129,701	-	-	818,699
-	4,750	-	-	519,441
7,512	75	-	-	320,115
-	10,000	-	-	913,695
<u>\$ 7,683</u>	<u>\$ 310,509</u>	<u>\$ 5,135</u>	<u>\$ -</u>	<u>\$ 3,489,633</u>
\$ 28,645	\$ 2,618,508	\$ 113,125	\$ 7,210	\$ 5,519,957
-	-	-	-	626,284
<u>\$ 28,645</u>	<u>\$ 2,618,508</u>	<u>\$ 113,125</u>	<u>\$ 7,210</u>	<u>\$ 6,146,241</u>
\$ -	\$ 305	\$ 620	\$ -	\$ 205,824
45,000	2,733,550	183,547	1,712,400	8,922,083
-	-	149,558	-	627,932
37,451	-	206,857	-	8,365,322
-	(1,485,711)	-	-	9,578,905
<u>\$ 82,451</u>	<u>\$ 1,248,144</u>	<u>\$ 540,582</u>	<u>\$ 1,712,400</u>	<u>\$ 27,700,066</u>
<u>\$ 118,779</u>	<u>\$ 4,177,161</u>	<u>\$ 658,842</u>	<u>\$ 1,719,610</u>	<u>\$ 37,335,940</u>

**Redwood County
Redwood Falls, 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)	\$ 27,700,066
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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.	152,557,430
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Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in the governmental funds.	664,604
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Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in the governmental funds.	2,588,372
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An internal service fund is used by Redwood County to charge the cost of the 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.	1,065,932
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources—unavailable revenue in the governmental funds.	5,519,957
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	\$ (25,400,000)	
Unamortized premium on bonds	(2,302,552)	
Notes payable	(385,000)	
Leases payable	(332,197)	
Software subscription liability	(35,115)	
Loans payable	(27,227)	
Compensated absences	(1,145,890)	
Other postemployment benefits liability	(1,546,659)	
Net pension liability	(3,615,998)	
Accrued interest payable	(328,778)	(35,119,416)

Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(114,458)
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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.	(4,518,526)
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Net Position of Governmental Activities (Exhibit 1)	\$ 150,343,961
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Redwood County
Redwood Falls, Minnesota

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Property taxes	\$ 8,893,440	\$ 2,767,041	\$ 3,136,535
Other taxes	13,080	1,538,048	-
Special assessments	42,660	-	-
Licenses and permits	63,326	27,400	-
Intergovernmental	3,015,467	11,673,638	153,139
Settlements	-	-	184,335
Charges for services	863,064	11,385	-
Gifts and contributions	1,510	-	-
Investment earnings	1,158,801	432,922	-
Miscellaneous	493,866	170,519	-
Total Revenues	<u>\$ 14,545,214</u>	<u>\$ 16,620,953</u>	<u>\$ 3,474,009</u>
Expenditures			
Current			
General government	\$ 5,097,846	\$ -	\$ -
Public safety	6,007,143	-	-
Highways and streets	-	19,709,288	-
Sanitation	-	-	-
Culture and recreation	283,711	-	-
Conservation of natural resources	1,214,488	-	-
Economic development	11,261	-	-
Intergovernmental			
Highways and streets	-	720,556	-
Sanitation	-	-	-
Human services	-	-	3,474,009
Health	185,100	-	-
Library	109,323	-	-
Conservation of natural resources	-	-	-
Debt service			
Principal	144,463	319,342	-
Interest	7,148	212,406	-
Administrative (fiscal) charges	-	180	-
Total Expenditures	<u>\$ 13,060,483</u>	<u>\$ 20,961,772</u>	<u>\$ 3,474,009</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 1,484,731</u>	<u>\$ (4,340,819)</u>	<u>\$ -</u>
Other Financing Sources (Uses)			
Leases issued	\$ 365,151	\$ -	\$ -
Software subscriptions issued	7,648	-	-
Transfers in	1,305,537	-	-
Transfers out	(1,048,102)	-	-
Insurance recoveries	-	150,744	-
Proceeds from notes issuance	-	-	-
Proceeds from sale of capital assets	4,465	224,620	-
Total Other Financing Sources (Uses)	<u>\$ 634,699</u>	<u>\$ 375,364</u>	<u>\$ -</u>

Exhibit 5

<u>Solid Waste</u>	<u>Ditch</u>	<u>EDA</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ -	\$ 110,467	\$ 1,920,064	\$ 16,827,547
-	-	-	-	1,551,128
629,623	2,139,086	34,566	-	2,845,935
2,550	-	-	-	93,276
237,262	1,481,734	205,103	56,661	16,823,004
-	-	-	-	184,335
-	-	328	-	874,777
-	-	-	-	1,510
-	876	5,877	11,020	1,609,496
648	34	-	-	665,067
<u>\$ 870,083</u>	<u>\$ 3,621,730</u>	<u>\$ 356,341</u>	<u>\$ 1,987,745</u>	<u>\$ 41,476,075</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,097,846
-	-	-	-	6,007,143
-	-	-	-	19,709,288
7,000	-	-	-	7,000
-	-	-	-	283,711
-	2,570,690	-	-	3,785,178
-	-	179,900	-	191,161
-	-	-	-	720,556
715,885	-	-	-	715,885
-	-	-	-	3,474,009
-	-	-	-	185,100
-	-	-	-	109,323
-	19,465	-	-	19,465
120,000	20,000	-	450,000	1,053,805
30,500	16,024	-	703,282	969,360
23	605	-	1,346	2,154
<u>\$ 873,408</u>	<u>\$ 2,626,784</u>	<u>\$ 179,900</u>	<u>\$ 1,154,628</u>	<u>\$ 42,330,984</u>
<u>\$ (3,325)</u>	<u>\$ 994,946</u>	<u>\$ 176,441</u>	<u>\$ 833,117</u>	<u>\$ (854,909)</u>
\$ -	\$ -	\$ -	\$ -	\$ 365,151
-	-	-	-	7,648
-	1,048,102	-	-	2,353,639
-	(1,305,537)	-	-	(2,353,639)
-	-	-	-	150,744
-	405,000	-	-	405,000
-	-	-	-	229,085
<u>\$ -</u>	<u>\$ 147,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,628</u>

**Redwood County
Redwood Falls, Minnesota**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Net Change in Fund Balance	\$ 2,119,430	\$ (3,965,455)	\$ -
Fund Balance – January 1	17,256,707	8,753,171	-
Increase (decrease) in inventories	<u>-</u>	<u>(47,364)</u>	<u>-</u>
Fund Balance – December 31	<u>\$ 19,376,137</u>	<u>\$ 4,740,352</u>	<u>\$ -</u>

Exhibit 5*(Continued)*

<u>Solid Waste</u>	<u>Ditch</u>	<u>EDA</u>	<u>Debt Service</u>	<u>Total</u>
\$ (3,325)	\$ 1,142,511	\$ 176,441	\$ 833,117	\$ 302,719
85,776	105,633	364,141	879,283	27,444,711
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,364)</u>
<u>\$ 82,451</u>	<u>\$ 1,248,144</u>	<u>\$ 540,582</u>	<u>\$ 1,712,400</u>	<u>\$ 27,700,066</u>

**Redwood County
Redwood Falls, Minnesota**

Exhibit 6

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

Net change in fund balance – total governmental funds (Exhibit 5)	\$	302,719
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Amounts reported for governmental activities in the statement of activities are different because:

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

Unavailable revenue – December 31	\$ 5,519,957	
Unavailable revenue – January 1	<u>(6,051,376)</u>	(531,419)

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 governmental funds, the proceeds from the sale increase financial resources. The difference is the net book value of the assets disposed of.

Expenditures for general capital assets and infrastructure	\$ 10,517,643	
Net book value of assets disposed of	(195,699)	
Current year depreciation and amortization	<u>(4,855,346)</u>	5,466,598

Issuing long-term debt provides current financial resources to governmental funds, while the repayment of debt consumes current financial resources. Neither transaction has any effect on net position. Also, governmental funds report the 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.

Principal repayments		
General obligation bonds	\$ 880,000	
Loans payable	9,929	
Notes payable	20,000	
Amortization of discounts and premiums	<u>211,959</u>	1,121,888
New debt issued (See Note 3 for more information)		(405,000)

**Redwood County
Redwood Falls, Minnesota**

Exhibit 6
(Continued)

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

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

Principal payments on leases	\$ 124,278	
Principal payments on software subscriptions	<u>19,598</u>	143,876
Leases issued	\$ (365,151)	
Software subscriptions issued	<u>(7,648)</u>	(372,799)

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 the governmental funds.

Change in accrued interest payable	\$ (181,084)	
Change in deferred other postemployment benefits outflows	320,045	
Change in deferred pension outflows	(1,380,394)	
Change in compensated absences	(350,158)	
Change in other postemployment benefits liability	(445,990)	
Change in net pension liability	1,652,692	
Change in deferred other postemployment benefits inflows	8,992	
Change in deferred pension inflows	(14,829)	
Change in inventories	<u>(47,364)</u>	(438,090)

An internal service fund is used by Redwood 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 statement of activities.

263,147

Change in Net Position of Governmental Activities (Exhibit 2)

\$ 5,550,920

Proprietary Fund

**Redwood County
Redwood Falls, Minnesota**

Exhibit 7

**Statement of Net Position
Proprietary Fund
December 31, 2024**

	<u>Governmental Activities Internal Service Fund</u>
<u>Assets</u>	
Current assets	
Cash and pooled investments	\$ 1,151,582
Accrued interest receivable	52,058
Due from other governments	<u>25,872</u>
Total Assets	\$ 1,229,512
<u>Liabilities</u>	
Current liabilities	
Accounts payable	\$ 39,533
Claims payable	<u>124,047</u>
Total Liabilities	\$ 163,580
<u>Net Position</u>	
Unrestricted	<u><u>\$ 1,065,932</u></u>

**Redwood County
Redwood Falls, Minnesota**

Exhibit 8

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

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues	
Charges for services	\$ 2,037,743
Operating Expenses	
Cost of service	<u>1,832,384</u>
Operating Income (Loss)	\$ 205,359
Nonoperating Revenues (Expenses)	
Investment earnings	<u>57,788</u>
Change in net position	\$ 263,147
Net Position – January 1	<u>802,785</u>
Net Position – December 31	<u>\$ 1,065,932</u>

**Redwood County
Redwood Falls, Minnesota**

Exhibit 9

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

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities	
Receipts from internal services provided	\$ 2,037,742
Payments to suppliers	<u>(1,978,074)</u>
Net cash provided by (used in) operating activities	<u>\$ 59,668</u>
Cash Flows from Investing Activities	
Investment earnings received	\$ 6,860
Sale of investments	<u>249,390</u>
Net cash provided by (used in) investing activities	<u>\$ 256,250</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 315,918</u>
Cash and Cash Equivalents at January 1	<u>835,664</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 1,151,582</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating income (loss)	<u>\$ 205,359</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
(Increase) decrease in due from other governments	\$ (17,607)
Increase (decrease) in accounts payable	1,545
Increase (decrease) in claims payable	<u>(129,629)</u>
Total adjustments	<u>\$ (145,691)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 59,668</u></u>

Fiduciary Funds

**Redwood County
Redwood Falls, Minnesota**

Exhibit 10

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

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 1,511,461
Taxes receivable for other governments	<u>298,816</u>
Total Assets	<u>\$ 1,810,277</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 175,015</u>
<u>Net Position</u>	
Restricted for individuals, organizations, and other governments	<u><u>\$ 1,635,262</u></u>

**Redwood County
Redwood Falls, Minnesota**

Exhibit 11

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

	<u>Custodial Funds</u>
<u>Additions</u>	
Appropriations from counties	\$ 120,000
Contributions from individuals	263,815
Interest earnings	43,611
Property tax collections for other governments	17,342,949
Fees collected for state	8,598,943
Fees collected for other governments	571,894
Property tax overpayments from individuals/entities	52,752
Refunds collected for court-ordered tax abatement	20,123
Miscellaneous	14,913
Total Additions	<u>\$ 27,029,000</u>
<u>Deductions</u>	
Payments of property taxes to other governments	\$ 17,316,899
Payments of fees to other governments	38,865
Payments to state	8,696,294
Payments to other individuals/entities	612,674
Payments to other governments	455,549
Total Deductions	<u>\$ 27,120,281</u>
Change in Net Position	\$ (91,281)
Net Position – January 1	<u>1,726,543</u>
Net Position – December 31	<u><u>\$ 1,635,262</u></u>

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Notes to the Financial Statements

As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

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

Financial Reporting Entity

Redwood County was established February 6, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. § 373.01. As required by accounting principles generally accepted in the United States of America, these financial statements present Redwood County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator serves as the clerk of the Board of Commissioners but has no vote.

