

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Martin County Fairmont, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Martin County
Fairmont, Minnesota

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Introductory Section

Martin County Fairmont, Minnesota

Organization 2024

Office	Name	Term Expires
Commissioners		
1st District	Elliot Belgard	January 2025
2nd District	Jaime Bleess	January 2027
3rd District	Kathy Smith*	January 2025
4th District	Richard Koons	January 2027
5th District	Steven Flohrs	January 2025
Officers		
Elected		
Attorney	Taylor McGowan	January 2027
Auditor/Treasurer	Michael Forstner	January 2027
Judge	Michael D. Trushenski	January 2031
County Recorder	Michelle Duncan	January 2027
Sheriff	Jeff Markquart	January 2027
Surveyor	Ben Madsen	January 2027
Appointed		
Assessor	Mike Sheplee	December 2028
Highway Engineer	Kevin Peyman	April 2026
Medical Examiner	Dr. Kelly Mills	Indefinite
Veterans Service Officer	Douglas Landsteiner	Indefinite
Librarian	Jennifer Trushenski	Indefinite
County Coordinator	Scott Higgins	Indefinite

*Chair

Financial Section



Independent Auditor's Report

Board of County Commissioners
Martin County
Fairmont, 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 Martin 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 Martin County as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, Road and Bridge Special Revenue Fund, and Human Services 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 Martin County's basic financial statements. The Budgetary Comparison Schedule – Building Capital Projects Fund; combining nonmajor governmental fund financial statements; budgetary comparison schedules for the Solid Waste Special Revenue Fund, EDA Special Revenue Fund, and Debt Service nonmajor governmental funds; combining fiduciary fund financial statements; and Schedule of Intergovernmental Revenue 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 October 22, 2025, on our consideration of Martin 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 Martin 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 Martin County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

October 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Martin County Fairmont, Minnesota

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

As management of Martin County, we offer readers of the Martin County financial statements this narrative overview and analysis of the financial activities of Martin County for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets and deferred outflows of resources of Martin County exceeded its liabilities and deferred inflows of resources at the close of 2024 by \$133,985,098. Of this amount, \$22,641,855 (unrestricted net position) may be used to meet Martin County's ongoing obligations to citizens and creditors.
- Martin County's total net position increased by \$6,882,711 in 2024.
- At the close of 2024, Martin County's governmental funds reported combined ending fund balances of \$44,848,147, of which \$12,788,389 is unassigned and is available for spending at the County's discretion.
- At the close of 2024, unassigned fund balance for the General Fund was \$15,607,549, or 93.02 percent, of total General Fund expenditures.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to Martin County's basic financial statements. Martin County's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of Martin County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Martin County is improving or deteriorating.

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

The government-wide financial statements list the functions of Martin County principally supported by taxes and intergovernmental revenues. The governmental activities of Martin County include general government, public safety, highways and streets, sanitation, human services, culture and recreation, conservation of natural resources, and economic development. Martin County has no business-type activities intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on Exhibits 1 and 2.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Martin County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Martin County can be divided into two categories: governmental funds and fiduciary funds.

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 short-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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, County fund level financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financing requirements.

Martin County reports five major funds and five nonmajor funds. The major funds are the General Fund, Road and Bridge Special Revenue Fund, Human Services Special Revenue Fund, Ditch Special Revenue Fund, and the Building Capital Projects Fund. The nonmajor funds are the Solid Waste Special Revenue Fund, Area Development Special Revenue Fund, Opioid Settlement Special Revenue Fund, EDA Special Revenue Fund, and the Debt Service Fund. Information is presented separately for the major funds and in total for the nonmajor funds on Exhibits 3 and 5.

Fiduciary funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. Martin County's fiduciary funds consist of five custodial funds. Fiduciary funds are not reflected in the government-wide financial statements because those resources are not available to support the County's programs.

Martin County's governmental fund financial statements are on Exhibits 3 to 6, and Martin County's fiduciary fund financial statements are on Exhibits 7 and 8.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided.

Other Information

In addition to the basic financial statements and notes, this report also presents certain required supplementary information concerning Martin County's budgetary comparison schedules for the General Fund, the Road and Bridge Special Revenue Fund, and the Human Services Special Revenue Fund (Exhibits A-1 to A-3), changes in its

other postemployment benefits liability (Exhibit A-4) and schedules of the proportionate share of net pension liability and schedules of contributions (Exhibits A-5 to A-10). In addition, the County also provides supplementary information on intergovernmental revenue (Exhibit E-1).

Martin County adopts an annual appropriated budget for the General Fund, the special revenue funds (with the exception of the Ditch, Area Development, and Opioid Settlement Special Revenue Funds), the Building Capital Projects Fund, and the Debt Service Fund. Budgetary comparison statements have been provided for the County’s major funds to demonstrate compliance with these budgets.

Government-Wide Financial Analysis

Over time, net position serves as a useful indicator of the County’s financial position. Martin County’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$133,985,098 at the close of 2024. The largest portion of Martin County’s net position (71.71 percent) reflects its investment in capital assets (for example, land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. However, it should be noted that these assets are not available for future spending.

Governmental Statement of Net Position

Condensed Statement of Net Position	2023	2024
Assets		
Current and other assets	\$ 59,031,799	\$ 67,126,989
Capital assets	100,806,204	103,275,360
Total Assets	\$ 159,838,003	\$ 170,402,349
Deferred Outflows of Resources	\$ 4,478,525	\$ 2,969,882
Liabilities		
Long-term liabilities outstanding	\$ 29,813,864	\$ 31,162,528
Other liabilities	2,032,385	2,733,766
Total Liabilities	\$ 31,846,249	\$ 33,896,294
Deferred Inflows of Resources	\$ 5,367,892	\$ 5,490,839
Net Position		
Net investment in capital assets	\$ 93,648,949	\$ 96,090,272
Restricted	12,521,022	15,252,971
Unrestricted	20,932,416	22,641,855
Total Net Position	\$ 127,102,387	\$ 133,985,098

The unrestricted net position amount of \$22,641,855 as of December 31, 2024, may be used to meet the County’s ongoing obligations to citizens and creditors.

Governmental Activities

The following table summarizes the changes in net position for 2024.

Changes in Governmental Net Position

Statement of Activities	2023	2024
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 4,083,704	\$ 8,293,086
Operating grants and contributions	10,643,885	11,955,077
Capital grants and contributions	231,446	-
General revenues		
Property taxes	18,874,775	19,860,236
Other	3,412,370	4,002,195
Total Revenues	\$ 37,246,180	\$ 44,110,594
Expenses		
General government	\$ 7,600,829	\$ 8,685,418
Public safety	6,847,150	9,559,317
Highways and streets	10,640,897	8,680,961
Sanitation	1,179,615	615,750
Human services	4,291,519	4,301,427
Culture and recreation	611,471	1,050,091
Conservation of natural resources	2,961,970	3,418,604
Economic development	106,090	150,630
Interest	636,859	765,685
Total Expenses	\$ 34,876,400	\$ 37,227,883
Change in Net Position	\$ 2,369,780	\$ 6,882,711
Net Position – January 1	124,732,607	127,102,387
Net Position – December 31	\$ 127,102,387	\$ 133,985,098

Financial Analysis of The County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$44,848,147. Of this amount, \$12,788,389 constitutes unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

The General Fund is the chief operating fund of Martin County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$15,607,549, while the total fund balance was \$20,796,735. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to annual expenditures. Unassigned fund balance represents 93.02 percent of total General Fund expenditures for 2024, while total fund balance represents 123.94 percent of total General Fund expenditures. In 2024, the total fund balance in the General Fund increased by \$1,889,167, with unassigned fund balance

increasing by \$3,591,666, assigned fund balance decreasing by \$2,392, committed fund balance decreasing by \$681,640, restricted fund balance decreasing by \$33,219, and nonspendable fund balance decreasing by \$985,248.

In 2024, the Road and Bridge Special Revenue Fund showed revenues and other financing sources under expenditures of \$1,304,432 and a decrease in inventories of \$24,664, for a net decrease in fund balance of \$1,329,096. The primary source of funding is intergovernmental state aid, followed by property taxes. State aid revenue fluctuates annually, and recognition is dependent on the status of state-funded projects. The decrease in fund balance was primarily the result of an increase in equipment and building maintenance costs (equipment breakdowns) over what was budgeted, state aid revenue (both maintenance and construction) being less than was forecasted and budgeted for on the revenue side, and the County incurring more engineering and construction costs that were not eligible for state aid reimbursement, or that were already reimbursed in a different calendar year than was budgeted for. The combination of these factors resulted in a decrease in fund balance for 2024.

In 2024, the Human Services Special Revenue Fund's fund balance decreased by \$441,623. The decrease in fund balance was due to additional funding requests and the County levying a lower amount and using the fund's reserves.

In 2024, the Ditch Special Revenue Fund's fund balance increased by \$3,636,490 to \$2,611,704. The increase in fund balance was due to the planned bonding for two projects. The funds will be spent down as the projects progress.

In 2024, the Building Capital Projects Fund's fund balance decreased by \$486,365. The County spent down the 2020 bond proceeds as work was finalized on the courthouse exterior restoration and for planning and design for future capital improvements.

General Fund Budgetary Highlights

No budget amendments were made for 2024. There were variances in operational revenues and expenditures in the General Fund. Total revenues exceeded budget by \$2,052,530, or 12.54 percent, primarily due to intergovernmental revenue and investment earnings exceeding budget. The County has historically not budgeted for power line taxes and market value credits. Total expenditures were over budget by \$565,818, or 3.49 percent.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2024, amounts to \$103,275,360 (net of accumulated depreciation and amortization). This investment in capital assets includes land and right-of-way; construction in progress; buildings and improvements; land improvements; machinery, furniture, and equipment; infrastructure; vehicles; lease buildings; lease equipment; lease vehicles and software subscriptions. The total increase in the County's investment in capital assets, net of depreciation and amortization, for the current fiscal year was \$2,469,156.

**Governmental Capital Assets
(Net of Depreciation/Amortization)**

Capital Assets	2023	2024
Land and right-of-way	\$ 1,617,411	\$ 1,617,411
Construction in progress	2,131,377	784,749
Buildings and improvements	10,855,741	10,562,800
Land improvements	101,622	128,435
Machinery, furniture, and equipment	2,308,622	2,949,999
Infrastructure	82,244,421	85,454,215
Vehicles	1,187,085	1,374,239
Lease buildings	45,728	32,569
Lease equipment	36,787	28,257
Lease vehicles	212,485	300,933
Software subscriptions	64,925	41,753
Total	<u>\$ 100,806,204</u>	<u>\$ 103,275,360</u>

Additional information on the County’s capital assets can be found in Note 3 to the financial statements.

Long-Term Debt

At the end of the current fiscal year, the County had total general obligation bonds outstanding of \$23,586,000 which is backed by the full faith and credit of the government.

Governmental Outstanding Debt

Long-Term Debt	2023	2024
General obligation bonds	<u>\$ 20,672,000</u>	<u>\$ 23,586,000</u>

Additional information on the County’s debt can be found in Note 3 to the financial statements.

Minnesota statutes limit the amount of debt that a county may levy to three percent of its total market value. As of the end of 2024, Martin County is well below the three percent debt limit imposed by state statutes.

Economic Factors and Next Year’s Budgets

The County is dependent on the State of Minnesota for a significant portion of its revenue. The County Board approved an expenditure budget of \$39,613,506 for 2025, which represents an increase over the 2024 Board adopted budget. The increase reflects the County’s planned investment in infrastructure and technology.