Blended Component Unit

Blended component units are legally separate organizations that are so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Redwood County has one blended component unit reported as the EDA Special Revenue Fund.

Component Units of the County		
Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
Redwood County Economic Development Authority (RCEDA) provides services pursuant to Minn. Stat. §§ 469.090-.1082.	The County appoints all RCEDA Board members and is financially responsible for funding its projects.	Separate financial statements are not prepared.

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures and jointly-governed organizations, which are described in Note 5 – Summary of Significant Contingencies 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 Redwood County. These statements include the financial activities of the overall County

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government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

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

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

Fund Financial Statements

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

- 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 accounts for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Human Services Special Revenue Fund accounts for assigned property tax and other revenues used for economic assistance and community social services programs.
- The Solid Waste Special Revenue Fund accounts for restricted special assessment revenues, miscellaneous revenues, and revenue resources from the state for the costs relating to disposal of the County's solid waste.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.
- The EDA Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as committed amounts to loan to County businesses.
- The Debt Service Fund is used to account for the accumulation of restricted resources used for, and the payment of, principal, interest, and related costs.

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Additionally, the County reports the following fund types:

- The Internal Service Fund accounts for health insurance premiums and payments.
- Custodial funds account for monies held in a fiduciary capacity for property taxes collected for other governments, special districts that use the County as a depository, and individual inmate accounts from the County jail.

Measurement Focus and Basis of Accounting

The government-wide, proprietary, 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.

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. Redwood County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied provided they are also available. Shared revenues are generally recognized in the period the appropriation goes into effect and the revenues are available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and are available. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under leases and 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

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fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at net asset value (NAV). 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 \$1,466,262.

Redwood County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the NAV 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” (the current portion of interfund loans) or “advances to/from other funds” (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

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

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 or November 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 delinquent special assessments payable in the years 2019 through 2024 and noncurrent special assessments payable in 2025 and after. Unpaid special assessments at December 31 are classified in the financial statements as delinquent special assessments.

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

The County has no accounts receivable scheduled to be collected beyond one year.

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Inventories in proprietary funds and at the government-wide level 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

Capital assets, which include property, plant, equipment, infrastructure assets (such as roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing and software subscription arrangements, are

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reported in the government-wide financial statements. Capital assets are defined by the County and its blended component unit as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) on 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 Redwood County are depreciated using the straight-line method over the following estimated useful lives, while right-to-use assets are amortized over the shorter of the underlying asset's estimated useful life or the lease term:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	25-40
Building improvements	20-35
Improvements other than buildings	20-35
Public domain infrastructure	15-70
Furniture, equipment, and vehicles	3-20
Right-to-use equipment and software subscriptions	3-5
Intangible assets	3-7

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, if material, 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.

In the fund financial statements, governmental funds 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

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issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under leases and software subscriptions are reported as an other financing source at the present value of the future minimum payments as of the inception date.

Pension Plan

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue or reduction of expense) until that time. The governmental funds report unavailable revenue associated with receivables not collected within 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. This unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The County reports deferred inflow of resources related to leases to defer the recognition of lease revenue over the lease terms on a straight line basis. These amounts arise under both the modified and the full accrual basis of accounting and are reported in both the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with defined benefit pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Unearned Revenue

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

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Classification of Net Position

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

- Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

Classification of Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which Redwood County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- 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 in which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 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 action (resolution) it employed to previously commit those 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 not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Administrator, who has been delegated that authority by Board resolution.
- Unassigned – the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

Redwood 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

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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.

Minimum Fund Balance

Redwood County has adopted a minimum fund balance policy for the General Fund. The General Fund is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than three months of operating expenditures. The fund balance policy was adopted by the County Board on December 27, 2011. At December 31, 2024, unrestricted fund balance for the General Fund was at or above the minimum fund balance level.

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 certain 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 Equity

Although the Ditch Special Revenue Fund had a positive fund balance of \$1,248,144 as of December 31, 2024, the County reported individual ditches with deficit balances. The deficits will be eliminated with future special assessment levies against the benefitted properties.

Summary of Ditch Systems

157 ditches with positive fund balances	\$ 2,733,855
40 ditches with deficit fund balances	<u>(1,485,711)</u>
Total Fund Balance	<u>\$ 1,248,144</u>

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Note 3 – Detailed Notes on All Funds

Assets and Deferred Outflows of Resources

Deposits and Investments

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

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 25,109,409
Investments	5,059,006
Statement of fiduciary net position	
Cash and pooled investments	<u>1,511,461</u>
Total Cash and Investments	<u>\$ 31,679,876</u>

Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County's policy is to minimize deposit custodial credit risk by obtaining collateral or bond for all uninsured amounts on deposit and obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. As of December 31, 2024, the County's deposits were not exposed 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,

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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 an investment. The County’s policy is to minimize interest rate risk by: (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; (2) investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and (3) limiting the average maturity in accordance with the County’s cash requirements.

Credit Risk

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

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County’s policy is to minimize investment custodial credit risk by permitting brokers that obtain investments for the County to hold them only to the extent Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage is available. As of December 31, 2024, the County’s investments held by brokers were not subject to custodial credit risk.

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Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County's policy is to diversify the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. government agency securities					
Federal Home Loan Bank Bonds	AAA	Moody's		06/30/2026	\$ 240,022
Federal Home Loan Bank Bonds	AAA	Moody's		06/30/2026	474,879
Federal Home Loan Bank Bonds	AAA	Moody's		10/28/2026	965,550
Federal Home Loan Bank Bonds	AAA	Moody's		10/28/2026	958,460
Federal Home Loan Bank Bonds	AAA	Moody's		11/23/2026	728,632
Federal Home Loan Bank Bonds	AAA	Moody's		11/24/2026	973,750
Federal Home Loan Bank Bonds	AAA	Moody's		12/15/2026	484,840
Total Federal Home Loan Bank Bonds			>5%		\$ 4,826,133
Investment pools/mutual funds					
MAGIC Fund	N/R	N/A	>5%	N/A	\$ 26,215,601
Negotiable certificates of deposit	N/R	N/A	<5%	Varies	\$ 232,873
Total investments					\$ 31,274,607
Checking					213,174
Savings					190,295
Petty cash and change funds					1,800
Total Cash and Investments					\$ 31,679,876

N/A – Not Applicable

N/R – Not Rated

<5% – Concentration is less than 5% of investments

>5% – Concentration is more than 5% of investments

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

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

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Recurring Fair Value Measurements as of December 31, 2024

	December 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. agencies	\$ 4,826,133	\$ -	\$ 4,826,133	\$ -
Negotiable certificates of deposit	232,873	-	232,873	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 5,059,006</u>	<u>\$ -</u>	<u>\$ 5,059,006</u>	<u>\$ -</u>
Investments measured at the NAV MAGIC Portfolio	<u>\$ 26,215,601</u>			

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

- U.S. agencies, municipal bonds, negotiable certificates of deposit: matrix pricing based on the securities' relationship to benchmark quoted prices;

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

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

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Receivables

Governmental Activities' Receivables as of December 31, 2024

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables	Amounts not Scheduled for Collection During the Subsequent Year
Taxes receivable – delinquent	\$ 72,627	\$ -	\$ 72,627	\$ -
Special assessments receivable				
Noncurrent	1,650,993	-	1,650,993	330,817
Delinquent	37,472	-	37,472	-
Accounts receivable	280,380	(196,139)	84,241	-
Interest	8,526	-	8,526	-
Due from other governments	3,837,300	-	3,837,300	-
Loans receivable	1,277,323	-	1,277,323	1,238,809
Leases receivable	651,682	-	651,682	467,130
Total Governmental Activities	<u>\$ 7,816,303</u>	<u>\$ (196,139)</u>	<u>\$ 7,620,164</u>	<u>\$ 2,036,756</u>

The County has entered into lease agreements as a lessor, and as of December 31, 2024, there are nine active lease receivable agreements for land, equipment, buildings, and infrastructure with various lessees. Fixed annual lease receipts range between \$100 and \$129,804 and extend to periods ending January 31, 2025, through June 1, 2080. During 2024, the General Fund received total principal and interest payments of \$196,110.

Loans Receivable

On June 4, 2013, the County Board approved a \$1,000,000 loan to the Redwood/Renville Regional Solid Waste Authority (RRRSWA) to finance a Joint Regional Material Recovery Facility. The County is anticipating repayments to begin after the bonds are paid in full in 2028.

In 2009, the Redwood County Economic Development Authority (RCEDA) received a Rural Business Enterprise Grant through the United States Department of Agriculture with a match from the County to provide revolving loans to serve as a gap financing tool for new or existing businesses within the County. The County Board approves loans as recommended by the RCEDA. The County has four outstanding RCEDA loans as of December 31, 2024.

On April 4, 2017, the County Board approved to loan up to \$125,000 to the Redwood County Historical Society for installation of a broadband wireless network at the Gilfillan Farm Site at a zero percent interest rate. As of December 31, 2024, the loan was paid in full.

On May 16, 2017, the County Board approved to expend loans up to \$200,000 to initially fund the Redwood County Low Interest Septic Loan Program. The County has 20 outstanding septic loans totaling \$164,198 as of December 31, 2024.

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Changes in Loans Receivable for the Year Ended December 31, 2024

	Beginning Balance	Increase	Decrease	Ending Balance
RRRSWA loan	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
RCEDA loans				
Scenic City Realty, LLC	9,035	-	(5,331)	3,704
South Forty Meat Market	21,412	-	(2,290)	19,122
Red Rock Chiropractic	42,245	-	(4,351)	37,894
Mind Body Spirit Wellness Center	-	55,000	(2,595)	52,405
Redwood County Historical Society	20,000	-	(20,000)	-
County septic loans	158,141	39,011	(32,954)	164,198
Total	\$ 1,250,833	\$ 94,011	\$ (67,521)	\$ 1,277,323

Of the loans receivable at December 31, 2024, \$1,238,809 are not expected to be received within one year.

Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 816,360	\$ -	\$ -	\$ 816,360
Right-of-way	1,729,900	-	-	1,729,900
Construction in progress	3,323,541	2,269,760	(2,651,020)	2,942,281
Total capital assets not depreciated	\$ 5,869,801	\$ 2,269,760	\$ (2,651,020)	\$ 5,488,541
Capital assets depreciated and amortized				
Buildings	\$ 30,907,488	\$ -	\$ -	\$ 30,907,488
Improvements other than buildings	826,841	-	-	826,841
Machinery and equipment	13,281,614	2,203,525	(1,197,522)	14,287,617
Infrastructure	153,853,270	8,322,579	-	162,175,849
Lease equipment	390,648	365,151	(338,292)	417,507
Software subscriptions	61,842	7,648	-	69,490
Total capital assets depreciated and amortized	\$ 199,321,703	\$ 10,898,903	\$ (1,535,814)	\$ 208,684,792
Less: accumulated depreciation and amortization for				
Buildings	\$ 6,270,459	\$ 735,054	\$ -	\$ 7,005,513
Improvements other than buildings	291,115	37,503	-	328,618
Machinery and equipment	7,534,254	820,125	(1,005,499)	7,348,880
Infrastructure	43,693,059	3,112,497	-	46,805,556
Lease equipment	296,935	131,607	(334,616)	93,926
Software subscriptions	14,850	18,560	-	33,410
Total accumulated depreciation and amortization	\$ 58,100,672	\$ 4,855,346	\$ (1,340,115)	\$ 61,615,903
Total capital assets depreciated and amortized, net	\$ 141,221,031	\$ 6,043,557	\$ (195,699)	\$ 147,068,889
Total Capital Assets, Net	\$ 147,090,832	\$ 8,313,317	\$ (2,846,719)	\$ 152,557,430

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Construction in progress consists of amounts completed on open road projects, electronic vehicle charging stations, and park improvements.