Requests for Information

This annual financial report is designed to provide a general overview of the County’s finances for all those with an interest in the County’s finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Martin County Auditor/Treasurer, Martin County Courthouse, 201 Lake Avenue, Fairmont, Minnesota 56031.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1

**Martin County
Fairmont, Minnesota
Statement of Net Position
Governmental Activities
December 31, 2024**

Assets

Cash and pooled investments	\$ 45,415,768
Petty cash and change funds	1,187
Taxes receivable – delinquent	202,305
Special assessments receivable	
Delinquent	72,310
Noncurrent	14,460,380
Accounts receivable – net	44,967
Accrued interest receivable	55,742
Loans receivable	228,752
Leases receivable	223,264
Due from other governments	5,442,508
Inventories	979,806
Capital assets	
Non-depreciable or amortizable	2,402,160
Depreciable or amortizable– net of accumulated depreciation and amortization	100,873,200
	<hr/>
Total Assets	\$ 170,402,349

Deferred Outflows of Resources

Deferred other postemployment benefits outflows	\$ 156,789
Deferred pension outflows	2,813,093
	<hr/>
Total Deferred Outflows of Resources	\$ 2,969,882

Liabilities

Accounts payable	\$ 475,387
Salaries payable	513,420
Contracts payable	1,276,079
Due to other governments	346,120
Accrued interest payable	26,749
Unearned revenue	96,011
Long-term liabilities	
Due within one year	2,332,144
Due in more than one year	23,308,775
Other postemployment benefits liability due within one year	80,530
Other postemployment benefits liability due in more than one year	1,287,633
Net pension liability	4,153,446
	<hr/>
Total Liabilities	\$ 33,896,294

Deferred Inflows of Resources

Deferred other postemployment benefits inflows	\$ 352,944
Deferred pension inflows	4,910,558
Deferred lease inflows	227,337
	<hr/>
Total Deferred Inflows of Resources	\$ 5,490,839

Exhibit 1
(Continued)

Martin County
Fairmont, Minnesota
Statement of Net Position
Governmental Activities
December 31, 2024

Net Position

Net investment in capital assets	\$	96,090,272
Restricted for		
General government		903,616
Public safety		1,677,132
Highways and streets		4,306,572
Sanitation		1,991,169
Culture and recreation		884,542
Conservation of natural resources		3,642,327
Economic development		304,150
Debt service		1,249,568
Opioid remediation activities		293,895
Unrestricted		<u>22,641,855</u>
Total Net Position	\$	<u><u>133,985,098</u></u>

Exhibit 2

**Martin County
Fairmont, Minnesota**

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Fees, Charges, Fines and Other	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary government					
Governmental activities					
General government	\$ 8,685,418	\$ 1,418,203	\$ 826,373	\$ -	\$ (6,440,842)
Public safety	9,559,317	179,599	565,786	-	(8,813,932)
Highways and streets	8,680,961	499,615	9,518,714	-	1,337,368
Sanitation	615,750	692,729	86,753	-	163,732
Human services	4,301,427	-	166,833	-	(4,134,594)
Culture and recreation	1,050,091	109,338	-	-	(940,753)
Conservation of natural resources	3,418,604	5,388,627	790,618	-	2,760,641
Economic development	150,630	4,975	-	-	(145,655)
Interest	765,685	-	-	-	(765,685)
Total Governmental Activities	\$ 37,227,883	\$ 8,293,086	\$ 11,955,077	\$ -	\$ (16,979,720)
General Revenues					
General government				\$ 19,860,236	
Mortgage registry and deed tax				15,720	
Wind power production tax				294,013	
Wheelage tax				224,838	
Grants and contributions not restricted to specific programs				1,765,717	
Unrestricted investment earnings				1,701,907	
Total general revenues				\$ 23,862,431	
Change in net position				\$ 6,882,711	
Net Position – January 1				127,102,387	
Net Position – December 31				\$ 133,985,098	

Fund Financial Statements

Governmental Funds

Exhibit 3

**Martin County
Fairmont, Minnesota**

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

	General	Road and Bridge	Human Services
<u>Assets</u>			
Cash and pooled investments	\$ 21,801,974	\$ 8,890,780	\$ 2,336,834
Petty cash and change funds	1,137	50	-
Taxes receivable – delinquent	115,088	30,948	44,315
Special assessments receivable			
Delinquent	10,625	-	-
Noncurrent	708,925	-	-
Accounts receivable – net	43,807	-	-
Accrued interest receivable	55,742	-	-
Loans receivable	-	-	-
Leases receivable	223,264	-	-
Due from other funds	-	4,575	-
Due from other governments	195,518	4,790,698	-
Inventories	-	979,806	-
	\$ 23,156,080	\$ 14,696,857	\$ 2,381,149
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
Liabilities			
Accounts payable	\$ 202,358	\$ 74,661	\$ -
Salaries payable	404,568	108,852	-
Contracts payable	30,535	290,083	-
Due to other funds	128,575	-	-
Due to other governments	328,506	3,744	-
Unearned revenue	96,011	-	-
	\$ 1,190,553	\$ 477,340	\$ -
 Deferred Inflows of Resources			
Unavailable revenue	\$ 941,455	\$ 4,779,299	\$ 44,315
Leases	227,337	-	-
	\$ 1,168,792	\$ 4,779,299	\$ 44,315

	Ditch	Building Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$	1,825,961	\$ 4,787,324	\$ 5,772,895	\$ 45,415,768
	-	-	-	1,187
	-	3,569	8,385	202,305
	3,909	-	57,776	72,310
	13,751,455	-	-	14,460,380
	-	-	1,160	44,967
	-	-	-	55,742
	-	-	228,752	228,752
	-	-	-	223,264
	124,000	-	-	128,575
	437,483	18,809	-	5,442,508
	-	-	-	979,806
\$	16,142,808	\$ 4,809,702	\$ 6,068,968	\$ 67,255,564

\$	148,580	\$ 6,702	\$ 43,086	\$ 475,387
	-	-	-	513,420
	89,435	866,026	-	1,276,079
	-	-	-	128,575
	12,152	-	1,718	346,120
	-	-	-	96,011
\$	250,167	\$ 872,728	\$ 44,804	\$ 2,835,592

\$	13,280,937	\$ 3,569	\$ 294,913	\$ 19,344,488
	-	-	-	227,337
\$	13,280,937	\$ 3,569	\$ 294,913	\$ 19,571,825

Exhibit 3*(Continued)*

**Martin County
Fairmont, Minnesota**

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

	General	Road and Bridge	Human Services
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
(Continued)			
Fund Balances			
Nonspendable			
Inventories	\$ -	\$ 979,806	\$ -
Restricted for			
Law library	139,709	-	-
Sheriff's contingency	5,000	-	-
Prosecutorial purposes	7,207	-	-
E-911 system	1,145,046	-	-
Recorder's equipment purchases	391,703	-	-
Endowments	800	-	-
Victim assistance	56,007	-	-
Supervision fees	45,079	-	-
Veteran's van	27,086	-	-
Inmate commissary	13,836	-	-
Conceal and carry	333,604	-	-
Aquatic invasive species aid	434,806	-	-
Riparian aid	588,856	-	-
Library capital improvement	165,559	-	-
Library	718,183	-	-
Steve Donnelly award	720	-	-
Local homeless prevention aid	146,558	-	-
Statewide affordable housing aid	197,840	-	-
Public safety aid	71,353	-	-
Highway projects	-	1,131,551	-
Capital projects	-	-	-
Ditch maintenance and construction	-	-	-
Solid waste	-	-	-
Economic development	-	-	-
Opioid remediation	-	-	-
Debt service	-	-	-
Committed for			
Human services	-	-	2,336,834
Special projects	507,798	-	-
Broadband grants	-	-	-
EDA projects	-	-	-
Assigned to			
Forfeited land	86,916	-	-
Ditch camera replacement	26,088	-	-
Computer/tax systems	79,432	-	-
Road and bridge	-	7,328,861	-
Building projects	-	-	-
Economic development	-	-	-
Unassigned	15,607,549	-	-
Total Fund Balances	\$ 20,796,735	\$ 9,440,218	\$ 2,336,834
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 23,156,080	\$ 14,696,857	\$ 2,381,149

Ditch	Building Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 979,806
-	-	-	139,709
-	-	-	5,000
-	-	-	7,207
-	-	-	1,145,046
-	-	-	391,703
-	-	-	800
-	-	-	56,007
-	-	-	45,079
-	-	-	27,086
-	-	-	13,836
-	-	-	333,604
-	-	-	434,806
-	-	-	588,856
-	-	-	165,559
-	-	-	718,183
-	-	-	720
-	-	-	146,558
-	-	-	197,840
-	-	-	71,353
-	-	-	1,131,551
-	631,468	-	631,468
5,430,864	-	-	5,430,864
-	-	1,991,169	1,991,169
-	-	304,150	304,150
-	-	293,895	293,895
-	-	1,249,568	1,249,568
-	-	-	2,336,834
-	-	-	507,798
-	-	1,500,000	1,500,000
-	-	100,000	100,000
-	-	-	86,916
-	-	-	26,088
-	-	-	79,432
-	-	-	7,328,861
-	3,301,937	-	3,301,937
-	-	290,469	290,469
(2,819,160)	-	-	12,788,389
\$ 2,611,704	\$ 3,933,405	\$ 5,729,251	\$ 44,848,147
\$ 16,142,808	\$ 4,809,702	\$ 6,068,968	\$ 67,255,564

Exhibit 4

**Martin County
Fairmont, Minnesota**

**Reconciliation of the Fund Balances of Governmental Funds
to the Statement of Net Position
December 31, 2024**

Fund balances – total governmental funds (Exhibit 3)	\$ 44,848,147
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.	103,275,360
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	19,344,488
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to other postemployment benefits not recognized in the governmental funds.	
Deferred outflows related to other postemployment benefits	\$ 156,789
Deferred inflows related to other postemployment benefits	<u>(352,944)</u>
Total other postemployment benefits outflows and inflows of resources not reported in the governmental funds	\$ (196,155)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions not recognized in the governmental funds.	
Deferred outflows related to pensions	\$ 2,813,093
Deferred inflows related to pensions	<u>(4,910,558)</u>
Total pensions outflows and inflows of resources not reported in the governmental funds	\$ (2,097,465)
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.	(26,749)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (23,586,000)
Premium on bonds	(858,606)
Leases payable	(368,448)
Software subscription liability	(8,325)
Compensated absences	(819,540)
Other postemployment benefits liability	(1,368,163)
Net pension liability	<u>(4,153,446)</u>
Long-term liabilities not reported in the governmental funds	<u>\$ (31,162,528)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 133,985,098</u>