Depreciation and Amortization Expense Charged to Functions/Programs

General government	\$ 722,008
Public safety	198,955
Highways and streets, including depreciation of infrastructure assets	3,861,041
Sanitation	5,111
Culture and recreation	21,741
Conservation of natural resources	46,490
Total Depreciation and Amortization Expense – Governmental Activities	\$ 4,855,346

Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

Interfund Balances as of December 31, 2024

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	\$ 4,465
Road and Bridge Special Revenue Fund	General Fund	\$ 417,524
	Ditch Special Revenue Fund	285
Total Due to Road and Bridge Special Revenue Fund		\$ 417,809
Ditch Special Revenue Fund	Road and Bridge Special Revenue Fund	\$ 41,934
EDA Special Revenue Fund	General Fund	\$ 55,233
Total Due To/From Other Funds		\$ 519,441

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and reimbursable expenditures occurred, and when transactions are recorded in the accounting system and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

Interfund Transfers

Interfund Transfers for the Year Ended December 31, 2024

Transfer from General Fund to Ditch Special Revenue Fund	\$ 1,048,102	Transfer due to low cash balance caused by outstanding FEMA reimbursement
Transfer from Ditch Special Revenue Fund to General Fund	1,305,537	Repay prior transfers caused by outstanding FEMA reimbursement
Total Interfund Transfers	\$ 2,353,639	

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Liabilities and Deferred Inflows of Resources

Accounts Payable

Governmental Activities' Payables as of December 31, 2024

Accounts payable	\$ 314,363
Salaries payable	590,795
Contracts payable	818,699
Claims payable	124,047
Due to other governments	320,115
Accrued interest payable	<u>328,778</u>
Total Payables	<u>\$ 2,496,797</u>

Construction and Other Commitments

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

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

	Spent-to-Date	Remaining Commitment
Various ditch FEMA projects	\$ 208,609	\$ 154,861
Park improvements	17,124	20,826
Panic button installation	-	31,198
LETG migration software	96,281	206,784
Office 365 licenses	-	26,843
Paging equipment	-	47,903

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Deferred Inflows of Resources – Unavailable Revenue/Leases

Unavailable revenue consists of special assessments, taxes, state and federal grants, interest, and miscellaneous revenue not collected soon enough after year-end to pay liabilities of the current period.

Deferred Inflows of Resources by Fund as of December 31, 2024

	Special Assessments	Taxes	Grants	Interest	Other	Total
Governmental funds						
General Fund	\$ 14,128	\$ 39,845	\$ -	\$ 6,886	\$ 1,824,570	\$ 1,885,429
Special Revenue Funds						
Road and Bridge	-	11,908	1,278,551	-	188,963	1,479,422
Human Services	-	13,902	-	-	-	13,902
EDA	-	-	-	-	113,125	113,125
Solid Waste	28,645	-	-	-	-	28,645
Ditch	1,645,692	-	899,577	-	73,239	2,618,508
Debt Service Fund	-	6,974	-	236	-	7,210
Total	\$ 1,688,465	\$ 72,629	\$ 2,178,128	\$ 7,122	\$ 2,199,897	\$ 6,146,241
Deferred inflows of resources						
Unavailable revenue	\$ 1,688,465	\$ 72,629	\$ 2,178,128	\$ 7,122	\$ 1,573,613	\$ 5,519,957
Leases	-	-	-	-	626,284	626,284
Total	\$ 1,688,465	\$ 72,629	\$ 2,178,128	\$ 7,122	\$ 2,199,897	\$ 6,146,241

Long-Term Debt

Loans Payable

Beginning in 2003, the County entered into loan agreements with the Minnesota Pollution Control Agency for financing groundwater improvement projects. The loans are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. Loan payments are reported in the General Fund.

Loans Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Redwood-Cottonwood River Septic Loan Program 2013	2027	\$ 3,198	2.00	\$ 84,950	\$ 15,522
Middle Minnesota Watershed SSTS Loan Project	2029	1,366	2.00	66,090	11,705
Total					<u>\$ 27,227</u>

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Note Payable

During 2024, Lyon County issued General Obligation Drainage Bonds, Series 2024A, on Joint Ditch No. 15 Improvement with Redwood County. Redwood County landowners are responsible for the \$405,000 that will be collected by Redwood County through special assessments and paid to Lyon County for repayment on the bond. A note payable was signed during 2023 with amounts owed through 2039.

Note Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Note payable to Lyon County related to Series 2024A Drainage Bonds	2039	\$20,000- \$35,000	4.00-5.00	\$ 405,000	\$ 385,000

General Obligation Bonds

In 2016, the County issued \$1,170,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2016A. Proceeds from the sale of the bonds were used to crossover refund \$1,170,000 of the \$3,920,000 General Obligation Capital Improvement Plan Bonds, Series 2008A. Maturities 2020 through 2024, inclusive, were called for redemption on February 1, 2019, at a price of par plus accrued interest. The County refunded the Series 2008A Bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$77,764.

In 2021, the County issued \$17,335,000 General Obligation Bonds, Series 2021A; \$2,055,000 of the proceeds from the sale of the bonds were used to refund LEC Bonds, Series 2013A, and the Recycling Facility Bonds for both Redwood and Renville County, Series 2013A. Maturities 2023 through 2028 were called for redemption on February 1, 2022, at a price of par plus accrued interest. The County refunded the Series 2013A Bonds to obtain an economic gain (difference between the present value of debt service payments on the old and new debt) of \$185,200.

In 2023, the County issued \$9,170,000 General Obligation Capital Improvement Plan Bonds, Series 2023A, to finance certain capital improvements within the County as authorized in the County's 2023-2027 Capital Improvement Plan. Principal payments are scheduled to begin in 2025.

Payments on bonds, other than the Recycling Facility and CSAH Bonds, are made from the Debt Service Fund. Solid waste assessments pay for Redwood County's portion of the Recycling Facility Bonds, for which payments are made from the Solid Waste Special Revenue Fund. Regular maintenance allotments pay the CSAH Bonds, which are paid by the Road and Bridge Special Revenue Fund.

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General Obligation Bonds as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2023 General Obligation Capital Improvement Plan Bonds, Series 2023A	2034	\$600,000-\$1,150,000	5.00	\$ 9,170,000	\$ 9,170,000
Add: Unamortized premium					765,902
Total Capital Improvement Plan Bonds					\$ 9,935,902
2021 General Obligation Justice Center Bonds, Series 2021A	2042	\$180,000-\$695,000	2.00-5.00	9,185,000	\$ 9,185,000
Add: Unamortized premium					664,129
Total Justice Center Bonds					\$ 9,849,129
2021 General Obligation CSAH Bonds, Series 2021A	2037	\$205,000-\$520,000	2.00-5.00	6,095,000	\$ 5,580,000
Add: Unamortized premium					691,360
Total CSAH Bonds					\$ 6,271,360
2021 General Obligation Law Enforcement Center Refunding Bonds, Series 2021A	2028	\$170,000-\$245,000	5.00	1,285,000	\$ 915,000
Add: Unamortized premium					113,208
Total Law Enforcement Center Bonds					\$ 1,028,208
2021 General Obligation Recycling Facility Refunding Bonds, Series 2021A	2028	\$100,000-\$150,000	5.00	770,000	\$ 550,000
Add: Unamortized premium					67,953
Total Recycling Facility Bonds					\$ 617,953
Total General Obligation Bonds, Net					\$ 27,702,552

Debt Service Requirements

Debt Service Requirements as of December 31, 2024

Year Ending December 31	General Obligation Bonds		Loans Payable		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,445,000	\$ 973,319	\$ 8,627	\$ 502	\$ -	\$ 8,375
2026	1,660,000	895,694	8,801	328	20,000	16,250
2027	1,745,000	810,569	5,780	151	20,000	15,250
2028	1,830,000	721,194	2,666	67	20,000	14,250
2029	1,775,000	631,068	1,353	14	25,000	13,125
2030-2034	10,235,000	1,773,793	-	-	135,000	47,600
2035-2039	4,665,000	431,159	-	-	165,000	17,100
2040-2042	2,045,000	67,888	-	-	-	-
Total	\$ 25,400,000	\$ 6,304,684	\$ 27,227	\$ 1,062	\$ 385,000	\$ 131,950

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Leases

The County has entered into lease agreements as lessee for financing the acquisition of squad cars for the Sheriff's Department, copier leases for various departments, and a postage machine. Leases range from three to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. All lease payments are paid by the General Fund.

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

Year Ending December 31	Principal	Interest
2025	\$ 132,515	\$ 6,889
2026	134,179	3,903
2027	61,518	1,183
2028	3,985	259
Total Governmental Activities Lease Payments	\$ 332,197	\$ 12,234

Software Subscriptions

The County has entered into various agreements to finance software subscriptions. Software subscriptions range from three to five years and have been recorded at the present value of their future minimum payments as of the inception date. Software subscription payments are paid by the General Fund and the Road and Bridge Special Revenue Fund.

**Future Minimum Software Subscription Obligations and Present Value of
Minimum Software Subscription Payments as of December 31, 2024**

Year Ending December 31	Principal	Interest
2025	\$ 17,288	\$ 139
2026	7,478	88
2027	6,954	42
2028	3,395	9
Total Governmental Activities Software Subscription Payments	\$ 35,115	\$ 278

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Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds					
Series 2023A Capital Improvement Plan	\$ 9,170,000	\$ -	\$ -	\$ 9,170,000	\$ 600,000
Series 2021A Justice Center	9,185,000	-	-	9,185,000	180,000
Series 2021A CSAH	5,890,000	-	(310,000)	5,580,000	325,000
Series 2021A LEC Refunding	1,115,000	-	(200,000)	915,000	210,000
Series 2021A Recycling Refunding	670,000	-	(120,000)	550,000	130,000
Series 2016A Crossover Refunding	250,000	-	(250,000)	-	-
Add: Unamortized premiums	2,514,511	-	(211,959)	2,302,552	-
Total bonds payable	\$ 28,794,511	\$ -	\$ (1,091,959)	\$ 27,702,552	\$ 1,445,000
Clean water loans payable	37,156	-	(9,929)	27,227	8,627
Note payable	-	405,000	(20,000)	385,000	-
Compensated absences	795,732	350,158*	-	1,145,890	249,804
Leases	91,324	365,151	(124,278)	332,197	132,515
Software subscription liability	47,065	7,648	(19,598)	35,115	17,288
Total Long-Term Liabilities	\$ 29,765,788	\$ 1,127,957	\$ (1,265,764)	\$ 29,627,981	\$ 1,853,234

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

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Fund Balances

At year-end, the County has fund balance in the following classifications.

Fund Balance Classifications as of December 31, 2024								
	General	Road and Bridge	Human Services	Special Revenue			Debt Service	Total
				Solid Waste	Ditch	EDA		
Nonspendable								
Inventories	\$ -	\$ 144,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,469
Missing heirs	450	-	-	-	-	-	-	450
Prepaid items	51,877	8,103	-	-	305	620	-	60,905
Total nonspendable	\$ 52,327	\$ 152,572	\$ -	\$ -	\$ 305	\$ 620	\$ -	\$ 205,824
Restricted								
Affordable housing aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,126	\$ -	\$ 182,126
Attorney's forfeited property	49,171	-	-	-	-	-	-	49,171
Broadband grant study	-	-	-	-	-	1,421	-	1,421
Combating Sexual Exploitation of Youth	1,200	-	-	-	-	-	-	1,200
County road projects (local sales tax and wheelage tax)	-	448,296	-	-	-	-	-	448,296
County highway construction	-	1,042,827	-	-	-	-	-	1,042,827
Debt service	-	-	-	-	-	-	1,712,400	1,712,400
Ditch maintenance, repair, and other	-	-	-	-	2,733,550	-	-	2,733,550
Enhanced 911	519,720	-	-	-	-	-	-	519,720
Gun permit fees	13,875	-	-	-	-	-	-	13,875
Highway allotments	-	1,061,542	-	-	-	-	-	1,061,542
Homeless prevention aid	18,957	-	-	-	-	-	-	18,957
Invasive species	65,964	-	-	-	-	-	-	65,964
Law library	103,491	-	-	-	-	-	-	103,491
Public safety aid	153,957	-	-	-	-	-	-	153,957
Recorder's compliance	134,924	-	-	-	-	-	-	134,924
Recorder's technology fund	118,831	-	-	-	-	-	-	118,831
Buffer administration	403,703	-	-	-	-	-	-	403,703
Septic system grant	50,000	-	-	-	-	-	-	50,000
Septic/sewer loans	13,099	-	-	-	-	-	-	13,099
Sheriff's contingency	743	-	-	-	-	-	-	743
Sheriff's contributions	4,662	-	-	-	-	-	-	4,662
Sheriff's DWI	394	-	-	-	-	-	-	394
Sheriff's forfeited property	10,475	-	-	-	-	-	-	10,475
Sheriff Next Gen 911	11,831	-	-	-	-	-	-	11,831
Victim assistance	19,924	-	-	-	-	-	-	19,924
Waste to energy	-	-	-	45,000	-	-	-	45,000
Total restricted	\$ 1,694,921	\$ 2,552,665	\$ -	\$ 45,000	\$ 2,733,550	\$ 183,547	\$ 1,712,400	\$ 8,922,083
Committed								
Outstanding contracts	\$ 333,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333,555
RCEDA revolving loan 2008	-	-	-	-	-	149,558	-	149,558
Retiree health insurance	1,043	-	-	-	-	-	-	1,043
County septic system revolving loan	67,451	-	-	-	-	-	-	67,451
Sheriff canteen	54,325	-	-	-	-	-	-	54,325
WESCAP Valley Area Transit	22,000	-	-	-	-	-	-	22,000
Total committed	\$ 478,374	\$ -	\$ -	\$ -	\$ -	\$ 149,558	\$ -	\$ 627,932

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Fund Balance Classifications as of December 31, 2024

	General	Special Revenue					Debt Service	Total
		Road and Bridge	Human Services	Solid Waste	Ditch	EDA		
Assigned								
Assessor tax court	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Attorney driving diversion program	247	-	-	-	-	-	-	247
Broadband	-	-	-	-	-	16,208	-	16,208
Building projects	3,196,018	-	-	-	-	-	-	3,196,018
Compensation study	15,400	-	-	-	-	-	-	15,400
Computer miscellaneous	104,449	-	-	-	-	-	-	104,449
Computer voice-over IP (VOIP)	92,329	-	-	-	-	-	-	92,329
Courthouse car	30,000	-	-	-	-	-	-	30,000
Countywide housing study	-	-	-	-	-	7,410	-	7,410
EDA	-	-	-	-	-	180,320	-	180,320
EDA development grant program	-	-	-	-	-	2,919	-	2,919
Election	273,070	-	-	-	-	-	-	273,070
Forfeited tax	173,178	-	-	-	-	-	-	173,178
Grand jury	74,787	-	-	-	-	-	-	74,787
Highways and streets	-	2,035,115	-	-	-	-	-	2,035,115
Maintenance equipment	21,430	-	-	-	-	-	-	21,430
One-time health insurance premium transfer	169,800	-	-	-	-	-	-	169,800
Park equipment	2,958	-	-	-	-	-	-	2,958
Public health	125,875	-	-	-	-	-	-	125,875
R&B transfers	326,400	-	-	-	-	-	-	326,400
Sheriff records system	75,000	-	-	-	-	-	-	75,000
Sheriff vehicle	59,947	-	-	-	-	-	-	59,947
Solid waste	-	-	-	37,451	-	-	-	37,451
Staff development	3,560	-	-	-	-	-	-	3,560
STS vehicle	18,500	-	-	-	-	-	-	18,500
Veterans service office van purchase	26,702	-	-	-	-	-	-	26,702
Water quality loans	978,473	-	-	-	-	-	-	978,473
Workers' compensation/property casualty insurance	287,776	-	-	-	-	-	-	287,776
Total assigned	\$ 6,085,899	\$ 2,035,115	\$ -	\$ 37,451	\$ -	\$ 206,857	\$ -	\$ 8,365,322
Unassigned	\$ 11,064,616	\$ -	\$ -	\$ -	\$ (1,485,711)	\$ -	\$ -	\$ 9,578,905
Total Fund Balances	\$ 19,376,137	\$ 4,740,352	\$ -	\$ 82,451	\$ 1,248,144	\$ 540,582	\$ 1,712,400	\$ 27,700,066

Other Postemployment Benefits (OPEB)

Plan Description

Redwood County administers an OPEB plan, a single-employer defined benefit health care plan, to eligible retirees and their dependents.

Redwood County pays the health insurance for qualified retired employees and elected officials. Employees who retire between age 55 and 65 with 25 years of public service, and with at least ten years of service with Redwood County, qualify for health insurance benefits. Elected officials qualify if they serve a minimum of two years as an elected Redwood County official. The elected official and his or her surviving spouse and dependents will receive one year of paid or partially paid medical insurance for every two years of service to Redwood County. Additional years, not a multiple of two, are prorated. A maximum of six years of paid insurance is available to elected officials. Elected officials taking office on or before January 4, 2011, qualify for health insurance benefits when retiring between age 55 and 65, with at least ten years of service with Redwood County.

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The County also provides health insurance benefits for eligible retired employees and their dependents as required by Minn. Stat. § 471.61, subd. 2b. Retirees are required to pay 100 percent of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

Funding Policy

The amount paid by the County will not exceed the amount that the County contributes to employees pursuant to policy 6.16, as may be amended from time to time by the County Board. For retired employees, the County rates are based on the County's group health policy rates in effect at the time of retirement and are a fixed amount until discontinued at age 65 and after a maximum of six years for elected officials.

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.

Employees Covered by the OPEB Benefit Terms as of the December 31, 2024, Actuarial Valuation

Active plan participants	114
Inactive employees or beneficiaries currently receiving benefit payments	<u>9</u>
Total	<u><u>123</u></u>

Total OPEB Liability

The County's total OPEB liability of \$1,546,659 was measured as of December 31, 2024, and was determined by an actuarial valuation dated January 1, 2025. The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

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

OPEB Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry Age Normal Percent of Salary
Inflation	2.25 percent
Salary increases	Follow most recent PERA of Minnesota Actuarial Valuations
Health care cost trend	7.5 percent, decreasing 0.5 percent per year to an ultimate rate of 4.5 percent

The current year discount rate is 4.28 percent. The discount rate was selected from a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates are based on SOA Pub-2010 General Headcount Weighted Mortality table, SOA Pub-2010 Public Safety Headcount Weighted Mortality table, and SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality table fully generational using Scale MP-2021.

The actuarial assumptions are currently based on a combination of historical information and the most recent actuarial valuation for PERA as of July 1, 2023.

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Changes in the Total OPEB Liability

Changes in the Total OPEB Liability For the Year Ended December 31, 2024	
Total OPEB liability, balance at December 31, 2023	\$ 1,100,669
Changes for the year	
Service cost	\$ 75,720
Interest	44,824
Differences between expected and actual experience	464,908
Changes in assumptions	(26,744)
Benefit payments	(112,718)
Net change	\$ 445,990
Total OPEB liability, balance at December 31, 2024	\$ 1,546,659

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	3.28%	\$ 1,635,168
Current	4.28%	1,546,659
1% Increase	5.28%	1,461,956

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 Rates	Total OPEB Liability
1% Decrease	6.50% Decreasing to 3.50%	\$ 1,422,042
Current	7.50% Decreasing to 4.50%	1,546,659
1% Increase	8.50% Decreasing to 5.50%	1,690,741

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

For the year ended December 31, 2024, the County recognized OPEB expense of \$229,671.

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
Difference between expected and actual experience of the plan	\$ 585,007	\$ 46,653
Changes in actuarial assumptions	79,597	67,805
Total	<u>\$ 664,604</u>	<u>\$ 114,458</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ended December 31	OPEB Expense Amount
2025	\$ 110,097
2026	72,088
2027	76,169
2028	69,870
2029	83,576
Thereafter	138,346

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2024:

- The discount rate used changed from 4.00 percent to 4.28 percent.
- Mortality tables have been updated from SOA Pub-2010 General Headcount Weighted Mortality table fully generational using scale MP-2020 to SOA Pub-2010 General Headcount Weighted Mortality table fully generational using scale MP-2021 for general employees.
- Mortality tables have been updated from SOA Pub-2010 Public Safety Headcount Weighted Mortality table fully generational using scale MP-2020 to SOA Pub-2010 Public Safety Headcount Weighted Mortality table fully generational using scale MP-2021 for Sheriff employees.
- Mortality tables have been updated from SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality table fully generational using scale MP-2020 to SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality table fully generational using scale MP-2021 for surviving spouses.

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- Health care trend rates have been revised to an initial rate of 7.50 percent for 2024, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Redwood 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, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 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 Redwood 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

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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.

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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	\$ 401,961
Police and Fire Plan	225,498
Correctional Plan	87,877

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 \$2,334,395 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 0.0648 percent. It was 0.0671 percent measured as of June 30, 2023. The County recognized pension expense of \$206,949 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 \$107,404 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 \$1,618 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	\$ 2,334,395
State of Minnesota's proportionate share of the net pension liability associated with the County	60,363
Total	<u>\$ 2,394,758</u>

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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	\$ 221,711	\$ -
Changes in actuarial assumptions	11,570	905,558
Difference between projected and actual investment earnings	-	701,860
Changes in proportion	47,520	111,766
Contributions paid to PERA subsequent to the measurement date	200,841	-
Total	\$ 481,642	\$ 1,719,184

The \$200,841 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	\$ (801,559)
2026	(139,136)
2027	(318,770)
2028	(178,918)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$1,161,601 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 0.0883 percent. It was 0.0839 percent measured as of June 30, 2023. The County recognized pension expense of \$230,063 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

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\$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 \$25,073 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$4,953 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	\$ 1,161,601
State of Minnesota's proportionate share of the net pension liability associated with the County	44,280
Total	<u>\$ 1,205,881</u>

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

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	\$ 444,644	\$ -
Changes in actuarial assumptions	1,296,686	1,625,333
Difference between projected and actual investment earnings	-	300,109
Changes in proportion	121,507	327,974
Contributions paid to PERA subsequent to the measurement date	109,606	-
Total	<u>\$ 1,972,443</u>	<u>\$ 2,253,416</u>

The \$109,606 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:

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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	\$ (41,554)
2026	283,432
2027	(175,877)
2028	(495,994)
2029	39,414

Correctional Plan

At December 31, 2024, the County reported a liability of \$120,002 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 0.3937 percent. It was 0.3724 percent measured as of June 30, 2023. The County recognized pension expense of \$180,603 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 \$20,695 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	\$ 83,208	\$ -
Changes in actuarial assumptions	-	384,002
Difference between projected and actual investment earnings	-	157,603
Changes in proportion	6,429	4,321
Contributions paid to PERA subsequent to the measurement date	44,650	-
Total	\$ 134,287	\$ 545,926

The \$44,650 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

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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	\$ (415,298)
2026	66,478
2027	(62,617)
2028	(44,852)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$617,615.

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

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

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

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

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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 equity	33.50%	5.10%
International equity	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.

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- 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%	\$ 5,098,695	6.00%	\$ 2,745,089	6.00%	\$ 975,165
Current	7.00%	2,334,395	7.00%	1,161,601	7.00%	120,002
1% Increase	8.00%	60,507	8.00%	(138,775)	8.00%	(561,268)

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.