Exhibit 5

**Martin County
Fairmont, Minnesota**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>
Revenues			
Taxes	\$ 12,469,567	\$ 2,874,949	\$ 3,793,010
Special assessments	124,166	-	-
Licenses and permits	63,111	-	-
Intergovernmental	2,919,775	8,158,231	65,076
Settlements	-	-	-
Charges for services	313,960	10,025	-
Fines and forfeits	16,700	-	-
Investment earnings	1,693,094	-	-
Miscellaneous	816,446	489,590	-
Total Revenues	\$ 18,416,819	\$ 11,532,795	\$ 3,858,086
Expenditures			
Current			
General government	\$ 8,012,549	\$ -	\$ -
Public safety	6,732,023	-	-
Highways and streets	-	12,252,412	-
Sanitation	-	-	-
Human services	-	-	-
Culture and recreation	1,025,315	-	-
Conservation of natural resources	135,231	-	-
Economic development	4,737	-	-
Intergovernmental			
Highways and streets	-	580,799	-
Human services	-	-	4,299,709
Capital outlay			
General government	441,142	-	-
Public safety	212,257	-	-
Debt service			
Principal	204,708	3,805	-
Interest and fiscal charges	11,173	211	-
Bond issuance costs	-	-	-
Total Expenditures	\$ 16,779,135	\$ 12,837,227	\$ 4,299,709
Excess of Revenues Over (Under)			
Expenditures	\$ 1,637,684	\$ (1,304,432)	\$ (441,623)
Other Financing Sources (Uses)			
Bonds issued	\$ -	\$ -	\$ -
Premium on bonds issued	-	-	-
Leases issued	251,483	-	-
Total Other Financing Sources (Uses)	\$ 251,483	\$ -	\$ -
Net Change in Fund Balances	\$ 1,889,167	\$ (1,304,432)	\$ (441,623)
Fund Balances – January 1	18,907,568	10,769,314	2,778,457
Increase (decrease) in inventories	-	(24,664)	-
Fund Balances – December 31	\$ 20,796,735	\$ 9,440,218	\$ 2,336,834

Nonmajor Governmental				
Ditch	Building Capital Projects	Funds	Total Governmental Funds	
\$ -	\$ 550,749	\$ 819,354	\$ 20,507,629	
3,014,366	-	635,351	3,773,883	
-	-	-	63,111	
352,800	4,723	100,727	11,601,332	
-	-	166,833	166,833	
-	-	-	323,985	
-	-	-	16,700	
176,230	-	-	1,869,324	
342,974	228,180	68,630	1,945,820	
\$ 3,886,370	\$ 783,652	\$ 1,790,895	\$ 40,268,617	
\$ -	\$ 109,139	\$ -	\$ 8,121,688	
-	-	-	6,732,023	
-	-	-	12,252,412	
-	-	615,750	615,750	
-	-	1,718	1,718	
-	-	-	1,025,315	
3,106,117	-	-	3,241,348	
-	-	145,893	150,630	
-	-	-	580,799	
-	-	-	4,299,709	
-	24,206	-	465,348	
-	1,136,672	-	1,348,929	
966,000	-	345,000	1,519,513	
546,793	-	158,184	716,361	
85,005	-	-	85,005	
\$ 4,703,915	\$ 1,270,017	\$ 1,266,545	\$ 41,156,548	
\$ (817,545)	\$ (486,365)	\$ 524,350	\$ (887,931)	
\$ 4,225,000	\$ -	\$ -	\$ 4,225,000	
229,035	-	-	229,035	
-	-	-	251,483	
\$ 4,454,035	\$ -	\$ -	\$ 4,705,518	
\$ 3,636,490	\$ (486,365)	\$ 524,350	\$ 3,817,587	
(1,024,786)	4,419,770	5,204,901	41,055,224	
-	-	-	(24,664)	
\$ 2,611,704	\$ 3,933,405	\$ 5,729,251	\$ 44,848,147	

Exhibit 6

**Martin County
Fairmont, Minnesota**

**Reconciliation of the Changes in Fund Balances of Governmental
Funds to the Change in Net Position of Governmental Activities
For the Year Ended December 31, 2024**

Net change in fund balances – total governmental funds (Exhibit 5)	\$	3,817,587
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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	\$	19,344,488
Unavailable revenue – January 1		<u>(15,823,602)</u>
 Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	 \$	 3,520,886

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets disposed.

Expenditures for general capital assets	\$	6,282,654
Net book value of assets disposed		(53,358)
Current year depreciation and amortization expense		<u>(3,760,140)</u>
 Total adjustment to the government-wide statements for current year capital asset activity	 \$	 2,469,156

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These repayments do not have an effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized over the life of the debt in the statement of activities.

Proceeds of new debt – general obligation bonds	\$	(4,454,035)
Repayment of debt principal		1,311,000
Amortization of premiums on debt		<u>42,284</u>
 Total adjustment to the government-wide statements for principal payments	 \$	 (3,100,751)

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.

Leases issued	\$	(251,483)
Principal payments on leases		184,242
Principal payments on software subscriptions		<u>24,271</u>
 Total adjustment to the government-wide statements for financing right-to-use assets	 \$	 (42,970)

Exhibit 6
(Continued)

Martin County
Fairmont, Minnesota

**Reconciliation of the Changes in Fund Balances of Governmental
Funds to the Change in Net Position of Governmental Activities
For the Year Ended December 31, 2024**

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

Change in inventories	\$	(24,664)
Change in deferred other postemployment benefits outflows		19,990
Change in deferred pension outflows		(1,528,633)
Change in accrued interest payable		(6,603)
Change in compensated absences		(36,250)
Change in other postemployment benefits liability		(32,752)
Change in net pension liability		1,864,059
Change in deferred other postemployment benefits inflows		3,174
Change in deferred pension inflows		<u>(39,518)</u>
Total adjustment to the government-wide statements for the other activities not reported in governmental funds	\$	<u>218,803</u>
Change in Net Position of Governmental Activities (Exhibit 2)	\$	<u><u>6,882,711</u></u>

Fiduciary Funds

Exhibit 7

**Martin County
Fairmont, Minnesota**

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

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 493,485
Taxes receivable for other governments	596,941
Special assessments receivable for other governments	179,127
Accounts receivable	<u>3,066</u>
Total Assets	<u>\$ 1,272,619</u>
<u>Liabilities</u>	
Due to others	\$ 145
Due to other governments	<u>486,546</u>
Total Liabilities	<u>\$ 486,691</u>
<u>Net Position</u>	
Restricted for individuals, organizations, and other governments	<u>\$ 785,928</u>

Exhibit 8

**Martin County
Fairmont, Minnesota**

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

	<u>Custodial Funds</u>
<u>Additions</u>	
Contributions from individuals	\$ 51,576
Property tax collections for other governments	26,899,339
Other taxes and fees collected for the state	622,487
Payments from the state	152,373
Payments from other entities	112,951
	<hr/>
Total Additions	\$ 27,838,726
<u>Deductions</u>	
Payments of property tax to other governments	\$ 26,842,139
Payments to the state	619,421
Payments to other individuals/entities	606,096
	<hr/>
Total Deductions	\$ 28,067,656
Change in Net Position	\$ (228,930)
Net Position – January 1	<u>1,014,858</u>
Net Position – December 31	<u><u>\$ 785,928</u></u>

Martin County Fairmont, Minnesota

Notes to the Financial Statements

As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

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

Financial Reporting Entity

Martin County was established May 23, 1857, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Coordinator serves as the clerk of the Board of Commissioners, but does not vote in its decisions.

Blended Component Unit

Blended component units are legally separate organizations 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. Martin County has the following blended component unit:

Component Unit of the County

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
The Martin County Economic Development Authority (EDA) provides for development within the County pursuant to Minn. Stat. § 469.1082.	The County appoints the EDA Board members, and the EDA provides services almost entirely to the County. The County has operational responsibility.	Separate financial statements are not prepared.

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures and jointly-governed organizations as 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 the County. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Martin County

Fairmont, Minnesota

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 that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions 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 and fiduciary—are presented. The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

The Road and Bridge Special Revenue Fund is used to account for restricted 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 is used to account for committed property tax revenues and the transfer of Martin County's share of operating costs to the Faribault-Martin County Human Services Board.

The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.

The Building Capital Projects Fund is used to account for assigned property tax revenues and rental income to pay the cost of constructing and maintaining County buildings.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) legally restricted to expenditures for specified purposes.

The Debt Service Fund accounts for financial resources restricted, committed, or assigned to be used for principal and interest payments on County debt.

Martin County

Fairmont, Minnesota

Custodial funds are safekeeping in nature. These funds account for monies the County holds for others in a fiduciary capacity.

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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. Martin 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. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property and other taxes, shared revenues, 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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value (NAV) per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds may receive investment earnings based on other state statutes, grant agreements, contracts, or bond covenants. The County reports pooled investment earnings of \$1,693,094.

Martin 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."

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due May 15 and the second half payment due October 15. Unpaid

Martin County

Fairmont, Minnesota

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 receivable.

Accounts receivable are shown net of an allowance for uncollectibles.

Loans Receivable

Loans receivable represent the unpaid principal portions of loans made by the County through its Area Development Special Revenue Fund.

Principal and interest received by the County on these loans are recognized, at the fund level, in the period in which they are collected; accordingly, the unpaid principal portions are also reflected in unavailable revenue.

Inventories

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 at the government-wide level are recorded as expenses when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads and bridges), and right-to-use assets acquired under leasing and software subscription arrangements, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. If the capital asset relates to infrastructure, an initial cost of more than \$100,000 is used. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives, while right-to-use assets are amortized over the shorter of the underlying assets' estimated useful life or the lease term:

Estimated Useful Lives of Capital Assets

Assets	Years
Building and improvements	20-40
Land improvements	20-30
Machinery, furniture, equipment, vehicles, and software	2-12
Infrastructure	50-75

Martin County

Fairmont, Minnesota

Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated Paid Time Off (PTO) leave and compensatory time balances. The liability for compensated absences is reported in the government-wide financial statements. The leave consists of PTO 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; however, Martin County reports the total compensated absences liability as current because the County expects all hours accrued will be used within the following year.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest 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 an other financing source. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Acquisitions under leases and software subscriptions are reported as an other financing source at the present value of the future minimum payments as of the inception date.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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 pension plans and other postemployment benefits (OPEB) and, accordingly, they are reported only in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue associated with revenue received after the period of availability. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows for leases represent the lease revenues the County expects to recognize in future periods. 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 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.

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Pension Plan

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

Unearned Revenue

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

Classification of Net Position

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

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

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

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

Classification of Fund Balances

The County fund balance policy established a minimum unassigned fund balance equal to 50 percent of total General Fund expenditures. In the event the unassigned fund balance drops below the established minimum level, the County Board will develop a plan to replenish the fund balance to the established level.

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources 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 for 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 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

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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 Coordinator or County Auditor/Treasurer, who have been delegated that authority by Board resolution.

Unassigned – the residual classification for the General Fund, which 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.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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 GASB Statement 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 no change to the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements.

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Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures Over Budget

The following capital project or nonmajor funds had expenditures in excess of budget at the department level for the year ended December 31, 2024:

Excess of Expenditures Over Budget

Fund	Expenditures	Final Budget	Excess
Building Capital Projects Fund			
Capital outlay			
Public safety	\$ 1,136,672	\$ -	\$ 1,136,672
Solid Waste Special Revenue Fund			
Current			
Sanitation			
Solid waste management	615,750	579,500	36,250
EDA Special Revenue Fund			
Current			
Economic development			
Economic development	145,893	127,050	18,843

The expenditures in excess of budget were funded by unbudgeted revenues and available fund balance.