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Defined Contribution Plan

Four employees of Redwood 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**

	<u>Employee</u>		<u>Employer</u>	
Contribution amount	\$	5,818	\$	5,818
Percentage of covered payroll		5.00%		5.00%

Note 4 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For all other risk, other than pertaining to health insurance, 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.

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Redwood County established additional risk management for Network Security and Privacy (Cyber) Liability insurance starting in July, 2024. Cyber insurance protects the County from financial consequences of cyberattacks, data breaches, and other cyber incidents. It covers costs such as incident response, forensic investigations, legal fees, regulatory fines, and business interruption. The County holds a policy managed by Marsh McLennan Agency as its broker, with coverage at \$1,000,000 per claim.

On October 15, 2013, Redwood County entered into a joint powers agreement with three local counties (Lyon, Murray, and Swift) and Southwest Health and Human Services to form the Minnesota Public Sector Collaborative to self-insure health insurance as of January 1, 2014. Benton County joined as of January 1, 2018, and Chippewa County joined as of January 1, 2020. Premiums are withheld from employees and transferred into an internal service fund. Claims are managed and paid by a third party, and the County will be billed weekly, in aggregate, for claims incurred.

The County established a limited risk management program for health coverage in 2014. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$60,000 stop-loss per person insured (employee and eligible dependent) per year with an aggregate stop loss of 125 percent of the estimated monthly covered benefits. 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 February 28, 2025.

Changes in Claims Liabilities For the Years Ended December 31, 2023, and 2024

	2023	2024
Unpaid claims, January 1	\$ 121,629	\$ 253,676
Incurred claims	2,025,575	1,689,826
Claims payments	(1,893,528)	(1,819,455)
Unpaid Claims, December 31	<u>\$ 253,676</u>	<u>\$ 124,047</u>

Note 5 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

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

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Lincoln-Pipestone Rural Water System

At December 31, 2024, the Lincoln-Pipestone Rural Water System had \$29,407,000 of general obligation bonds and other loans outstanding through 2059. The bonds were issued by some of the participating counties in the Rural Water System to finance the construction of water system expansions and improvements.

The debt is paid by the Lincoln-Pipestone Rural Water System from special assessments levied against property specifically benefited by the applicable expansion, extension, or enlargement of the system and from the net revenues from time to time received in excess of the current costs of operating and maintaining the system. The bonds are general obligations of the issuing counties for which their full faith, credit, and taxing powers are pledged. The participating counties (Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, and Yellow Medicine) have adopted Board resolutions and have signed joint powers agreements to define their liability for a proportional share of the debt should the issuing counties make any debt service payments. In such a situation, each of the other counties will promptly reimburse the paying counties in proportion to the percentage of Lincoln-Pipestone Rural Water System customers located in such county, in accordance with Minn. Stat. § 116A.24, subd. 3. The outstanding bonds are reported as liabilities in the annual financial statements of the Lincoln-Pipestone Rural Water System and are not reported as liabilities in the financial statements of any of the ten participating counties. The participating counties disclose a contingent liability due to the guarantee of indebtedness.

Joint Ventures

Redwood County has an ongoing financial interest or responsibility in the following joint ventures:

Lincoln-Pipestone Rural Water System

Redwood County, along with Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Rock, and Yellow Medicine Counties, jointly established the Lincoln-Pipestone Rural Water System pursuant to Minn. Stat. ch. 116A. The Rural Water System is responsible for storing, treating, and distributing water for domestic, commercial, and industrial use within the area it serves. The cost of providing these services is recovered through user charges.

The Lincoln-Pipestone Rural Water System is governed by a Board appointed by the District Court. The Rural Water System's Board is solely responsible for the budgeting and financing of the Rural Water System.

Bonds were issued by Lincoln, Nobles, and Yellow Medicine Counties to finance the construction of the Rural Water System. Costs assessed to municipalities and special assessments levied against benefited properties pay approximately 85 percent of the amount necessary to retire principal and interest on the bonds. The remainder of the funds necessary to retire the outstanding bonds and interest will be provided by appropriations from the Lincoln-Pipestone Rural Water System. Outstanding obligations at December 31, 2024, were \$29,407,000.

Complete financial statements of the Lincoln-Pipestone Rural Water System can be obtained at 415 East Benton Street, PO Box 188, Lake Benton, Minnesota 56149-0188.

Red Rock Rural Water System

The Red Rock Rural Water System was established pursuant to Minn. Stat. ch. 116A, through a joint powers agreement pursuant to Minn. Stat. § 471.59, and under the jurisdiction of the Fifth Judicial District. Brown, Cottonwood, Jackson, Lyon, Martin, Murray, Nobles, Redwood, and Watonwan Counties have agreed to

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guarantee their shares of debt arising within each respective county. The Red Rock Rural Water System provides water for participating rural water users and cities within the water district. The cost of providing these services is recovered through user charges.

The governing body is composed of nine members appointed to three-year terms by the District Court. The bond issue and notes payable are shown as long-term debt in the financial statements of the Red Rock Rural Water System.

Complete financial statements can be obtained from the Red Rock Rural Water System, 305 West Whited Street, Jeffers, Minnesota 56145.

Redwood/Renville Regional Solid Waste Authority

The Redwood/Renville Regional Solid Waste Authority (RRRSWA) joint powers agreement was established by an agreement between Redwood County and Renville County under the authority of Minn. Stat. § 471.59. The agreement was made to facilitate development and operation of an integrated solid waste management system to serve the counties and to provide for a separate, free-standing public entity. The governing board is composed of seven members. Three members are appointed by the Redwood County Board of Commissioners, three members are appointed by the Renville County Board of Commissioners, and one at-large member is jointly appointed by the two counties.

In June 2013, Redwood and Renville Counties each loaned the RRRSWA \$1,000,000, with a two percent interest rate, having only interest paid in the first three years of operation. In March 2017, Redwood and Renville Counties approved to not charge interest on the loans as of January 1, 2017. These loans are expected to start being paid back to the counties in 2028, after the bonded debt is paid in full.

In August 2013, Redwood County issued \$2,040,000 General Obligation Recycling Facility Bonds, Series 2013A, which were paid to the RRRSWA. In 2021, General Obligation Recycling Facility Refunding Bonds, Series 2021A, were issued in the amount of \$770,000 to refund the Series 2013A Bonds. Renville County pays Redwood County for its share of the principal and interest payments on the general obligation bonds. Redwood County's portion of the bonds is paid from solid waste assessments.

Renville County is the fiscal host and includes the RRRSWA as a fiduciary fund in its financial statements.

Complete financial statements of the Redwood/Renville Regional Solid Waste Authority can be obtained from the fiscal agent, Renville County Administrator's Office, Renville County Government Services Center, 105 Fifth Street, Suite 315, Olivia, Minnesota 56277.

Southwest Health and Human Services

Southwest Health and Human Services (SWHHS) was formed pursuant to Minn. Stat. ch. 145A and §§ 471.59 and 393.01, subd. 7, by Lincoln, Lyon, Murray, and Pipestone Counties. SWHHS began official operation on January 1, 2011, and performs human service and public health functions. Funding is provided by the member counties based on consideration of: (1) population based on the most recent national census, (2) tax capacity, and (3) the most recent three-year average Social Services Expenditure and Grant Reconciliation Report (SEAGR), each factor to be weighted equally.

Rock County's health and human services functions were assumed by SWHHS as of January 1, 2012. Redwood

Redwood County Redwood Falls, Minnesota

County's health and human services functions and Pipestone County's human services function joined SWHHS as of January 1, 2013.

SWHHS is governed by the:

- Joint Health and Human Services Board ("Joint Board") – responsible for financial, personnel, budget, and general administration of the agency, and is made up of one County Commissioner (or alternate) from each county serving on the Community Health Board and one County Commissioner (or alternate) serving on the Human Services Board;
- Human Services Board – responsible for duties set forth in Minn. Stat. ch. 393 and made up of two County Commissioners appointed annually and one layperson to be appointed consistent with the requirement of the Commissioner of Human Services; and
- Community Health Board – responsible for all duties set forth in Minn. Stat. ch. 145A and made up of one County Commissioner and one alternate from each member county, unless such county has a population in excess of twice that of any other member county, in which case, it shall have two Commissioners and two alternates.

Financing is provided by state and federal grants and appropriations from member counties. Redwood County's contribution in 2024 for the human services function was \$3,220,110, and its contribution to the health services function was \$185,100.

Complete financial statements of Southwest Health and Human Services can be obtained at 607 West Main, Marshall, Minnesota 56258.

Advocate, Connect, Educate (A.C.E.) of Southwest Minnesota

Redwood County, in conjunction with Cottonwood, Lincoln, Lyon, Murray, Nobles, and Rock Counties and the Southwest Regional Development Commission, pursuant to Minn. Stat. § 471.59, have formed an agreement to coordinate the delivery of volunteer services to nonprofit community service entities and local units of government meeting the guidelines for receiving volunteer services under the authority of the counties. The entity known as the Retired and Senior Volunteer Program of Southwest Minnesota (RSVP of Southwest Minnesota) changed its name to A.C.E. of Southwest Minnesota as of January 1, 2014. The Board comprises one voting member from each participating county and one voting member of the A.C.E. of Southwest Minnesota Advisory Council. In 2024, Redwood County made contributions of \$37,992 to A.C.E. of Southwest Minnesota.

Brown-Lyon-Redwood-Renville Gang and Drug Task Force

The Brown-Lyon-Redwood-Renville Gang and Drug Task Force was established between Brown, Lyon, Redwood, and Renville Counties and the Cities of Marshall, New Ulm, and Redwood Falls, pursuant to Minn. Stat. § 471.59. The Task Force was established to create a cooperative law enforcement effort that provides drug enforcement services for member organizations.

The Task Force is governed by an Advisory Board consisting of one appointed member from each party to the agreement. Financing is provided through contributions of the participating counties, grants, and forfeitures. During 2024, Redwood County paid \$70,320 to the Task Force.

Redwood County

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Fiscal agent responsibilities for the Task Force are with the City of New Ulm. The Task Force is reported as a fiduciary fund in the City of New Ulm's financial statements.

Plum Creek Library System

Redwood County, along with 19 cities and eight other counties, participates in the Plum Creek Library System. The Plum Creek Library System was created as a public library service on May 29, 1974, by the act of contracting with various public libraries in its region to provide expanded library service, with the additional purpose of furthering the public interest by providing the potential for extending public library services into areas without such services. The Plum Creek Library System is governed by a board of trustees which consists of two representatives from each county. One is appointed by the County Commissioners, and the second from the board of the participating libraries. During 2024, Redwood County provided \$109,323 to the Plum Creek Library System.

Complete financial statements of the Plum Creek Library System can be obtained at 290 South Lake Street, PO Box 697, Worthington, Minnesota 56187.

Counties Providing Technology

Counties Providing Technology (CPT) was established in 2018, under the authority conferred upon by member parties by Minn. Stat. § 471.59, for the purpose of purchasing the former software vendor, Computer Professionals Unlimited, Inc., (CPUI) and to provide for the development, operation, and maintenance of technology applications and systems. Redwood County and 23 other counties are members of CPT. Each member county provided an initial contribution to start up CPT and provide funds for the purchase of CPUI. CPT purchased CPUI in September 2018 for a purchase price of \$3,600,000. In March 2022, Pope County made a contribution to join CPT.

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Once the initial contribution is repaid, there is no remaining equity interest for the member counties.

Financing is primarily from county member contributions. During 2024, Redwood County did not provide any contributions to CPT.

Current financial information can be obtained from Counties Providing Technology, 509 Atlantic Avenue, Morris, Minnesota 56267.