Deficit Fund Equity – Ditch Special Revenue Fund

The Ditch Special Revenue Fund has a positive total fund balance of \$2,611,704 as of December 31, 2024, however, there are individual ditch systems with deficit balances. These deficits will be eliminated with future special assessment levies against the benefited properties. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balances

Count of Individual Ditches	Fund Balance
98 ditches with positive fund balances	\$ 5,430,864
76 ditches with deficit fund balances	(2,819,160)
Total Fund Balance	<u>\$ 2,611,704</u>

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Note 3 – Detailed Notes

Assets

Deposits and Investments

The County’s total cash and investments are as follows:

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

Basic Financial Statement Accounts	Governmental Funds	Fiduciary Funds	Total
Cash and pooled investments	\$ 45,415,768	\$ 493,485	\$ 45,909,253
Petty cash and change funds	1,187	-	1,187
Total	\$ 45,416,955	\$ 493,485	\$ 45,910,440

Cash and Investments	Amount
Deposits	\$ 17,180,179
Petty cash and change funds	1,187
Investments	28,729,074
Total Deposits, Cash on Hand, and Investments	\$ 45,910,440

Deposits

The County is authorized by Minn. Stat. § 118A.02 to designate depositories 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 that is 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 regarding custodial credit risk for deposits is to obtain collateral or bond to cover any uninsured portion of the County’s deposits and to comply with state law. As of December 31, 2024, the County’s deposits were not exposed to custodial credit risk.

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Investments

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

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

Fair Value Measurement

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

Recurring Fair Value Measurements as of December 31, 2024

Debt Securities Investments by Fair Value Level	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. agencies	\$ 13,312,482	\$ -	\$ 13,312,482	\$ -
U.S. treasury securities	11,275,964	-	11,275,964	-
Negotiable certificates of deposit	3,915,056	-	3,915,056	-
Total Investments Included in the Fair Value Hierarchy	\$ 28,503,502	\$ -	\$ 28,503,502	\$ -
December 31, 2024				
Investments Measured at the NAV				
MAGIC Portfolio	<u>\$ 225,572</u>			

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

- U.S. Agencies and U.S. Treasuries: a market approach by utilizing quoted prices for identical securities in markets that are not active; and
- 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 with other counties to enhance the investment earnings accruing to each member. The MAGIC Fund currently consists of the MAGIC Portfolio.

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

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. It is the County's policy to minimize exposure to interest rate risk by 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 and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

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At December 31, 2024, the County had the following investments with specified maturity dates:

Investment Maturity Dates as of December 31, 2024

Investment Type	Carrying (Fair) Value	Maturity Dates 0-1 Year	Maturity Dates Over 1 Year
U.S. agencies*	\$ 13,312,482	\$ -	\$ 13,312,482
U.S. treasury securities	11,275,964	11,275,964	-
Negotiable certificates of deposit	3,915,056	1,318,227	2,596,829
Total	\$ 28,503,502	\$ 12,594,191	\$ 15,909,311

*These securities have step provisions which could result in them being called prior to maturity.

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. Investments in negotiable certificates of deposit and the MAGIC Portfolio are unrated. The County's other exposure to credit risk as of December 31, 2024, is as follows:

Credit Risk Exposure

Moody's Rating	Fair Value
Aaa	\$ 13,312,482

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 investment policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. As of December 31, 2024, the County's investments were not subject to custodial credit risk.

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Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy to minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimal. The County's investment policy places a limit of no more than 20 percent of the investment pool may be invested with any one issuer, with the exception of U.S. government agencies securities. Investments in any one issuer that represent five percent or more of the County's investments are as follows:

Concentration of Credit Risk Exposure

Issuer	Fair Value
Federal Home Loan Bank	\$ 13,312,482

Receivables

Receivables as of December 31, 2024, for the County are as follows:

Governmental Activities' Receivables as of December 31, 2024

Governmental Activities	Receivables	Less: Allowance for Uncollectible Accounts	Net Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	\$ 202,305	\$ -	\$ 202,305	\$ -
Special assessments – delinquent	72,310	-	72,310	-
Special assessments – noncurrent	14,460,380	-	14,460,380	12,437,926
Accounts	474,182	(429,215)	44,967	-
Accrued interest	55,742	-	55,742	-
Loans	228,752	-	228,752	228,752
Leases	223,264	-	223,264	82,548
Due from other governments	5,442,508	-	5,442,508	-
Total Governmental Activities	\$ 21,159,443	\$ (429,215)	\$ 20,730,228	\$ 12,749,226

Loans receivable arise from the Martin County Area Redevelopment Authority loans in 1989 and 1990. These loans are only collectible when the homeowner transfers ownership, or the property loses homestead status; therefore, no loans are expected to be collected during the subsequent year.

The County has entered into lease agreements as a lessor and as of December 31, 2024, there is one active lease receivable agreement for office space and three active lease receivable agreements for farmland. Fixed annual lease receipts range between \$2,086 and \$42,428 and extend to periods ending in 2028. During 2024, the General Fund received total principal and interest payments of \$82,893.

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Capital Assets

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

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

Capital Assets – Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land and right-of-way	\$ 1,617,411	\$ -	\$ -	\$ 1,617,411
Construction in progress	2,131,377	545,496	(1,892,124)	784,749
Total capital assets not depreciated	\$ 3,748,788	\$ 545,496	\$ (1,892,124)	\$ 2,402,160
Capital assets depreciated and amortized				
Buildings and improvements	\$ 17,637,179	\$ 73,737	\$ -	\$ 17,710,916
Land improvements	177,914	33,307	-	211,221
Machinery, furniture, and equipment	5,876,455	1,081,184	(450,467)	6,507,172
Infrastructure	126,054,583	5,708,748	-	131,763,331
Vehicles	3,907,880	468,766	-	4,376,646
Lease buildings	114,915	27,954	(90,625)	52,244
Lease equipment	66,592	11,272	(7,360)	70,504
Lease vehicles	378,765	212,257	(109,176)	481,846
Software subscription	98,221	12,057	-	110,278
Total capital assets depreciated and amortized	\$ 154,312,504	\$ 7,629,282	\$ (657,628)	\$ 161,284,158
Less: accumulated depreciation and amortization for				
Buildings and improvements	\$ 6,781,438	\$ 366,678	\$ -	\$ 7,148,116
Land improvements	76,292	6,494	-	82,786
Machinery, furniture, and equipment	3,567,833	386,449	(397,109)	3,557,173
Infrastructure	43,810,162	2,498,954	-	46,309,116
Vehicles	2,720,795	281,612	-	3,002,407
Lease buildings	69,187	41,113	(90,625)	19,675
Lease equipment	29,805	19,802	(7,360)	42,247
Lease vehicles	166,280	123,809	(109,176)	180,913
Software subscription	33,296	35,229	-	68,525
Total accumulated depreciation and amortization	\$ 57,255,088	\$ 3,760,140	\$ (604,270)	\$ 60,410,958
Total capital assets depreciated and amortized, net	\$ 97,057,416	\$ 3,869,142	\$ (53,358)	\$ 100,873,200
Total Capital Assets, Net	\$ 100,806,204	\$ 4,414,638	\$ (1,945,482)	\$ 103,275,360

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

Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities	Depreciation and Amortization Expense
General government	\$ 392,321
Public safety	219,268
Highways and streets, including depreciation of infrastructure assets	3,055,225
Culture and recreation	80,266
Conservation of natural resources	13,060
Total Depreciation and Amortization Expense	\$ 3,760,140

Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

Due To/From Other Funds as of December 31, 2024

Receivable Fund	Payable Fund	Amount	Purpose
Ditch Special Revenue Fund	General Fund	\$ 124,000	CD 28 Cost Share
Road and Bridge Special Revenue Fund	General Fund	4,575	Reimbursement for fuel
Total Due To/From Other Funds		\$ 128,575	

The interfund receivables and payables are expected to be paid within one year of December 31, 2024.

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Liabilities and Deferred Inflows of Resources

Long-Term Debt

Bonds

Bonds Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
G.O. Drainage Ditch Bonds, Series 2016A	2037	\$75,000- \$410,000	2.00-2.75	\$ 7,270,000	\$ 4,870,000
G.O. Drainage Ditch Bonds, Series 2017A	2038	\$110,000- \$270,000	2.00-3.25	4,755,000	3,045,000
G.O. Courthouse Bonds, Series 2019A	2036	\$5,000- \$155,000	2.00-3.00	1,875,000	1,650,000
G.O. Capital Improvement Plan Bonds, Series 2020A	2042	\$120,000- \$175,000	1.00-3.00	2,970,000	2,725,000
G.O. Drainage Ditch Bonds, Series 2020A	2041	\$160,000- \$235,000	1.00-3.00	3,965,000	3,475,000
G.O. Capital Improvement Plan Bonds, Series 2021A	2042	\$110,000- \$165,000	2.00-3.00	2,645,000	2,535,000
G.O. Drainage Ditch Refunding Bonds, Series 2021A	2035	\$65,000- \$160,000	2.00-3.00	1,345,000	900,000
G.O. Drainage Ditch Bonds, Series 2024A	2045	\$60,000- \$295,000	4.00-5.00	4,225,000	4,225,000
MPFA Obligations	2029	\$26,197- \$33,000	1.00	628,307	161,000
Total				<u>\$ 29,678,307</u>	\$ 23,586,000
Plus: unamortized premiums					<u>858,606</u>
Total General Obligation					<u>\$ 24,444,606</u>

Capital improvement and courthouse bonds are being retired by the Debt Service Fund. Drainage and related refunding bonds, and the MPFA obligations are being retired by the Ditch Special Revenue Fund.

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Debt Service Requirements

Debt Service Requirements as of December 31, 2024 General Obligation Bonds

Year Ending December 31	Principal	Interest
2025	\$ 1,367,000	\$ 623,962
2026	1,472,000	582,240
2027	1,467,000	541,670
2028	1,457,000	500,350
2029	1,493,000	459,180
2030-2034	7,485,000	1,776,363
2035-2039	5,840,000	862,681
2040-2044	2,845,000	255,400
2045-2049	160,000	6,400
Total	\$ 23,586,000	\$ 5,608,246

Leases

The County has entered into lease agreements as lessee for financing the acquisition of squad cars for the Sheriff's Department, copiers for various departments, office space for various departments, and postage machines. Leases range from two to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid by the General Fund and Road and Bridge Special Revenue Fund.

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

Year Ending December 31	Principal	Interest
2025	\$ 137,279	\$ 9,245
2026	102,823	5,663
2027	88,465	2,553
2028	36,681	449
2029	3,200	27
Total Future Minimum Lease Obligations	\$ 368,448	\$ 17,937

Software Subscriptions

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

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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	\$ 8,325	\$ 45

Changes in Long-Term Liabilities

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

Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds payable	\$ 20,672,000	\$ 4,225,000	\$ (1,311,000)	\$ 23,586,000	\$ 1,367,000
Plus: unamortized premiums	671,855	229,035	(42,284)	858,606	-
Total bonds payable	\$ 21,343,855	\$ 4,454,035	\$ (1,353,284)	\$ 24,444,606	\$ 1,367,000
Compensated absences	783,290	36,250*	-	819,540	819,540
Leases	301,207	251,483	(184,242)	368,448	137,279
Software subscription liability	32,596	-	(24,271)	8,325	8,325
Total Long-Term Liabilities	\$ 22,460,948	\$ 4,741,768	\$ (1,561,797)	\$ 25,640,919	\$ 2,332,144

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

Deferred Inflows of Resources – Unavailable Revenue

Governmental Funds Unavailable Revenue as of December 31, 2024

Sources of Unavailable Revenue	Amount
Taxes and special assessments, delinquent and noncurrent	\$ 13,827,728
Highway allotments that do not provide current financial resources	4,748,351
Loans	228,752
Grants	439,414
Interest	25,466
Charges for services and miscellaneous	74,777
Total Governmental Funds	\$ 19,344,488

Other Postemployment Benefits (OPEB)

Plan Description

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

The County provides postemployment health insurance for elected and non-elected employees (except those employees whose positions are included in a collective bargaining unit), who retire with 20 or more years of County employment. The monthly payments are the single premium for the plan selected by the employee prior to retirement. Specifics of an employee's benefit vary with individual conditions and requirements such as hire date; full-time employment at date of retirement; years of continuous, uninterrupted service; age; and the Public

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Employees Retirement Association eligibility. All benefits cease at age 65. The County’s contributions for the year were \$14,588, excluding any amounts for the implicit rate subsidy below.