PrimeWest Health

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Health) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. In 2008, Beltrami, Clearwater, and Hubbard Counties joined the partnership. In 2023, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, Nobles, Redwood, Swift, and Yellow Medicine Counties were added to PrimeWest Health. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local control alternative favored for improved coordination of services to prepaid

Redwood County Redwood Falls, Minnesota

Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

Control of PrimeWest Health is vested in a Joint Powers Board of Directors, composed of two Commissioners from each member county (one active and one alternate). Each member of the Joint Powers Board of Directors is appointed by the County Commissioners of the county represented.

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. Redwood County did not provide any contributions to PrimeWest Health during 2024.

Complete financial information can be obtained from its administrative office at PrimeWest Health, 3905 Dakota Street, Suite 101, Alexandria, Minnesota 56308.

Jointly-Governed Organizations

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

Area II Minnesota River Basin Project

The Area II Minnesota River Basin Project provides cost-share and technical assistance for the implementation of flood reduction measures to the area between the Cities of Ortonville and Mankato. During the year, Redwood County contributed \$12,123 to the Project.

Redwood-Cottonwood Rivers Control Area

The Redwood-Cottonwood Rivers Control Area (RCRCA) works to improve water quality, reduce erosion, and enhance recreational opportunities by providing education, outreach, monitoring, and technical assistance within the boundaries of the watersheds of the Redwood and Cottonwood Rivers for the participating counties. The RCRCA consists of Brown, Cottonwood, Lincoln, Lyon, Murray, Pipestone, Redwood, and Yellow Medicine Counties. During 2024, Redwood County contributed \$26,480 to the RCRCA.

Required Supplementary Information

**Redwood County
Redwood Falls, 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				
Property taxes	\$ 8,975,176	\$ 8,864,709	\$ 8,893,440	\$ 28,731
Other taxes	15,000	15,000	13,080	(1,920)
Special assessments	31,870	31,870	42,660	10,790
Licenses and permits	53,655	53,655	63,326	9,671
Intergovernmental	2,766,416	2,672,155	3,015,467	343,312
Charges for services	814,636	814,636	863,064	48,428
Gifts and contributions	-	-	1,510	1,510
Investment earnings	107,806	104,443	1,158,801	1,054,358
Miscellaneous	404,139	404,139	493,866	89,727
Total Revenues	\$ 13,168,698	\$ 12,960,607	\$ 14,545,214	\$ 1,584,607
Expenditures				
Current				
General government				
Commissioners	\$ 265,109	\$ 265,109	\$ 264,229	\$ 880
Law library	8,500	8,500	10,252	(1,752)
County administration	515,198	523,698	476,838	46,860
Administrator	454,236	454,236	435,816	18,420
Auditor-Treasurer	465,812	465,812	452,572	13,240
License center	240,893	240,893	234,617	6,276
Assessor	580,497	580,497	505,650	74,847
Elections	67,000	67,000	99,760	(32,760)
Computer	553,813	553,813	454,350	99,463
Attorney	1,008,356	1,008,356	1,011,377	(3,021)
Recorder	362,629	362,629	308,107	54,522
Buildings and plant	796,221	796,221	658,199	138,022
Veterans service officer	198,762	198,762	181,140	17,622
Other general government	-	-	4,939	(4,939)
Total general government	\$ 5,517,026	\$ 5,525,526	\$ 5,097,846	\$ 427,680
Public safety				
Sheriff	\$ 5,002,519	\$ 5,002,519	\$ 5,090,003	\$ (87,484)
Coroner	23,000	23,000	40,195	(17,195)
E-911 system	73,000	73,000	126,117	(53,117)
Probation and parole	394,547	394,547	362,794	31,753
Restorative justice	102,930	102,930	94,464	8,466
Sentencing to Service	94,978	94,978	87,604	7,374
Emergency management	111,480	111,480	104,781	6,699
Other public safety	22,000	22,000	101,185	(79,185)
Total public safety	\$ 5,824,454	\$ 5,824,454	\$ 6,007,143	\$ (182,689)

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-1

(Continued)

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current (Continued)				
Culture and recreation				
Museum	\$ 4,000	\$ 4,000	\$ 3,350	\$ 650
Parks	151,674	151,674	172,596	(20,922)
Minnesota trails	95,633	95,633	50,615	45,018
Other culture and recreation	57,500	57,500	57,150	350
Total culture and recreation	\$ 308,807	\$ 308,807	\$ 283,711	\$ 25,096
Conservation of natural resources				
Extension	\$ 135,088	\$ 135,088	\$ 100,701	\$ 34,387
Agricultural inspection	381,246	381,246	449,697	(68,451)
Soil and water conservation	558,478	558,478	532,730	25,748
Water quality loan program	13,443	13,443	63,027	(49,584)
Other conservation of natural resources	41,104	41,104	68,333	(27,229)
Total conservation of natural resources	\$ 1,129,359	\$ 1,129,359	\$ 1,214,488	\$ (85,129)
Economic development				
Other economic development	\$ 315,553	\$ 11,262	\$ 11,261	\$ 1
Intergovernmental				
Health	\$ 185,100	\$ 185,100	\$ 185,100	\$ -
Library	109,323	109,323	109,323	-
Total intergovernmental	\$ 294,423	\$ 294,423	\$ 294,423	\$ -
Debt service				
Principal	\$ 9,928	\$ 9,928	\$ 144,463	\$ (134,535)
Interest	694	694	7,148	(6,454)
Total debt service	\$ 10,622	\$ 10,622	\$ 151,611	\$ (140,989)
Total Expenditures	\$ 13,400,244	\$ 13,104,453	\$ 13,060,483	\$ 43,970

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-1

(Continued)

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Excess of Revenues Over (Under) Expenditures	\$ (231,546)	\$ (143,846)	\$ 1,484,731	\$ 1,628,577
Other Financing Sources (Uses)				
Leases issued	\$ -	\$ -	\$ 365,151	\$ 365,151
Software subscriptions issued	-	-	7,648	7,648
Transfers in	-	-	1,305,537	1,305,537
Transfers out	-	-	(1,048,102)	(1,048,102)
Proceeds from sale of capital assets	-	-	4,465	4,465
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 634,699	\$ 634,699
Net Change in Fund Balance	\$ (231,546)	\$ (143,846)	\$ 2,119,430	\$ 2,263,276
Fund Balance – January 1	17,256,707	17,256,707	17,256,707	-
Fund Balance – December 31	\$ 17,025,161	\$ 17,112,861	\$ 19,376,137	\$ 2,263,276

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-2

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	\$ 2,768,168	\$ 2,768,168	\$ 2,767,041	\$ (1,127)
Other taxes	1,534,000	1,534,000	1,538,048	4,048
Licenses and permits	23,600	23,600	27,400	3,800
Intergovernmental	15,665,708	15,665,708	11,673,638	(3,992,070)
Charges for services	13,850	13,850	11,385	(2,465)
Investment earnings	-	-	432,922	432,922
Miscellaneous	158,920	158,920	170,519	11,599
Total Revenues	\$ 20,164,246	\$ 20,164,246	\$ 16,620,953	\$ (3,543,293)
Expenditures				
Current				
Highways and streets				
Administration	\$ 652,685	\$ 652,685	\$ 624,140	\$ 28,545
Maintenance	3,843,259	3,843,259	4,824,074	(980,815)
Construction	19,026,009	19,026,009	13,247,620	5,778,389
Equipment and maintenance shops	1,163,249	1,163,249	1,013,454	149,795
Total highways and streets	\$ 24,685,202	\$ 24,685,202	\$ 19,709,288	\$ 4,975,914
Intergovernmental				
Highways and streets	\$ 728,000	\$ 728,000	\$ 720,556	\$ 7,444
Debt service				
Principal	\$ 310,000	\$ 310,000	\$ 319,342	\$ (9,342)
Interest	212,400	212,400	212,406	(6)
Administrative (fiscal) charges	-	-	180	(180)
Total debt service	\$ 522,400	\$ 522,400	\$ 531,928	\$ (9,528)
Total Expenditures	\$ 25,935,602	\$ 25,935,602	\$ 20,961,772	\$ 4,973,830
Excess of Revenues Over (Under)				
Expenditures	\$ (5,771,356)	\$ (5,771,356)	\$ (4,340,819)	\$ 1,430,537
Other Financing Sources (Uses)				
Insurance Recoveries	\$ -	\$ -	\$ 150,744	\$ 150,744
Proceeds from sale of capital assets	100,000	100,000	224,620	124,620
Total Other Financing Sources (Uses)	\$ 100,000	\$ 100,000	\$ 375,364	\$ 275,364
Net Change in Fund Balance	\$ (5,671,356)	\$ (5,671,356)	\$ (3,965,455)	\$ 1,705,901
Fund Balance – January 1	8,753,171	8,753,171	8,753,171	-
Increase (decrease) in inventories	-	-	(47,364)	(47,364)
Fund Balance – December 31	\$ 3,081,815	\$ 3,081,815	\$ 4,740,352	\$ 1,658,537

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-3

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 3,136,268	\$ 3,136,268	\$ 3,136,535	\$ 267
Intergovernmental	152,658	152,658	153,139	481
Settlements	52,343	52,343	184,335	131,992
Total Revenues	\$ 3,341,269	\$ 3,341,269	\$ 3,474,009	\$ 132,740
Expenditures				
Intergovernmental				
Human services	3,341,269	3,341,269	3,474,009	(132,740)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -
Fund Balance – January 1	-	-	-	-
Fund Balance – December 31	\$ -	\$ -	\$ -	\$ -

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-4

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ 620,154	\$ 620,154	\$ 629,623	\$ 9,469
Licenses and permits	-	-	2,550	2,550
Intergovernmental	223,690	223,690	237,262	13,572
Miscellaneous	600	600	648	48
Total Revenues	\$ 844,444	\$ 844,444	\$ 870,083	\$ 25,639
Expenditures				
Current				
Sanitation				
Solid waste	\$ 4,500	\$ 4,500	\$ 5,159	\$ (659)
Hazardous waste	1,200	1,200	1,841	(641)
Total sanitation	\$ 5,700	\$ 5,700	\$ 7,000	\$ (1,300)
Intergovernmental				
Solid waste	\$ 692,594	\$ 692,594	\$ 715,885	\$ (23,291)
Debt service				
Principal	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Interest	30,500	30,500	30,500	-
Administrative (fiscal) charges	750	750	23	727
Total debt service	\$ 151,250	\$ 151,250	\$ 150,523	\$ 727
Total Expenditures	\$ 849,544	\$ 849,544	\$ 873,408	\$ (23,864)
Net Change in Fund Balance	\$ (5,100)	\$ (5,100)	\$ (3,325)	\$ 1,775
Fund Balance – January 1	85,776	85,776	85,776	-
Fund Balance – December 31	\$ 80,676	\$ 80,676	\$ 82,451	\$ 1,775

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-5

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ -	\$ -	\$ 2,139,086	\$ 2,139,086
Intergovernmental	-	-	1,481,734	1,481,734
Investment earnings	-	-	876	876
Miscellaneous	-	-	34	34
Total Revenues	\$ -	\$ -	\$ 3,621,730	\$ 3,621,730
Expenditures				
Current				
Conservation of natural resources				
Other	\$ 2,795,751	\$ 2,795,751	\$ 2,570,690	\$ 225,061
Intergovernmental				
Conservation of natural resources	-	-	19,465	(19,465)
Debt service				
Principal	-	-	20,000	(20,000)
Interest	-	-	16,024	(16,024)
Administrative (fiscal) charges	-	-	605	(605)
Total Expenditures	\$ 2,795,751	\$ 2,795,751	\$ 2,626,784	\$ 168,967
Excess of Revenues Over (Under)				
Expenditures	\$ (2,795,751)	\$ (2,795,751)	\$ 994,946	\$ 3,790,697
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 1,048,102	\$ 1,048,102
Transfers out	-	-	(1,305,537)	(1,305,537)
Proceeds from notes issuance	-	-	405,000	405,000
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 147,565	\$ 147,565
Net Change in Fund Balance	\$ (2,795,751)	\$ (2,795,751)	\$ 1,142,511	\$ 3,938,262
Fund Balance – January 1	105,633	105,633	105,633	-
Fund Balance – December 31	\$ (2,690,118)	\$ (2,690,118)	\$ 1,248,144	\$ 3,938,262

**Redwood County
Redwood Falls, Minnesota**

Exhibit A-6

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ -	\$ 110,467	\$ 110,467	\$ -
Special assessments	-	-	34,566	34,566
Intergovernmental	-	94,261	205,103	110,842
Charges for services	-	-	328	328
Investment earnings	-	3,363	5,877	2,514
Total Revenues	\$ -	\$ 208,091	\$ 356,341	\$ 148,250
Expenditures				
Current				
Economic development				
Economic development	\$ -	\$ 295,791	\$ 179,900	\$ 115,891
Net Change in Fund Balance	\$ -	\$ (87,700)	\$ 176,441	\$ 264,141
Fund Balance – January 1	364,141	364,141	364,141	-
Fund Balance – December 31	\$ 364,141	\$ 276,441	\$ 540,582	\$ 264,141

**Redwood County
Redwood Falls, Minnesota**

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

	<u>2024</u>	<u>2023</u>
Total OPEB Liability		
Service cost	\$ 75,720	\$ 61,228
Interest	44,824	37,434
Differences between expected and actual experience	464,908	165,027
Changes of assumption or other inputs	(26,744)	65,412
Benefit payments	<u>(112,718)</u>	<u>(70,734)</u>
Net change in total OPEB liability	\$ 445,990	\$ 258,367
Total OPEB Liability – Beginning	<u>1,100,669</u>	<u>842,302</u>
Total OPEB Liability – Ending	<u><u>\$ 1,546,659</u></u>	<u><u>\$ 1,100,669</u></u>
 Covered-employee payroll	 \$ 7,288,156	 \$ 7,840,094
 Total OPEB liability (asset) as a percentage of covered-employee payroll	 21.22%	 14.04%

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

Exhibit A-7

2022	2021	2020	2019	2018
\$ 71,668	\$ 67,757	\$ 62,065	\$ 39,517	\$ 33,825
21,308	18,346	27,525	21,927	18,003
(22,421)	49,679	(118,446)	232,051	(2,005)
(73,515)	(5,587)	89,885	33,999	(4,766)
(59,823)	(45,191)	(46,073)	(32,379)	(48,746)
\$ (62,783)	\$ 85,004	\$ 14,956	\$ 295,115	\$ (3,689)
905,085	820,081	805,125	510,010	513,699
\$ 842,302	\$ 905,085	\$ 820,081	\$ 805,125	\$ 510,010
\$ 6,604,853	\$ 6,648,867	\$ 6,189,706	\$ 5,996,804	\$ 5,935,946
12.75%	13.61%	13.25%	13.43%	8.59%

**Redwood County
Redwood Falls, 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 Redwood 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	0.0648 %	\$ 2,334,395	\$ 60,363	\$ 2,394,758	\$ 5,344,234	43.68 %	89.08 %
2023	0.0671	3,651,503	100,659	3,752,162	5,196,163	70.27	83.10
2022	0.0659	5,076,741	148,656	5,225,397	4,797,750	105.82	76.67
2021	0.0682	2,822,766	86,304	2,909,070	4,762,149	59.28	87.00
2020	0.0636	3,813,111	117,473	3,930,584	4,534,093	84.10	79.06
2019	0.0613	3,389,140	105,329	3,494,469	4,334,873	78.18	80.23
2018	0.0587	3,256,435	106,772	3,363,207	3,944,996	82.55	79.53
2017	0.0611	3,900,584	49,037	3,949,621	3,935,467	99.11	75.90
2016	0.0587	4,766,149	32,178	4,798,327	3,640,899	130.91	68.91
2015	0.0615	3,187,249	N/A	3,187,249	3,615,230	88.16	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Redwood County
Redwood Falls, 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	\$ 401,961	\$ 401,961	\$ -	\$ 5,360,955	7.50 %
2023	400,814	400,814	-	5,344,188	7.50
2022	373,653	373,653	-	4,982,752	7.50
2021	355,143	355,143	-	4,735,247	7.50
2020	349,737	349,737	-	4,662,177	7.50
2019	339,683	339,683	-	4,528,280	7.50
2018	304,275	304,275	-	4,057,508	7.50
2017	288,156	288,156	-	3,842,075	7.50
2016	279,393	279,393	-	3,725,245	7.50
2015	284,372	284,372	-	3,791,632	7.50

The County's year-end is December 31.

**Redwood County
Redwood Falls, Minnesota**

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 Redwood 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	0.0883 %	\$ 1,161,601	\$ 44,280	\$ 1,205,881	\$ 1,231,848	94.30 %	90.17 %
2023	0.0839	1,448,844	58,374	1,507,218	1,102,021	131.47	86.47
2022	0.0944	4,107,915	179,595	4,287,510	1,147,106	358.11	70.53
2021	0.0793	612,112	27,530	639,642	957,651	63.92	93.66
2020	0.0830	1,094,029	25,787	1,119,816	936,431	116.83	87.19
2019	0.0870	926,203	N/A	926,203	917,918	100.90	89.26
2018	0.0851	907,078	N/A	907,078	897,325	101.09	88.84
2017	0.0820	1,107,098	N/A	1,107,098	843,180	131.30	85.43
2016	0.0780	3,130,276	N/A	3,130,276	751,672	416.44	63.88
2015	0.0780	886,263	N/A	886,263	714,664	124.01	86.61

The measurement date for each year is June 30.

**Redwood County
Redwood Falls, 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	\$ 225,498	\$ 225,498	\$ -	\$ 1,274,001	17.70 %
2023	198,346	198,346	-	1,120,596	17.70
2022	202,340	202,340	-	1,143,165	17.70
2021	181,718	181,718	-	1,026,657	17.70
2020	166,709	166,709	-	941,856	17.70
2019	154,918	154,918	-	913,969	16.95
2018	148,964	148,964	-	919,531	16.20
2017	139,165	139,165	-	859,114	16.20
2016	126,981	126,981	-	783,830	16.20
2015	122,845	122,845	-	758,302	16.20

The County's year-end is December 31.

**Redwood County
Redwood Falls, 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	0.3937 %	\$ 120,002	\$ 980,898	12.23 %	97.54 %
2023	0.3724	168,343	873,282	19.28	95.94
2022	0.3763	1,250,821	826,668	151.31	74.58
2021	0.3511	(57,679)	761,435	(7.58)	101.61
2020	0.3433	93,151	746,977	12.47	96.67
2019	0.3240	44,858	691,091	6.49	98.17
2018	0.3218	52,926	657,220	8.05	97.64
2017	0.3100	883,503	615,745	143.49	67.89
2016	0.3000	1,095,942	565,304	193.87	58.16
2015	0.2900	44,834	526,289	8.52	96.95

The measurement date for each year is June 30.

**Redwood County
Redwood Falls, Minnesota**

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	\$ 87,877	\$ 87,877	\$ -	\$ 1,004,312	8.75 %
2023	83,678	83,678	-	956,315	8.75
2022	74,569	74,569	-	852,215	8.75
2021	68,159	68,159	-	778,955	8.75
2020	66,410	66,410	-	758,856	8.75
2019	62,624	62,624	-	715,515	8.75
2018	59,540	59,540	-	680,366	8.75
2017	55,347	55,347	-	632,539	8.75
2016	49,708	49,708	-	568,085	8.75
2015	50,141	50,141	-	573,044	8.75

The County's year-end is December 31.

Redwood County
Redwood Falls, Minnesota

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

Note 1 – General Budget Policies

The County Board adopts estimated revenue and expenditure budgets for the General Fund and special revenue funds. The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a 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.

The budgets may be amended or modified at any time by the County Board. Expenditures may not legally exceed budgeted appropriations. Comparisons of final budgeted revenues and expenditures to actual are presented in the required supplementary information for the General Fund and special revenue funds.

Note 2 – Budget Basis of Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles.

Note 3 – Excess of Expenditures Over Budget

The following funds had expenditures in excess of budget for the year ended December 31, 2024:

Excess of Expenditures Over Appropriations as of December 31, 2024

	Expenditures	Final Budget	Excess
Human Services Special Revenue Fund	\$ 3,474,009	\$ 3,341,269	\$ 132,740
Solid Waste Special Revenue Fund	873,408	849,544	23,864

Note 4 – Employer Contributions to Other Postemployment Benefits

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

The following changes in actuarial assumptions occurred in 2024:

- The discount rate used changed from 4.00 percent to 4.28 percent.
- Mortality tables have been updated from SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2020 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2021 for general employees.
- Mortality tables have been updated from SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using scale MP-2020 to SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using scale MP-2021 for sheriff employees.
- Mortality tables have been updated from SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality

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Table fully generational using scale MP-2020 to SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using scale MP-2021 for surviving spouses.

- Health care trend rates have been revised to an initial rate of 7.50 percent for 2024, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

The following changes in actuarial assumptions occurred in 2023:

- The discount rate used changed from 4.31 percent to 4.00 percent.
- Health care trend rates have been revised to an initial rate of 8.00 percent for 2023, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

The following changes in actuarial assumptions occurred in 2022:

- Mortality tables have been updated from MP-2020 to MP-2021.
- The salary scale rate assumptions have been updated to follow the PERA General Employees and Police and Fire plans from July 1, 2020 to July 1, 2021.
- The discount rate used changed from 2.25 percent to 4.31 percent.

The following changes in actuarial assumptions occurred in 2021:

- Health care trend rates have been revised to an initial rate of 7.50 percent for 2021, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 2.12 percent to 2.25 percent.

The following changes in actuarial assumptions occurred in 2020:

- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using scale MP-2020 for general employees.
- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using scale MP-2020 for sheriff employees.
- Mortality tables have been updated from SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 to SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using scale MP-2020 for surviving spouses.
- Salary scale assumptions have been updated to follow the most recent actuarial valuations for the Public Employees Retirement Association (PERA) as of July 1, 2019.
- Health care trend rates have been revised to an initial rate of 8.00 percent for fiscal 2020, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.
- The discount rate used changed from 3.26 percent to 2.12 percent.

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The following change in actuarial assumptions occurred in 2019:

- The discount rate used changed from 4.11 percent to 3.26 percent.

The following changes in actuarial methods and assumptions occurred in 2018:

- The actuarial cost method used changed from the Projected Unit Credit with Linear Proration to Decrement to the Entry Age Normal Percent of Salary.
- The discount rate used changed from 3.44 percent to 4.11 percent.
- Salary increase rates have been updated to follow the most recent actuarial valuations for the General Employees and Police and Fire Plans as of July 1, 2017.
- Mortality tables have been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018.
- Health care trend rates have been revised to an initial rate of 8.00 percent for fiscal 2019, decreasing 0.50 percent annually to an ultimate rate of 4.50 percent.

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.

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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

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General/Teacher Disabled Retiree Mortality table, with adjustments.

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

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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.

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- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

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

2021

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

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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.

Redwood County Redwood Falls, Minnesota

- 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.

Redwood County Redwood Falls, Minnesota

- 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.

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.

Redwood County Redwood Falls, Minnesota

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

2017

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

2016

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

Supplementary Information

Governmental Fund

**Redwood County
Redwood Falls, Minnesota**

Exhibit B-1

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 1,922,805	\$ 1,922,805	\$ 1,920,064	\$ (2,741)
Intergovernmental	56,361	56,361	56,661	300
Investment earnings	-	-	11,020	11,020
Total Revenues	\$ 1,979,166	\$ 1,979,166	\$ 1,987,745	\$ 8,579
Expenditures				
Debt service				
Principal	\$ 1,240,000	\$ 1,240,000	\$ 450,000	\$ 790,000
Interest	745,842	745,842	703,282	42,560
Administrative (fiscal) charges	1,500	1,500	1,346	154
Total Expenditures	\$ 1,987,342	\$ 1,987,342	\$ 1,154,628	\$ 832,714
Net Change in Fund Balance	\$ (8,176)	\$ (8,176)	\$ 833,117	\$ 841,293
Fund Balance – January 1	879,283	879,283	879,283	-
Fund Balance – December 31	\$ 871,107	\$ 871,107	\$ 1,712,400	\$ 841,293

Redwood County Redwood Falls, Minnesota

Fiduciary Funds

Taxes and Penalties Custodial Fund – to account for the collection and settlement of taxes and penalties to various governmental units.