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by state statutes. Active employees, who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association of Minnesota (PERA) (or similar plan), and do not participate in any other coverage with respect to both themselves and their eligible dependent(s), are eligible under the County’s health benefits program. Pursuant to the provisions of the plan, retirees are required to pay varying amounts 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 contribution requirements of the plan members and the County are established and may be amended by the Martin County Board of Commissioners.

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 January 1, 2024, Actuarial Valuation

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Inactive employees or beneficiaries currently receiving benefit payments	3
Active plan participants	112
Total	115

Total OPEB Liability

The County’s total OPEB liability of \$1,368,163 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. 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, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- The actuarial cost method is the entry age, level percentage of pay.
- The current year inflation rate is 2.50 percent.
- The salary increases are graded by service years and contract group ranging from 10.25 percent for one year of service (11.75 percent for public safety) to 3.00 percent for 27 or more years of service.
- The health care cost trend is 6.50 percent, grading to 5.00 percent over six years and then to 4.00 percent over the next 48 years.

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- The current year discount rate is 3.70 percent, which is a change from the prior year rate of 4.00 percent. For the current valuation, the discount rate is based on the estimated yield of 20-year AA-rated municipal bonds.
- Mortality rates are based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- Economic assumptions are based on input from a variety of published sources of historical and projected future financial data.

Changes in the Total OPEB Liability

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

Total OPEB Changes for the Year	Total OPEB Liability
Balance at December 31, 2023	\$ 1,335,411
Service cost	\$ 93,436
Interest	55,838
Changes in assumptions	59,243
Differences between expected and actual experience	(109,341)
Benefit payments	(66,424)
Net change	\$ 32,752
Balance at December 31, 2024	\$ 1,368,163

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

Change in Discount Rate	Discount Rate	Total OPEB Liability
1% Decrease	2.70%	\$ 1,474,051
Current	3.70%	1,368,163
1% Increase	4.70%	1,269,500

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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

Change in Health Care Trend Rate	Total OPEB Liability
1% Decrease	\$ 1,231,754
Current – 6.50% Decreasing to 5.00% then 4.00%	1,368,163
1% Increase	1,528,086

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

For the year ended December 31, 2024, the County recognized OPEB expense of \$64,515. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 101,862	\$ 121,511
Difference between expected and actual experience of the plan	-	231,433
Contributions made subsequent to the measurement date	54,927	-
Total	\$ 156,789	\$ 352,944

The \$54,927 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to 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	\$ (76,476)
2026	(76,482)
2027	(46,277)
2028	(37,534)
2029	(7,157)
Thereafter	(7,156)

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Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2024:

- The health care trend rates were updated.
- The discount rate was changed from 4.00 percent to 3.70 percent.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Martin 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 Martin 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

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percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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

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

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

Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are

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established and amended by the state legislature. Rates did not change from 2023.

Member and Employer Required Contribution Rates

Pension Plan	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

Pension Plan	Contribution
General Employees Plan	\$ 483,321
Police and Fire Plan	244,262
Correctional Plan	97,523

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 \$2,742,677 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 0.0742 percent. It was 0.0748 percent measured as of June 30, 2023. The County recognized pension expense of \$278,603 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 \$126,189 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 \$1,902 as grant revenue and pension expense for its proportionate share of the State of Minnesota’s pension expense related to the special funding situation.

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

Total General Employees Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	\$ 2,742,677
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>70,920</u>
Total	<u>\$ 2,813,597</u>

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 258,543	\$ -
Changes in actuarial assumptions	13,465	1,044,310
Difference between projected and actual investment earnings	-	812,063
Changes in proportion	27,720	61,482
Contributions paid to PERA subsequent to the measurement date	<u>243,401</u>	<u>-</u>
Total	<u>\$ 543,129</u>	<u>\$ 1,917,855</u>

The \$243,401 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	\$ (908,166)
2026	(154,414)
2027	(345,337)
2028	(210,210)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$1,281,913 for its proportionate share of the Police and

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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 0.0974 percent. It was 0.0960 percent measured as of June 30, 2023. The County recognized pension expense of \$241,494 for its proportionate share of the Police and Fire Plan’s pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan’s fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$27,670 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 \$5,466 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

Total Police and Fire Plan Net Pension Liability Associated with the County	Amount
The County’s proportionate share of the net pension liability	\$ 1,281,913
State of Minnesota’s proportionate share of the net pension liability associated with the County	<u>48,866</u>
Total	<u>\$ 1,330,779</u>

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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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 499,540	\$ -
Changes in actuarial assumptions	1,442,455	2,300,304
Difference between projected and actual investment earnings	16,065	-
Changes in proportion	42,234	92,805
Contributions paid to PERA subsequent to the measurement date	122,410	-
Total	\$ 2,122,704	\$ 2,393,109

The \$122,410 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (40,663)
2026	367,494
2027	(179,196)
2028	(486,033)
2029	(54,417)

Correctional Plan

At December 31, 2024, the County reported a liability of \$128,856 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 0.4228 percent. It was 0.3915 percent measured as of June 30, 2023. The County recognized pension expense of \$192,550 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 \$22,222 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.

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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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 88,617	\$ -
Changes in actuarial assumptions	-	403,697
Difference between projected and actual investment earnings	-	162,324
Changes in proportion	9,428	33,573
Contributions paid to PERA subsequent to the measurement date	49,215	-
Total	\$ 147,260	\$ 599,594

The \$49,215 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (464,328)
2026	77,780
2027	(66,839)
2028	(48,162)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$712,647.

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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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic 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

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payments to determine the total pension liability.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

General Employees Plan

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates.
- Assumed rates of withdrawal were increased for both males and females.
- Assumed rates of disability were decreased.
- Slight adjustments were made to the use of the Pub-2010 General Mortality table as recommended in the most recent experience study.
- Minor changes to form of payment assumptions were applied for male and female retirees.
- Minor changes to assumptions were made with respect to missing participant data.
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect changes in assumptions.

Police and Fire Plan

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of assets basis), or (2) July 1, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

Correctional Plan

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

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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

Change in Discount Rate	General Employees Plan Discount Rate	General Employees Plan Net Pension Liability	Police and Fire Plan Discount Rate	Police and Fire Plan Net Pension Liability (Asset)	Correctional Plan Discount Rate	Correctional Plan Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 5,990,447	6.00%	\$ 3,029,411	6.00%	\$ 1,047,116
Current	7.00%	2,742,677	7.00%	1,281,913	7.00%	128,856
1% Increase	8.00%	71,089	8.00%	(153,148)	8.00%	(602,680)

Pension Plan Fiduciary Net Position

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

Defined Contribution Plan

Three elected officials of Martin 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. For the year ended December 31, 2024, the total employee and employer contributions were each \$5,151, which represents five percent of covered payroll.

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 or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers’ Compensation and Property and Casualty Divisions. For other risk, the County

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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.

Note 5 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

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

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

Joint Ventures

Faribault – Martin County Human Services Board

Martin County entered into a joint powers agreement with Faribault County (Minn. Stat. § 471.59) to provide welfare and health services to county residents (Minn. Stat. §§ 402.01-.10). The Faribault-Martin-Watonwan Human Services Board was established on June 30, 1975. As of January 1, 1991, Watonwan County withdrew from the Human Services Board. Faribault and Martin Counties are continuing with the joint powers agreement. The Board has 12 members, five County Commissioners and one citizen member from each of the two counties. Each county collects its share of local tax revenues and transfers these funds to the Board to fulfill its ongoing financial responsibility.

Complete financial statements can be obtained from Human Services of Faribault and Martin Counties, 115 West First Street, Fairmont, Minnesota 56031.

Faribault/Martin County Transit Board

In January 2015, Faribault and Martin Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide a coordinated service delivery and funding source for public transportation. The Transit Board has ten members, five from each county. The Transit Board receives funding primarily from grants and revenues generated from passengers and contracts.

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During 2024, Martin County made no contributions to the Board. Financial information can be obtained by contacting the Faribault/Martin Transit Director at 201 Lake Avenue, Fairmont, Minnesota 56031.

[Minnesota River Valley Drug Task Force](#)

The Minnesota River Valley Drug Task Force was established through a joint powers agreement, pursuant to Minn. Stat. § 471.59, to provide a comprehensive and multi-jurisdictional effort to reduce felony-level criminal activity through the coordination of the law enforcement agencies.

The joint powers are Blue Earth, Martin, Nicollet, and Watonwan Counties and the Cities of Fairmont, Madelia, Mankato, North Mankato, St. James, and St. Peter. Control of the Task Force is vested in the Board of Directors composed of the Sheriff or Chief of Police of each of the members, or his or her designee, and one prosecuting attorney. Blue Earth County is the fiscal agent for the Task Force. Funding is provided by grants and matching contributions from participating members. Martin County contributed \$20,000 to the Task Force in 2024. Current financial statements are not available.

[Prairieland Solid Waste Board \(Prairieland\)](#)

Martin County entered into a joint powers agreement with Faribault County in 1990 to build and operate a solid waste composting plant, the Prairieland Solid Waste Board. Prairieland continues to place a special assessment on homeowners to offset net losses, equipment, depreciation, and future plans. Fees not sent to Prairieland will be kept in the Solid Waste Fund of Martin County and are restricted for solid waste programs approved by the County Board.

The Prairieland Solid Waste Board reported a change in net position of \$385,147 in 2024.

Complete financial statements for the Prairieland Solid Waste Board can be obtained at 801 East Fifth Street North, PO Box 100, Truman, Minnesota 56088.

[Red Rock Rural Water System](#)

The Red Rock Rural Water System (RRRWS) 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 guarantee their shares of debt arising within each respective county. The RRRWS provides water for participating rural water users and cities within the RRRWS. 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. Each county is responsible for levying and collecting the special assessments from the benefited properties within the county. The bond issue and notes payable are shown as long-term debt in the financial statements of the RRRWS.

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

[Rural Minnesota Energy Board](#)

The Rural Minnesota Energy Board was established in 2005 under the authority of Minn. Stat. § 471.59. The Board includes Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, Lincoln, Lyon, Martin, Mower, Murray,

Martin County Fairmont, Minnesota

Nicollet, Nobles, Pipestone, Redwood, Renville, Rock, and Watonwan Counties. The purpose of the Board is to provide guidance on issues surrounding energy development in rural Minnesota and to foster the diversification of the economic climate in rural Minnesota. The focus of the Board includes, but is not limited to, renewable energy, wind energy, energy transmission lines, hydrogen energy technology, and bio-diesel and ethanol use.

The governing body is composed of one voting member and one alternate member from each participating county's Board of Commissioners. The Board shall remain in existence as long as two or more counties remain parties to the agreement. Should the Board cease to exist, assets shall be liquidated after payment of liabilities, based upon the ratios set out under the equal and proportionate share articles of the agreement. During the year, Martin County paid \$2,500 to the Board.

Complete financial information can be obtained from the Rural Minnesota Energy Board, Slayton, Minnesota 56172.

[South Central Minnesota Regional Emergency Communications Board](#)

The South Central Minnesota Regional Emergency Communications Board (formerly known as the South Central Minnesota Regional Radio Board) was established pursuant to Minn. Stat. §§ 471.59 and 403.39 and a joint powers agreement effective May 27, 2008. It is comprised of Blue Earth, Brown, Faribault, Le Sueur, Martin, McLeod, Nicollet, Sibley, Waseca, and Watonwan Counties, and the Cities of Hutchinson and Mankato. The primary function of the joint venture is to provide regional administration of enhancements to the Statewide Public Safety Radio and Communication System for the Allied Radio Matrix for Emergency Response (ARMER), owned and operated by the State of Minnesota, and to enhance and improve interoperable public safety communications.

The Board consists of one County Commissioner from each county included in the agreement, one City Council member from each city included in the agreement, a member of the South Central Minnesota Regional Advisory Committee, a member of the South Central Minnesota Regional Radio System User Committee, and a member of the Owners and Operators Committee.

Blue Earth County acts as the fiscal agent for the Communications Board. During 2024, the County paid \$3,578 to the Board.

Financial information can be obtained at the Blue Earth County Justice Center, 401 Carver Road, Mankato, Minnesota 56002.

[South Central Workforce Service Area Joint Powers Board](#)

In June 2012, the County entered into a joint powers agreement with Blue Earth, Brown, Faribault, Le Sueur, Nicollet, Sibley, Waseca, and Watonwan Counties, creating the South Central Workforce Service Area Joint Powers Board. The agreement is authorized by Minn. Stat. § 471.59. The Board is comprised of one voting member and one alternate member for each participating county. The goal of the Board is to develop and maintain a quality workforce for South Central Minnesota.

Martin County made no contributions to this organization in 2024.

Separate financial information can be obtained from the South Central Workforce Council, 706 North Victory Drive, Mankato, Minnesota 56001.

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Jointly-Governed Organizations

Greater Blue Earth River Basin Alliance

The Greater Blue Earth River Basin Alliance (GBERBA) establishes goals, policies, and objectives to protect and enhance land and water resources in the Greater Blue Earth River Basin. The Board consists of County Commissioners and members of the Soil and Water Conservation Districts. During the year, Martin County paid \$4,362 to the GBERBA.

Intelligent Transit Consortium

The Intelligent Transit System (ITS) Transit Consortium was established to implement and maintain the ITS among its members, which include the counties of Brown, Martin, Meeker, Pipestone, Sherburne, and Wright. Initial transit software and services were funded by an American Recovery and Reinvestment Act grant. Each individual consortium member is responsible for future mapping support and upgrade costs. It is expected that there will be upgrades every three years. During 2024, Martin County did not contribute any funding to the Transit Consortium.

Minnesota Counties Computer Cooperative (MCCC)

Under Minnesota Joint Powers Law, Minn. Stat. § 471.59, Minnesota counties have created MCCC to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Martin County expended \$21,188 to the MCCC.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Martin County paid \$1,560 to the Network.

Region Five – Southwest Minnesota Homeland Security Emergency Management Organization

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

Sentencing to Service

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

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South Central Community-Based Initiative Joint Powers Board

The South Central Community-Based Initiative Joint Powers Board was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement, effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost-effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. Martin County did not contribute to the Joint Powers Board in 2024.

South Central Emergency Medical Service Joint Powers Board

The South Central Emergency Medical Service (SCEMS) Joint Powers Board consists of Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan Counties. The purpose of the SCEMS is to ensure quality patient care is available throughout the nine-county area by maximizing the response capabilities of emergency medical personnel, and to promote public education on injury prevention and appropriate response during a medical emergency. Each county appoints one member for the Joint Powers Board. During the year, Martin County paid \$2,500 to the SCEMS.

South Central Minnesota County Comprehensive Water Planning Project

The South Central Minnesota County Comprehensive Water Planning Project was established to provide regional water quality to Minnesota River Basin member counties. The project involves Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, Le Sueur, Martin, Nicollet, Sibley, Steele, Waseca, and Watonwan Counties. Martin County did not contribute to the Project in 2024.

South Central Service Cooperative

The South Central Service Cooperative (SCSC) is one of nine regional agencies called service cooperatives, established in 1976 by Minn. Stat. § 123A.21. The SCSC specializes in providing insurance services. Health insurance pools are formed by groups who band together to leverage economies of scale to lower costs and achieve claim cost stability. The SCSC manages the pools, manages premium collection, conducts carrier proposals every four years and negotiates stop loss and administrative costs which are approximately 20 percent lower than the commercial market. These pools are governed by state law and an elected board of directors and consist of public employers who maintain a Joint Powers Agreement with the SCSC. The County did not contribute to the SCSC in 2024.

Special Benefit Tax Levy

In 1993, the South Central Minnesota Multi-County Housing Authority issued \$20,315,000 of revenue bonds to construct housing units in Martin County and four surrounding counties. The Authority has since defaulted on these bonds. In 2000, the counties entered into a settlement agreement where each of the counties will approve a special benefit tax levy on behalf of the Authority from 2001 through 2024 to cover the operating deficits based on each county's proportionate share of housing units constructed. Martin County's proportionate share of the operating deficit for 2024 is \$88,395.

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Agricultural Best Management Loan Program

The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate non-point source water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement.

Required Supplementary Information

Exhibit A-1

**Martin County
Fairmont, Minnesota
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 12,425,218	\$ 12,425,218	\$ 12,469,567	\$ 44,349
Special assessments	111,000	111,000	124,166	13,166
Licenses and permits	74,950	74,950	63,111	(11,839)
Intergovernmental	2,254,136	2,254,136	2,919,775	665,639
Charges for services	378,500	378,500	313,960	(64,540)
Fines and forfeits	22,800	22,800	16,700	(6,100)
Investment earnings	325,000	325,000	1,693,094	1,368,094
Miscellaneous	772,685	772,685	816,446	43,761
Total Revenues	\$ 16,364,289	\$ 16,364,289	\$ 18,416,819	\$ 2,052,530
Expenditures				
Current				
General government				
Commissioners	\$ 292,012	\$ 292,012	\$ 322,831	\$ (30,819)
Courts	123,100	123,100	126,540	(3,440)
Law library	100	100	-	100
County administration	1,497,669	1,497,669	1,807,907	(310,238)
Human resources	312,296	312,296	276,494	35,802
Forfeited land	8,000	8,000	1,620	6,380
County coordinator	308,718	308,718	323,600	(14,882)
County auditor/treasurer	792,315	792,315	690,620	101,695
County assessor	759,577	759,577	734,992	24,585
Drainage administrator	228,694	228,694	248,296	(19,602)
Elections	212,000	212,000	175,353	36,647
Data processing	490,300	490,300	576,317	(86,017)
Attorney	900,803	900,803	733,064	167,739
Recorder	412,448	412,448	402,791	9,657
Buildings and plant	614,787	614,787	630,866	(16,079)
Planning and zoning	775,578	775,578	750,178	25,400
Veterans service officer	221,242	221,242	211,080	10,162
Total general government	\$ 7,949,639	\$ 7,949,639	\$ 8,012,549	\$ (62,910)
Public safety				
Sheriff	\$ 6,593,533	\$ 6,593,533	\$ 6,474,270	\$ 119,263
Coroner	40,000	40,000	40,423	(423)
Civil defense	146,915	146,915	126,949	19,966
Victim/witness	101,097	101,097	90,381	10,716
Total public safety	\$ 6,881,545	\$ 6,881,545	\$ 6,732,023	\$ 149,522

Exhibit A-1
(Continued)

Martin County
Fairmont, Minnesota
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Continued)				
Culture and recreation				
Administration	\$ 22,000	\$ 22,000	\$ 1,073	\$ 20,927
Library	1,028,925	1,028,925	927,880	101,045
Parks	141,300	141,300	96,362	44,938
Total culture and recreation	\$ 1,192,225	\$ 1,192,225	\$ 1,025,315	\$ 166,910
Conservation of natural resources				
County extension	\$ 183,851	\$ 183,851	\$ 135,231	\$ 48,620
Economic development				
Economic development	\$ 6,057	\$ 6,057	\$ 4,737	\$ 1,320
Capital outlay				
General government	\$ -	\$ -	\$ 441,142	\$ (441,142)
Public safety	-	-	212,257	(212,257)
Total capital outlay	\$ -	\$ -	\$ 653,399	\$ (653,399)
Debt service				
Principal	\$ -	\$ -	\$ 204,708	\$ (204,708)
Interest and fiscal charges	-	-	11,173	(11,173)
Total debt service	\$ -	\$ -	\$ 215,881	\$ (215,881)
Total Expenditures	\$ 16,213,317	\$ 16,213,317	\$ 16,779,135	\$ (565,818)
Excess of Revenues Over (Under)				
Expenditures	\$ 150,972	\$ 150,972	\$ 1,637,684	\$ 1,486,712
Other Financing Sources (Uses)				
Leases issued	-	-	251,483	251,483
Net Change in Fund Balance	\$ 150,972	\$ 150,972	\$ 1,889,167	\$ 1,738,195
Fund Balance – January 1	18,907,568	18,907,568	18,907,568	-
Fund Balance – December 31	\$ 19,058,540	\$ 19,058,540	\$ 20,796,735	\$ 1,738,195

Exhibit A-2

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 3,039,245	\$ 3,039,245	\$ 2,874,949	\$ (164,296)
Intergovernmental	9,285,000	9,285,000	8,158,231	(1,126,769)
Charges for services	16,000	16,000	10,025	(5,975)
Miscellaneous	358,500	358,500	489,590	131,090
Total Revenues	\$ 12,698,745	\$ 12,698,745	\$ 11,532,795	\$ (1,165,950)
Expenditures				
Current				
Highways and streets				
Administration	\$ 504,631	\$ 504,631	\$ 547,064	\$ (42,433)
Engineering and construction	6,285,527	6,285,527	5,967,055	318,472
Maintenance	3,264,433	3,264,433	3,173,335	91,098
Equipment and maintenance shops	2,144,154	2,144,154	2,562,971	(418,817)
Miscellaneous	-	-	1,987	(1,987)
Total highways and streets	\$ 12,198,745	\$ 12,198,745	\$ 12,252,412	\$ (53,667)
Intergovernmental				
Highways and streets	\$ 525,000	\$ 525,000	\$ 580,799	\$ (55,799)
Debt service				
Principal	\$ -	\$ -	\$ 3,805	\$ (3,805)
Interest and fiscal charges	-	-	211	(211)
Total debt service	\$ -	\$ -	\$ 4,016	\$ (4,016)
Total Expenditures	\$ 12,723,745	\$ 12,723,745	\$ 12,837,227	\$ (113,482)
Excess of Revenues Over (Under)				
Expenditures	\$ (25,000)	\$ (25,000)	\$ (1,304,432)	\$ (1,279,432)
Other Financing Sources (Uses)				
Sale of capital assets	25,000	25,000	-	(25,000)
Net Change in Fund Balance	\$ -	\$ -	\$ (1,304,432)	\$ (1,304,432)
Fund Balance – January 1	10,769,314	10,769,314	10,769,314	-
Increase (decrease) in inventories	-	-	(24,664)	(24,664)
Fund Balance – December 31	\$ 10,769,314	\$ 10,769,314	\$ 9,440,218	\$ (1,329,096)

**Martin County
Fairmont, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 3,850,000	\$ 3,850,000	\$ 3,793,010	\$ (56,990)
Intergovernmental	-	-	65,076	65,076
Total Revenues	\$ 3,850,000	\$ 3,850,000	\$ 3,858,086	\$ 8,086
Expenditures				
Intergovernmental				
Human services	4,250,000	4,250,000	4,299,709	(49,709)
Net Change in Fund Balance	\$ (400,000)	\$ (400,000)	\$ (441,623)	\$ (41,623)
Fund Balance – January 1	2,778,457	2,778,457	2,778,457	-
Fund Balance – December 31	\$ 2,378,457	\$ 2,378,457	\$ 2,336,834	\$ (41,623)