Forfeited Tax Custodial Fund – to account for all funds collected under state statute for the sale of property forfeited for unpaid tax.

State Revenue Custodial Fund – to account for the collection and payment of the state's share of fees, fines, and mortgage registry and state deed taxes collected by the County.

Soil and Water Conservation District Custodial Fund – to account for the collections and payments of the Redwood Soil and Water Conservation District in accordance with the joint powers agreement between Redwood County and Redwood Soil and Water Conservation District.

Jail Canteen Custodial Fund – to account for inmate deposits, inmate canteen purchases, and fees paid to various agencies.

Sheriff Writ of Execution Custodial Fund – to account for the collection of writ of execution fees and payment of those fees.

**Redwood County
Redwood Falls, Minnesota**

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

	<u>Taxes and Penalties</u>	<u>Forfeited Tax</u>
<u>Assets</u>		
Cash and pooled investments	\$ 171,610	\$ 2,771
Taxes receivable for other governments	<u>298,816</u>	<u>-</u>
Total Assets	<u>\$ 470,426</u>	<u>\$ 2,771</u>
<u>Liabilities</u>		
Due to other governments	<u>\$ 171,610</u>	<u>\$ 2,771</u>
<u>Net Position</u>		
Restricted for individuals, organizations, and other governments	<u>\$ 298,816</u>	<u>\$ -</u>

Custodial Funds				
State Revenue	Soil and Water Conservation District	Jail Canteen	Sheriff Writ of Execution	Total Custodial Funds
\$ 634	\$ 1,321,239	\$ 15,140	\$ 67	\$ 1,511,461
-	-	-	-	298,816
\$ 634	\$ 1,321,239	\$ 15,140	\$ 67	\$ 1,810,277
\$ 634	\$ -	\$ -	\$ -	\$ 175,015
\$ -	\$ 1,321,239	\$ 15,140	\$ 67	\$ 1,635,262

**Redwood County
Redwood Falls, Minnesota**

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

	<u>Taxes and Penalties</u>	<u>Forfeited Tax</u>
<u>Additions</u>		
Appropriations from counties	\$ -	\$ -
Contributions from individuals	-	-
Interest earnings	-	-
Property tax collections for other governments	17,342,949	-
Fees collected for state	1,159,981	25
Fees collected for other governments	-	-
Property tax overpayments from individuals/entities	52,752	-
Refunds collected for court-ordered tax abatement	20,123	-
Miscellaneous	-	2,746
	<u>-</u>	<u>2,746</u>
Total Additions	<u>\$ 18,575,805</u>	<u>\$ 2,771</u>
<u>Deductions</u>		
Payments of property taxes to other governments	\$ 17,316,899	\$ -
Payments of fees to other governments	-	-
Payments to state	1,165,196	25
Payments to other individuals/entities	78,337	-
Payments to other governments	-	2,746
	<u>-</u>	<u>2,746</u>
Total Deductions	<u>\$ 18,560,432</u>	<u>\$ 2,771</u>
Change in Net Position	\$ 15,373	\$ -
Net Position – January 1	<u>283,443</u>	<u>-</u>
Net Position – December 31	<u>\$ 298,816</u>	<u>\$ -</u>

Custodial Funds				
State Revenue	Soil and Water Conservation District	Jail Canteen	Sheriff Writ of Execution	Total Custodial Funds
\$ -	\$ 120,000	\$ -	\$ -	\$ 120,000
-	-	163,815	100,000	263,815
-	43,611	-	-	43,611
-	-	-	-	17,342,949
7,438,937	-	-	-	8,598,943
185	571,709	-	-	571,894
-	-	-	-	52,752
-	-	-	-	20,123
-	12,167	-	-	14,913
\$ 7,439,122	\$ 747,487	\$ 163,815	\$ 100,000	\$ 27,029,000
\$ -	\$ -	\$ -	\$ -	\$ 17,316,899
185	-	38,680	-	38,865
7,438,937	-	92,136	-	8,696,294
-	401,502	32,835	100,000	612,674
-	452,803	-	-	455,549
\$ 7,439,122	\$ 854,305	\$ 163,651	\$ 100,000	\$ 27,120,281
\$ -	\$ (106,818)	\$ 164	\$ -	\$ (91,281)
-	1,428,057	14,976	67	1,726,543
\$ -	\$ 1,321,239	\$ 15,140	\$ 67	\$ 1,635,262

Other Schedules

**Redwood County
Redwood Falls, Minnesota**

Exhibit D-1

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

Appropriations and Shared Revenue

State

Highway users tax	\$ 9,011,248
County program aid	905,629
PERA state aid	26,262
Disparity reduction aid	44,832
Police aid	190,228
Enhanced 911	177,913
Market value credit	407,094
Casino credit	75,524
Select Committee on Recycling and the Environment (SCORE)	86,753
Aquatic invasive species aid	19,548
Out of home placement aid	68,447
Local homeless prevention aid	18,957
Statewide affordable housing aid	91,063
Riparian protection aid	160,000
Cannabis aid	2,114
Voting Operations, Technology, & Election Resources (VOTER)	20,912

Total appropriations and shared revenue	\$ 11,306,524
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Reimbursement for Services

School districts	\$ 5,167
Counties	38,879
Cities and townships	420,695
State	116,556
Soil and Water Conservation District	406,245
Southwest Health and Human Services	34,708
Redwood/Renville Regional Solid Waste Authority	150,509

Total reimbursement for services	\$ 1,172,759
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Payments

Local

Payments in lieu of taxes	\$ 284,551

Grants

State

Minnesota Department of Corrections	\$ 182,136
Natural Resources	52,585
Public Safety	371,595
Transportation	1,638,021
Board of Water and Soil Resources	98,430
Minnesota IT Services	47,354
Peace Officer Standards and Training Board	16,218

Total state	\$ 2,406,339
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**Redwood County
Redwood Falls, Minnesota**

Exhibit D-1
(Continued)

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

Grants (Continued)

Federal

Department of	
Housing and Urban Development	\$ 110,727
Justice	75,491
Transportation	202,307
Treasury	148,579
Homeland Security	1,115,727
Total federal	\$ 1,652,831
Total state and federal grants	\$ 4,059,170
Total Intergovernmental Revenue	\$ 16,823,004

**Redwood County
Redwood Falls, 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 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-21-0001-O-FY21 2	\$ 32,406
COVID-19 - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CARE-21-0001-O-FY21 3 F	6,736
(Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii 14.228 \$39,142)			
Total U.S. Department of Housing and Urban Development			\$ 39,142
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	F-CVS-2024-RCAO-12739	\$ 19,550
Crime Victim Assistance	16.575	F-CVS-2024-RCAO-13128	18,242
Crime Victim Assistance	16.575	F-CVS-2024-RCAO-13535	18,781
Crime Victim Assistance	16.575	F-CVS-2024-RCAO-14113	17,431
(Total Crime Victim Assistance 16.575 \$74,004)			
Public Safety Partnership and Community Policing Grants	16.710	24-0112-1	267
Public Safety Partnership and Community Policing Grants	16.710	24-0112-2	619
Public Safety Partnership and Community Policing Grants	16.710	Redwood Co SO 24-0112-3	422
Public Safety Partnership and Community Policing Grants	16.710	Redwood Co SO 24-0112-4	179
(Total Public Safety Partnership and Community Policing Grants 16.710 \$1,487)			
Total U.S. Department of Justice			\$ 75,491
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	6423221	\$ 179,169
Passed Through City of Marshall, Minnesota			
Highway Safety Cluster			
State and Community Highway Safety	20.600	A-ENFRC24-2024-MARSHAPD-034	1,028
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC24-2024-MARSHAPD-034	53
Total U.S. Department of Transportation			\$ 180,250
U.S. Department of the Treasury			
Direct			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 148,579

**Redwood County
Redwood Falls, 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 Homeland Security			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	Redwood FBE 08-28-2024	\$ 452
		ID 127-UJNE1-00 FEMA-4390-DR-MN,	
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	GM PROJECT 75390-PW 615	126,862
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-MN-4442-PW-01317(0)	730,124
		ID 127-UJNE1-00 FEMA-4442-DR-MN,	
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	GM PROJECT 185643-PW 1616	95,923
(Total Disaster Grants – Public Assistance (Presidentially Declared Disasters) 97.036 \$952,909)			
Emergency Management Performance Grants	97.042	F-EMPG-2022-REDWOOCO-4563	24,058
Total U.S. Department of Homeland Security			\$ 977,419
Total Federal Awards			\$ 1,420,881

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

Totals by Cluster

Total expenditures for Highway Safety Cluster	\$ 1,028
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Redwood County

Redwood Falls, Minnesota

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

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Redwood 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 Redwood 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 Redwood County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Redwood 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

Redwood County has elected to not 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	\$ 1,652,831
Grants received more than 60 days after year-end, considered unavailable revenue in 2024	
Highway Planning and Construction (AL No. 20.205)	9,175
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	760,429
Unavailable revenue 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)	(71,585)
Highway Planning and Construction (AL No. 20.205)	(31,232)
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (AL No. 97.036)	(712,103)
Differences between expenditures incurred in previous years and related reimbursements	(186,634)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,420,881</u>

**Redwood County
Redwood Falls, Minnesota**

Note 4 – Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program

During the current year, Redwood County identified \$186,634 of 2021, 2022, and 2023 expenditures to be applied to the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program, Assistance Listing No. 97.036. These expenditures were not identified in time to be included in the 2021, 2022, and 2023 Schedule of Expenditures of Federal Awards. Because they are not current year expenditures, they are not included in the 2024 Schedule of Expenditures of Federal Awards.

Management and Compliance Section



**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
Redwood County
Redwood Falls, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redwood 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 June 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Redwood 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redwood County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit

and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that Redwood 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.

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

June 25, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the Uniform Guidance**Independent Auditor's Report

Board of County Commissioners
Redwood County
Redwood Falls, Minnesota

Report on Compliance for the Major Federal Program***Opinion on the Major Federal Program***

We have audited Redwood 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 Redwood County's major federal program for the year ended December 31, 2024. Redwood County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on the 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 Redwood 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 the major federal program. Our audit does not provide a legal determination of Redwood 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 Redwood County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Redwood

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 Redwood County's compliance with the requirements of the 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

Julie Blaha
State Auditor

June 25, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Redwood County
Redwood Falls, Minnesota**

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

Federal Awards

Internal control over the major federal program:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

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

Assistance Listing Number	Name of Federal Program or Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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

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

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Redwood County Board of Commissioners

P.O. Box 130 Redwood Falls, MN 56283



Representation of Redwood County Redwood Falls, 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: Suspension and Debarment

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

Summary of Condition: For both covered transactions tested, the County did not verify for suspended or debarred vendors, in accordance with its policy, prior to entering into the covered transaction. Additionally, for one of the transactions tested, the County did not have a contract on file that included a suspension and debarment clause.

Summary of Corrective Action Previously Reported: Amend the Redwood County Procurement Policy to include language in section DEBARMENT AND SUSPENSION (E.O.s 12549 and 12689) for internal process for verification of demonstrating vendors are not debarred, suspended, or otherwise excluded from conducting business with the County. The verification and documentation will be completed prior to entering into a covered transaction with a vendor(s) and the results of the search will be attached to the filed paperwork for verification of search.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2022-001

Year of Finding Origination: 2021

Finding Title: Performance Reporting

Program: 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Summary of Condition: Two of the four quarterly performance reports tested did not have supporting documentation on file, therefore, auditor was unable to trace the reports to supporting data.

Summary of Corrective Action Previously Reported: FEMA reports will be submitted quarterly. Reports will be prepared and signed by the Ditch Inspector, and verified by the Director. Director will initial reports.

Status: Fully Corrected. Corrective action was taken.

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1st District

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