Exhibit A-4**Martin County
Fairmont, Minnesota****Schedule of Changes in Total OPEB Liability and Related Ratios
Other Postemployment Benefits
December 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability			
Service cost	\$ 93,436	\$ 74,557	\$ 101,538
Interest	55,838	30,397	32,204
Differences between expected and actual experience	(109,341)	-	(127,487)
Changes of assumption or other inputs	59,243	(182,267)	5,815
Benefit payments	(66,424)	(64,852)	(85,844)
Net change in total OPEB liability	\$ 32,752	\$ (142,165)	\$ (73,774)
Total OPEB Liability – Beginning	<u>1,335,411</u>	<u>1,477,576</u>	<u>1,551,350</u>
Total OPEB Liability – Ending	<u>\$ 1,368,163</u>	<u>\$ 1,335,411</u>	<u>\$ 1,477,576</u>
Covered-employee payroll	\$ 8,275,726	\$ 7,454,930	\$ 7,237,796
Total OPEB liability (asset) as a percentage of covered-employee payroll	16.53%	17.91%	20.41%

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

	2021	2020	2019	2018
\$	99,909	\$ 83,358	\$ 74,423	\$ 78,851
	42,611	61,443	54,747	55,123
	-	(258,895)	-	-
	80,816	47,426	(49,718)	-
	(82,250)	(112,228)	(148,545)	(133,437)
\$	141,086	\$ (178,896)	\$ (69,093)	\$ 537
	1,410,264	1,589,160	1,658,253	1,657,716
\$	1,551,350	\$ 1,410,264	\$ 1,589,160	\$ 1,658,253
\$	6,684,795	\$ 6,474,378	\$ 6,414,503	\$ 6,227,673
	23.21%	21.78%	24.77%	26.63%

**Martin County
Fairmont, Minnesota**

**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 with Martin 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	0.0742	\$ 2,742,677	\$ 70,920	\$ 2,813,597	\$ 6,280,018	43.67	89.08
2023	0.0748	4,182,732	115,210	4,297,942	5,946,660	70.34	83.10
2022	0.0746	5,908,345	173,470	6,081,815	5,586,947	105.75	76.67
2021	0.0761	3,249,811	99,212	3,349,023	5,481,913	59.28	87.00
2020	0.0719	4,310,734	132,718	4,443,452	5,124,830	84.11	79.06
2019	0.0700	3,842,499	119,495	3,961,994	4,920,386	78.09	80.23
2018	0.0710	3,927,693	89,505	4,017,198	4,757,883	82.55	79.53
2017	0.0720	4,615,584	58,061	4,673,645	4,659,138	99.07	75.90
2016	0.0900	5,634,936	73,588	5,708,524	4,307,337	130.82	68.91
2015	0.0720	3,731,414	N/A	3,731,414	4,230,434	88.20	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Martin County
Fairmont, Minnesota**

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

Year Ending	Statorily Required Contributions (a)	Actual Contributions in Relation to Statorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 483,321	\$ 483,321	\$ -	\$ 6,445,367	7.50
2023	462,925	462,925	-	6,172,340	7.50
2022	429,418	429,418	-	5,725,562	7.50
2021	411,546	411,546	-	5,486,330	7.50
2020	402,335	402,335	-	5,363,907	7.50
2019	372,334	372,334	-	4,964,446	7.50
2018	367,738	367,738	-	4,903,167	7.50
2017	342,029	342,029	-	4,560,387	7.50
2016	342,010	342,010	-	4,560,120	7.50
2015	321,516	321,516	-	4,286,873	7.50

The County's year-end is December 31.

**Martin County
Fairmont, Minnesota**

**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 Martin 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	0.0974	\$ 1,281,913	\$ 48,866	\$ 1,330,779	\$ 1,349,273	95.01	90.17
2023	0.0960	1,657,795	66,799	1,724,594	1,260,992	131.47	86.47
2022	0.0988	4,299,386	187,792	4,487,178	1,202,957	357.40	70.53
2021	0.1018	785,788	35,335	821,123	1,202,653	65.34	93.66
2020	0.0969	1,277,246	30,065	1,307,311	1,092,604	116.90	87.19
2019	0.0970	1,031,598	N/A	1,031,598	1,021,194	101.02	89.26
2018	0.0940	1,001,943	N/A	1,001,943	991,202	101.08	88.84
2017	0.0940	1,269,112	N/A	1,269,112	960,915	132.07	85.43
2016	0.0860	3,451,330	N/A	3,451,330	830,547	415.55	63.88
2015	0.0850	965,799	N/A	965,799	779,811	123.85	86.61

The measurement date for each year is June 30.

N/A – Not Applicable

**Martin County
Fairmont, Minnesota**

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

Year Ending	Statorily Required Contributions (a)	Actual Contributions in Relation to Statorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 244,262	\$ 244,262	\$ -	\$ 1,380,010	17.70
2023	233,934	233,934	-	1,321,663	17.70
2022	210,637	210,637	-	1,190,041	17.70
2021	217,658	217,658	-	1,229,710	17.70
2020	201,720	201,720	-	1,139,662	17.70
2019	179,469	179,469	-	1,058,818	16.95
2018	163,771	163,771	-	1,010,934	16.20
2017	153,357	153,357	-	946,648	16.20
2016	148,453	148,453	-	916,379	16.20
2015	130,256	130,256	-	804,054	16.20

The County's year-end is December 31.

**Martin County
Fairmont, Minnesota**

**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	0.4228	\$ 128,856	\$ 1,073,283	12.01	97.54
2023	0.3915	176,978	919,579	19.25	95.94
2022	0.4218	1,402,063	924,722	151.62	74.58
2021	0.3875	(63,659)	855,726	(7.44)	101.61
2020	0.3306	89,705	719,304	12.47	96.67
2019	0.3560	49,261	758,879	6.49	98.17
2018	0.3500	57,877	718,706	8.05	97.64
2017	0.3600	1,026,004	716,729	143.15	67.89
2016	0.3600	1,315,130	670,375	196.18	58.16
2015	0.3800	58,748	683,419	8.60	96.95

The measurement date for each year is June 30.

**Martin County
Fairmont, Minnesota**

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	\$ 97,523	\$ 97,523	-	\$ 1,114,548	8.75
2023	88,334	88,334	-	1,009,523	8.75
2022	78,232	78,232	-	894,070	8.75
2021	77,880	77,880	-	890,062	8.75
2020	69,220	69,220	-	791,089	8.75
2019	64,083	64,083	-	732,377	8.75
2018	66,312	66,312	-	757,856	8.75
2017	60,968	60,968	-	696,773	8.75
2016	61,453	61,453	-	702,335	8.75
2015	58,190	58,190	-	665,030	8.75

The County's year-end is December 31.

Martin County Fairmont, Minnesota

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

Note 1 – Budget Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Ditch, Area Development, and Opioid Settlement Special Revenue Funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, function, and department. The County’s department heads may make transfers of appropriations within the department. Transfers of appropriations between departments require approval of the Board of Commissioners. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the department level. The Board of Commissioners did not make any budgetary adjustments during 2024.

Note 2 – Excess of Expenditures Over Appropriations

The following General Fund or major special revenue fund departments had expenditures in excess of appropriations (the legal level of budgetary control) for the year ended December 31, 2024:

Excess of Expenditures Over Appropriations

Fund/Department	Expenditures	Final Budget	Excess
General Fund			
Current			
General government			
Commissioners	\$ 322,831	\$ 292,012	\$ 30,819
Courts	126,540	123,100	3,440
County administration	1,807,907	1,497,669	310,238
County coordinator	323,600	308,718	14,882
Drainage administrator	248,296	228,694	19,602
Data processing	576,317	490,300	86,017
Buildings and plant	630,866	614,787	16,079
Public safety			
Coroner	40,423	40,000	423
Capital outlay			
General government	441,142	-	441,142
Public safety	212,257	-	212,257
Debt service			
Principal	204,708	-	204,708
Interest and fiscal charges	11,173	-	11,173
Road and Bridge Special Revenue Fund			
Current			
Highways and streets			
Administration	547,064	504,631	42,433
Equipment and maintenance shops	2,562,971	2,144,154	418,817
Miscellaneous	1,987	-	1,987
Intergovernmental			
Highways and streets	580,799	525,000	55,799
Debt service			
Principal	3,805	-	3,805
Interest and fiscal charges	211	-	211
Human Services Special Revenue Fund			
Intergovernmental			
Human services	4,299,709	4,250,000	49,709

Martin County

Fairmont, Minnesota

Note 3 – Other Postemployment Benefits Funded Status

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

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

The following changes in actuarial assumptions occurred:

2024

- The health care trend rates were updated.
- The discount rate was changed from 4.00 percent to 3.70 percent.

2023

- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.

2022

- The health care trend rates, morality tables, salary increase rates and withdrawal rates were updated.
- The inflation rate was changed from 2.50 percent to 2.00 percent.

2021

- The discount rate was changed from 2.90 percent to 2.00 percent.

2020

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 Mortality tables (Blue Collar for Public Safety, White Collar for Others) with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80 percent to 2.90 percent.

2019

- The discount rate used changed from 3.30 percent to 3.80 percent.

Martin County Fairmont, Minnesota

2018

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The discount rate used changed from 4.00 percent to 3.30 percent.
- The mortality table was updated from RP-2000 White Collar Mortality table to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire personnel).
- The mortality, retirement, and withdrawal rates for all employees were updated.
- No disability rates were reflected.
- The salary increase rate was changed from 4.00 percent to 3.00 percent.
- The percentage of future spouses who are assumed to continue on one of the County's medical plans post-employment was changed from 50 percent if the retiree was eligible for a subsidy and zero percent if the retiree was not eligible for a subsidy to ten percent for all.
- The aging factors were updated.

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.

Martin County Fairmont, Minnesota

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

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The

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change results in fewer predicted disability retirements for males and females.

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

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- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

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

2016

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

Public Employees Police and Fire Plan

2024

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of assets basis), or (2) July 1, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.

Martin County Fairmont, Minnesota

- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

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

2021

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

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

2020

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

2019

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

2018

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

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates

Martin County Fairmont, Minnesota

beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016

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

Public Employees Local Government Correctional Service Retirement Plan

2024

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

2023

- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

2022

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

2021

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

2020

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

Martin County Fairmont, Minnesota

2019

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

2018

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

2017

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

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.

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- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Supplementary Information

Combining and Individual Fund Statements and Schedules

Exhibit B-1

**Martin County
Fairmont, Minnesota
Budgetary Comparison Schedule
Building Capital Projects Fund
For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 531,722	\$ 531,722	\$ 550,749	\$ 19,027
Intergovernmental	-	-	4,723	4,723
Miscellaneous	225,720	225,720	228,180	2,460
Total Revenues	\$ 757,442	\$ 757,442	\$ 783,652	\$ 26,210
Expenditures				
Current				
General government				
Building operations	\$ 146,043	\$ 146,043	\$ 109,139	\$ 36,904
Capital outlay				
General government	\$ 746,722	\$ 746,722	\$ 24,206	\$ 722,516
Public safety	-	-	1,136,672	(1,136,672)
Total capital outlay	\$ 746,722	\$ 746,722	\$ 1,160,878	\$ (414,156)
Total Expenditures	\$ 892,765	\$ 892,765	\$ 1,270,017	\$ (377,252)
Net Change in Fund Balance	\$ (135,323)	\$ (135,323)	\$ (486,365)	\$ (351,042)
Fund Balance – January 1	4,419,770	4,419,770	4,419,770	-
Fund Balance – December 31	\$ 4,284,447	\$ 4,284,447	\$ 3,933,405	\$ (351,042)

Martin County Fairmont, Minnesota

Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

The Solid Waste Special Revenue Fund accounts for the revenues and expenditures of the recycling and solid waste program. Revenues are derived from fees collected, special assessments, and various intergovernmental revenues.

The Area Development Special Revenue Fund accounts for the revenues and expenditures of the Area Redevelopment Authority established by the Martin County Board of Commissioners to make loans for redevelopment within the County.

The Opioid Settlement Special Revenue Fund accounts for collections and program expenditures related to the National Prescription Opiate Litigation settlement.

The EDA Special Revenue Fund accounts for the revenues and expenditures of the blended component unit, the Martin County Economic Development Authority.

Nonmajor Debt Service Fund

The Debt Service Fund accounts for financial resources restricted, committed, or assigned to be used for principal and interest payments on County debt.

Exhibit C-1

**Martin County
Fairmont, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024**

	Solid Waste	Area Development	Opioid Settlement	EDA
<u>Assets</u>				
Cash and pooled investments	\$ 2,032,625	\$ 304,150	\$ 295,613	\$ 1,890,939
Taxes receivable – delinquent	-	-	-	1,325
Special assessments receivable – delinquent	57,776	-	-	-
Accounts receivable	1,160	-	-	-
Loans receivable	-	228,752	-	-
Total Assets	\$ 2,091,561	\$ 532,902	\$ 295,613	\$ 1,892,264
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 42,616	\$ -	\$ -	\$ 470
Due to other governments	-	-	1,718	-
Total Liabilities	\$ 42,616	\$ -	\$ 1,718	\$ 470
Deferred Inflows of Resources				
Unavailable revenue	\$ 57,776	\$ 228,752	\$ -	\$ 1,325
Fund Balances				
Restricted for				
Solid waste	\$ 1,991,169	\$ -	\$ -	\$ -
Economic development	-	304,150	-	-
Opioid remediation	-	-	293,895	-
Debt service	-	-	-	-
Committed for				
Broadband grants	-	-	-	1,500,000
EDA projects	-	-	-	100,000
Assigned to				
Economic development	-	-	-	290,469
Total Fund Balances	\$ 1,991,169	\$ 304,150	\$ 293,895	\$ 1,890,469
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,091,561	\$ 532,902	\$ 295,613	\$ 1,892,264

		Total Nonmajor Governmental	
Debt Service		Funds	
\$	1,249,568	\$	5,772,895
	7,060		8,385
	-		57,776
	-		1,160
	-		228,752
<hr/>		<hr/>	
\$	1,256,628	\$	6,068,968

\$	-	\$	43,086
	-		1,718
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\$	-	\$	44,804

\$	7,060	\$	294,913
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\$	-	\$	1,991,169
	-		304,150
	-		293,895
	1,249,568		1,249,568
	-		1,500,000
	-		100,000
	-		290,469
<hr/>		<hr/>	
\$	1,249,568	\$	5,729,251

\$	1,256,628	\$	6,068,968
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**Martin County
Fairmont, Minnesota**

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

	Solid Waste	Area Development	Opioid Settlement	EDA
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 124,956
Special assessments	635,351	-	-	-
Intergovernmental	86,753	-	-	2,080
Settlements	-	-	166,833	-
Miscellaneous	56,972	6,683	-	4,975
Total Revenues	\$ 779,076	\$ 6,683	\$ 166,833	\$ 132,011
Expenditures				
Current				
Sanitation	\$ 615,750	\$ -	\$ -	\$ -
Human services	-	-	1,718	-
Economic development	-	-	-	145,893
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	\$ 615,750	\$ -	\$ 1,718	\$ 145,893
Net Change in Fund Balances	\$ 163,326	\$ 6,683	\$ 165,115	\$ (13,882)
Fund Balances – January 1	1,827,843	297,467	128,780	1,904,351
Fund Balances – December 31	\$ 1,991,169	\$ 304,150	\$ 293,895	\$ 1,890,469

<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 694,398	\$ 819,354
-	635,351
11,894	100,727
-	166,833
-	68,630
<u>\$ 706,292</u>	<u>\$ 1,790,895</u>
\$ -	\$ 615,750
-	1,718
-	145,893
345,000	345,000
158,184	158,184
<u>\$ 503,184</u>	<u>\$ 1,266,545</u>
\$ 203,108	\$ 524,350
1,046,460	5,204,901
<u>\$ 1,249,568</u>	<u>\$ 5,729,251</u>

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Special assessments	\$ 640,000	\$ 640,000	\$ 635,351	\$ (4,649)
Intergovernmental	70,000	70,000	86,753	16,753
Charges for services	500	500	-	(500)
Miscellaneous	10,000	10,000	56,972	46,972
Total Revenues	\$ 720,500	\$ 720,500	\$ 779,076	\$ 58,576
Expenditures				
Current				
Sanitation				
Solid waste management	\$ 579,500	\$ 579,500	\$ 615,750	\$ (36,250)
Intergovernmental				
Sanitation	\$ 141,000	\$ 141,000	-	\$ 141,000
Total Expenditures	\$ 720,500	\$ 720,500	\$ 615,750	\$ 104,750
Net Change in Fund Balance	\$ -	\$ -	\$ 163,326	\$ 163,326
Fund Balance – January 1	1,827,843	1,827,843	1,827,843	-
Fund Balance – December 31	\$ 1,827,843	\$ 1,827,843	\$ 1,991,169	\$ 163,326

Exhibit C-4

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 127,050	\$ 127,050	\$ 124,956	\$ (2,094)
Intergovernmental	-	-	2,080	2,080
Miscellaneous	-	-	4,975	4,975
Total Revenues	\$ 127,050	\$ 127,050	\$ 132,011	\$ 4,961
Expenditures				
Current				
Economic development				
Economic development	127,050	127,050	145,893	(18,843)
Net Change in Fund Balance	\$ -	\$ -	\$ (13,882)	\$ (13,882)
Fund Balance – January 1	1,904,351	1,904,351	1,904,351	-
Fund Balance – December 31	\$ 1,904,351	\$ 1,904,351	\$ 1,890,469	\$ (13,882)

**Martin County
Fairmont, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 703,700	\$ 703,700	\$ 694,398	\$ (9,302)
Intergovernmental	-	-	11,894	11,894
Total Revenues	\$ 703,700	\$ 703,700	\$ 706,292	\$ 2,592
Expenditures				
Debt service				
Principal	\$ 345,000	\$ 345,000	\$ 345,000	-
Interest and fiscal charges	358,700	358,700	158,184	200,516
Total Expenditures	\$ 703,700	\$ 703,700	\$ 503,184	\$ 200,516
Net Change in Fund Balance	\$ -	\$ -	\$ 203,108	\$ 203,108
Fund Balance – January 1	1,046,460	1,046,460	1,046,460	-
Fund Balance – December 31	\$ 1,046,460	\$ 1,046,460	\$ 1,249,568	\$ 203,108

Martin County Fairmont, Minnesota

Fiduciary Funds

Custodial Funds

The Taxes and Penalties Custodial Fund accounts for all taxes and penalties collected and the distribution of the taxes to the various taxing districts.

The State Revenue Custodial Fund accounts for collections for and disbursements to the State of Minnesota.

The Jail Canteen Custodial Fund accounts for inmate property and the related distribution.

The Civil Process Custodial Fund accounts for the collection of civil process fees and the related distribution.

The Local Road Improvement Program (LRIP) Custodial Fund accounts for the LRIP grants that are passed through the County to small cities.

Exhibit D-1

**Martin County
Fairmont, Minnesota**

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

	Taxes and Penalties	State Revenue	Jail Canteen	Civil Process	Total Custodial Funds
Assets					
Cash and pooled investments	\$ 380,264	\$ 76,432	\$ 27,871	\$ 8,918	\$ 493,485
Taxes receivable for other governments	596,941	-	-	-	596,941
Special assessments receivable for other governments	179,127	-	-	-	179,127
Accounts receivable	-	3,066	-	-	3,066
Total Assets	\$ 1,156,332	\$ 79,498	\$ 27,871	\$ 8,918	\$ 1,272,619
Liabilities					
Due to others	\$ 145	\$ -	\$ -	\$ -	\$ 145
Due to other governments	410,114	76,432	-	-	486,546
Total Liabilities	\$ 410,259	\$ 76,432	\$ -	\$ -	\$ 486,691
Net Position					
Restricted for individuals, organizations, and other governments	\$ 746,073	\$ 3,066	\$ 27,871	\$ 8,918	\$ 785,928

**Martin County
Fairmont, Minnesota**

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

	Taxes and Penalties	State Revenue	Jail Canteen	Civil Process
<u>Additions</u>				
Contributions from individuals	\$ -	\$ -	\$ 51,576	\$ -
Property tax collections for other governments	26,899,339	-	-	-
Other taxes and fees collected for the state	-	622,487	-	-
Payments from the state	-	-	-	-
Payments from other entities	-	-	-	112,951
Total Additions	\$ 26,899,339	\$ 622,487	\$ 51,576	\$ 112,951
<u>Deductions</u>				
Payments of property tax to other governments	\$ 26,842,139	\$ -	\$ -	\$ -
Payments to the state	-	619,421	-	-
Payments to other individuals/entities	292,607	-	48,477	112,639
Total Deductions	\$ 27,134,746	\$ 619,421	\$ 48,477	\$ 112,639
Change in Net Position	\$ (235,407)	\$ 3,066	\$ 3,099	\$ 312
Net Position – January 1	981,480	-	24,772	8,606
Net Position – December 31	\$ 746,073	\$ 3,066	\$ 27,871	\$ 8,918

Local Road Improvement Program	Total Custodial Funds
\$ -	\$ 51,576
-	26,899,339
-	622,487
152,373	152,373
-	112,951
\$ 152,373	\$ 27,838,726
\$ -	\$ 26,842,139
-	619,421
152,373	606,096
\$ 152,373	\$ 28,067,656
\$ -	\$ (228,930)
-	1,014,858
\$ -	\$ 785,928

Schedule

Exhibit E-1

**Martin County
Fairmont, Minnesota**

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

Appropriations and Shared Revenue

State

Highway users tax	\$ 8,112,276
County program aid	1,143,052
Aquatic invasive species prevention aid	93,058
Riparian aid	137,898
Market value credit	301,558
Disparity reduction aid	35,544
PERA aid	29,404
Cannabis aid	2,114
Police aid	157,648
Enhanced 911	189,203
SCORE	86,753
Statewide affordable housing aid	98,920
Local homeless prevention aid	211,417

Total appropriations and shared revenue **\$ 10,598,845**

Grants

State

Minnesota Department/Board/Office of	
Corrections	\$ 190,839
Human Services	4,326
IT Services	82,600
Natural Resources	40,617
Veterans Affairs	10,000
Water and Soil Resources	502,075
Pollution Control Agency	46,226

Total state **\$ 876,683**

Federal

Department of	
Treasury	\$ 100,000
Homeland Security	25,804

Total federal **\$ 125,804**

Total state and federal grants **\$ 1,002,487**

Total Intergovernmental Revenue **\$ 11,601,332**

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
Martin County
Fairmont, 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 Martin 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 October 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Martin 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 Martin 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 Martin 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

October 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor