

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Grant County Elbow Lake, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

**Grant County
Elbow Lake, Minnesota**

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Grant County Elbow Lake, Minnesota

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Introductory Section

**Grant County
Elbow Lake, Minnesota**

Organization Schedule
December 31, 2024

Office	Name	Term Expires
Commissioners		
1st District	Troy Johnson	January 2025
2nd District	Dwight Walvatne	January 2027
3rd District	Kenneth Johnson*	January 2025
4th District	Bill LaValley	January 2027
5th District	Doyle Sperr	January 2027
Officers		
Elected		
Attorney	Justin R. Anderson	January 2027
Auditor	Chad Van Santen	January 2027
County Recorder	HollyJo Wevley	January 2027
Sheriff	Jon Combs	January 2027
Treasurer	Jamie Kruize	January 2027
Appointed		
Assessor	Karl Lindquist	January 2025
Highway Engineer	Matthew Yavarow	May 2028
Veterans Service Officer	Robert Larsen	Indefinite
Coroner	Midwest Medical Examiner's Office	January 2028
*Chair		

Financial Section



Independent Auditor's Report

Board of County Commissioners
Grant County
Elbow Lake, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant County, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant County as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Housing and Redevelopment Authority (HRA) of Grant County, the discretely presented component unit, as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the HRA of Grant County, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and the Road and Bridge 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 Grant County's basic financial statements. The combining nonmajor governmental fund financial statements, Budgetary Comparison Schedule – Solid Waste Special Revenue Fund, combining fiduciary fund financial statements, Balance Sheet – By Ditch – Ditch Special Revenue Fund, 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 31, 2025, on our consideration of Grant 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 Grant 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 Grant County's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

October 31, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Grant County Elbow Lake, Minnesota

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

Introduction

Grant County's Management's Discussion and Analysis (MD&A) provides an overview of the County's financial activities for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with Grant County's financial statements and the notes to the financial statements.

Financial Highlights

- Governmental activities' total net position is \$68,633,295, of which \$58,122,480 is the net investment in capital assets and \$5,807,765 is restricted to specific purposes/uses by the County.
- The net cost of Grant County's governmental activities for the year ended December 31, 2024, was \$7,378,112; the net cost was funded by general revenues totaling \$11,124,534.

Overview of the Financial Statements

Grant County's MD&A serves as an introduction to the basic financial statements. The County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section), certain budgetary comparison schedules, information on the County's other postemployment benefits (OPEB) and net pension liability, and notes to the required supplementary information are required to accompany the basic financial statements and, therefore, are included as required supplementary information.

Grant County presents two government-wide financial statements: the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the County as a whole and present a longer-term view of Grant County's finances. The County's fund financial statements follow the government-wide financial statements. For governmental funds, these statements tell how Grant County financed services in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant/major funds. The remaining statement provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements—The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about Grant County as a whole and about its activities in a way that helps the reader determine whether Grant County's financial condition has improved or declined as a result of the current year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

These two statements consider all of Grant County's current year revenues and expenses, regardless of when the County receives the revenue or pays the expense, and reports the County's net position and changes in them. You

can think of the County's net position—the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources—as one way to measure Grant County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the general economic conditions of the state and County, to assess the overall health of Grant County.

- **Governmental activities**—Grant County reports its basic services in the “Governmental Activities” column of these reports. The activities reported by the County include general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Grant County finances the majority of these activities with local property taxes, state-paid aids, fees, charges for services, and federal and state grants.
- **Component unit**—Grant County includes a separate legal entity in its report, the Housing and Redevelopment Authority of Grant County. This entity is presented in a separate column. Although legally separate, the component unit is important because the County is financially accountable for it.

The government-wide statements can be found as Exhibits 1 and 2 of this report.

Fund Financial Statements

Grant County's fund financial statements provide detailed information about the significant funds, not the County as a whole. Significant governmental and fiduciary funds may be established by the County to meet requirements of a specific state law; to help control and manage money for a particular purpose/project; or to show that it is meeting specific legal responsibilities and obligations when expending property tax revenues, grants, and/or other funds designated for a specific purpose.

- **Governmental funds**—Most of Grant County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. These funds are reported in our financial statements using the modified accrual method of accounting, which measures cash and other financial assets that the County can readily convert to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are financial resources available that can be spent in the near future to finance various programs within Grant County. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement following each governmental fund financial statement.

The basic governmental fund financial statements can be found as Exhibits 3 through 6 of this report.

- **Fiduciary funds**—Grant County is an agent for individuals, other governments or other funds. The County reports its fiduciary activities in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities have been excluded from the County's other financial statements because the County cannot use these assets to finance its operations. Grant County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary funds financial statements can be found as Exhibits 7 and 8 of this report.

Notes to the Financial Statements

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 27 of this report.

The County as a Whole

The following analysis focuses on the statement of net position (Table 1) and changes in net position (Table 2) of the County's governmental activities.

Table 1
Statement of Net Position

Condensed Statement of Net Position	Governmental Activities – 2024	Governmental Activities – 2023
Assets		
Current and other assets	\$ 17,939,261	\$ 25,231,795
Capital assets, net of accumulated depreciation and amortization	73,136,970	65,090,545
Total Assets	\$ 91,076,231	\$ 90,322,340
Deferred Outflows of Resources		
Deferred OPEB outflows	\$ 417,446	\$ 48,235
Deferred pension outflows	1,598,440	2,397,747
Total Deferred Outflows of Resources	\$ 2,015,886	\$ 2,445,982
Liabilities		
Current liabilities	\$ 1,464,279	\$ 2,953,580
Long-term liabilities	19,688,195	20,443,839
Total Liabilities	\$ 21,152,474	\$ 23,397,419
Deferred Inflows of Resources		
Deferred OPEB inflows	\$ 364,118	\$ 393,723
Deferred pension inflows	2,942,230	3,278,042
Advance from other governments	-	812,265
Total Deferred Inflows of Resources	\$ 3,306,348	\$ 4,484,030
Net Position		
Net investment in capital assets	\$ 58,122,480	\$ 55,044,615
Restricted	5,807,765	12,597,720
Unrestricted	4,703,050	(2,755,462)
Total Net Position	\$ 68,633,295	\$ 64,886,873

The County's total net position for the year ended December 31, 2024, totals \$68,633,295. The largest portion of the County's net position of \$58,122,480 is investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Restricted net position is \$5,807,765. This is the portion for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments. The governmental activities' unrestricted net position totals \$4,703,050.

Table 2
Changes in Net Position

Statement of Activities	Governmental Activities – 2024	Governmental Activities – 2023
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 2,136,533	\$ 2,244,480
Operating grants and contributions	5,808,868	5,378,407
Capital grants and contributions	719,192	1,289,087
General revenues		
Property taxes	8,218,621	8,078,502
Other taxes	285,809	307,975
Payments in lieu of tax	129,600	130,125
Grants and contributions not restricted to specific programs	1,758,525	1,182,509
Unrestricted investment earnings	622,979	599,988
Gain on sale of capital assets	109,000	5,000
Total Revenues	<u>\$ 19,789,127</u>	<u>\$ 19,216,073</u>
Expenses		
General government	\$ 4,235,622	\$ 4,206,610
Public safety	2,474,347	2,486,425
Highways and streets	5,044,344	4,292,568
Sanitation	825,350	810,778
Human services	1,307,620	1,261,813
Health	55,685	46,087
Culture and recreation	109,874	109,874
Conservation of natural resources	935,255	560,486
Economic development	184,883	184,883
Interest	869,725	318,526
Total Expenses	<u>\$ 16,042,705</u>	<u>\$ 14,278,050</u>
Change in Net Position	\$ 3,746,422	\$ 4,938,023
Net Position – January 1	64,886,873	59,948,850
Net Position – December 31	<u>\$ 68,633,295</u>	<u>\$ 64,886,873</u>

Governmental Activities

Revenues for Grant County’s governmental activities for the year ended December 31, 2024, were \$19,789,127. The County’s cost for all governmental activities for the year ended December 31, 2024, was \$16,042,705. Net position for the County’s governmental activities increased by \$3,746,422 in 2024, an increase of 5.8 percent.

As shown in the Statement of Activities, the amount that Grant County taxpayers ultimately financed for these governmental activities through local property taxation was \$8,218,621, because \$8,664,593 of the costs were paid by fees and charges and grants and contributions received for those programs and by those who directly benefited from the programs, and \$1,758,525 was paid by other governments and organizations that provided additional grants and contributions. Grant County paid for the remaining “public benefit” portion of governmental activities with \$1,147,388 in other revenues, such as investment income, mortgage registry tax, state deed tax, wind tax, and payments in lieu of tax.

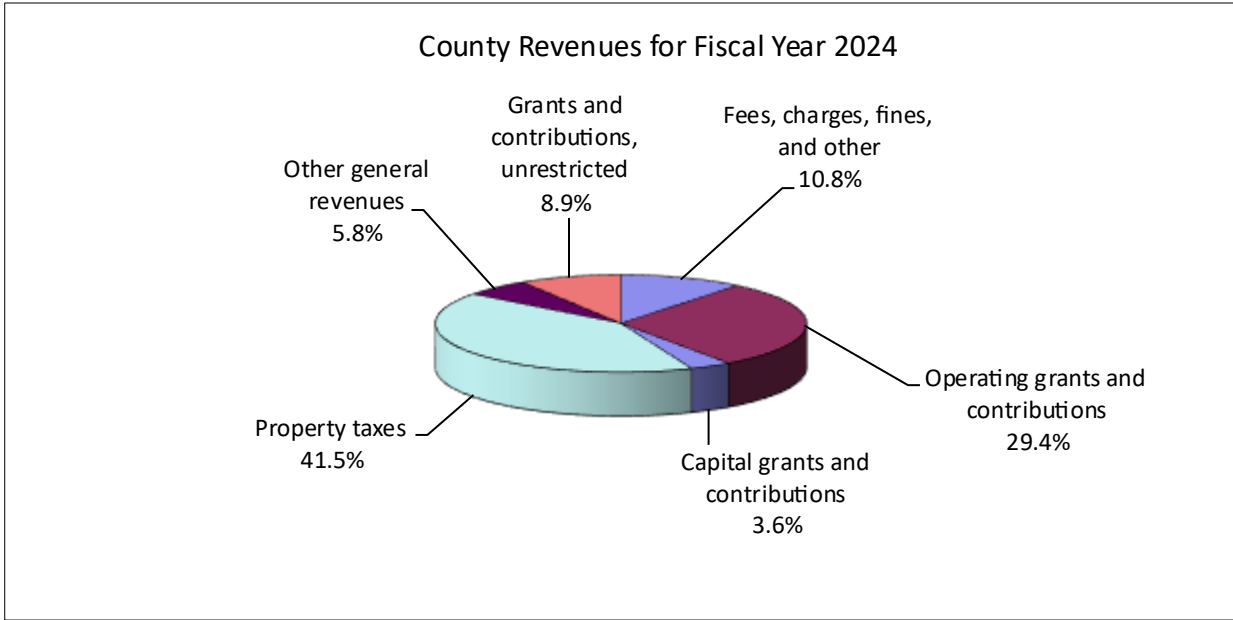
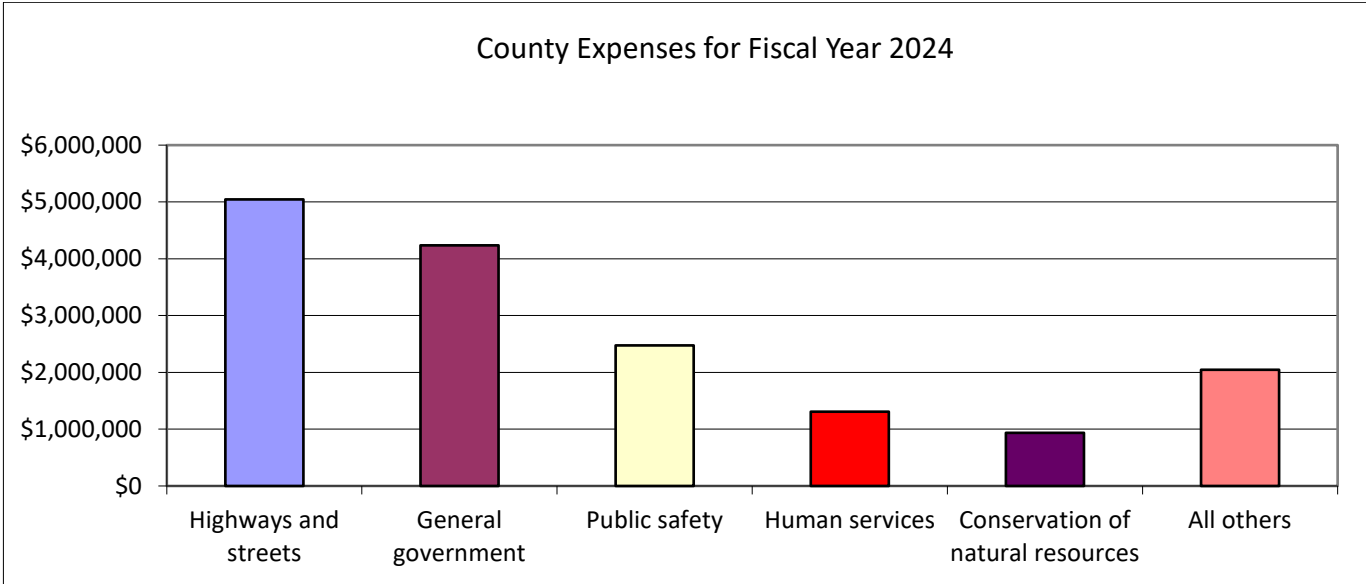


Table 3 presents the cost of each of Grant County’s five largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden placed on Grant County taxpayers by each of these functions.

Table 3
Governmental Activities

Program Expenses	Total Cost of Services	Net Cost of Services
Highways and streets	\$ 5,044,344	\$ (1,220,512)
General government	4,235,622	3,332,372
Public safety	2,474,347	1,967,052
Human services	1,307,620	1,307,620
Conservation of natural resources	935,255	837,941
All others	2,045,517	1,153,639
Total Program Expenses	\$ 16,042,705	\$ 7,378,112



(Unaudited)

The County's Funds

As Grant County completed the year, its governmental funds, as presented in the Balance Sheet, reported a combined fund balance of \$12,466,477.

The General Fund showed a decrease in fund balance of \$5,403,932. The overall decrease in fund balance was primarily due to bond funds spent on the construction of the new law enforcement center.

The Road and Bridge Special Revenue Fund showed a decrease in fund balance of \$938,319. The decrease, in part, was a result of the County reconstruction, safety project, and various other projects that were continuing from the prior year. In addition, two road improvement projects were started in 2024.

The Human Services Special Revenue Fund showed a decrease in fund balance of \$37,557. The decrease is due to the difference in requested funding from Western Prairie Human Services and the collection of property tax for the fund.

The County Ditch 29 Debt Service Fund showed an increase in fund balance of \$9,879. This is mostly due to revenues exceeding expenditures. Revenues for this fund are collected through special assessments to pay principal and interest obligations related to the outstanding debt.

The Courthouse Improvement Debt Service Fund showed an increase in fund balance of \$353,274 in 2024. The increase is due to collections of property taxes exceeding the obligations of principal and interest payments in the current year.

General Fund Budgetary Highlights

The Grant County Board of Commissioners, over the course of a budget year, may amend/revise the County's General Fund budget. In 2024, no budget amendments were made.

In the General Fund, the actual revenues were \$2,099,011 more than expected revenues, and actual expenditures were \$7,529,905 more than budgeted expenditures. These differences were primarily due to non-budgeted revenues and expenditures of mortgage registry tax collections, construction projects, and Coronavirus State and Local Fiscal Recovery Funds expended in 2024.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, Grant County had \$73,136,970 invested in a broad range of capital assets, net of depreciation and amortization. This investment in capital assets includes land, buildings, highways and streets, and equipment (see Table 4).

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

Capital Assets	Governmental Activities – 2024	Governmental Activities – 2023
Land and right-of-way	\$ 1,605,178	\$ 1,605,178
Construction in progress	9,244,844	13,559,331
Buildings	9,598,336	9,951,038
Office furniture and equipment	176,205	65,786
Machinery and automotive	2,509,525	2,201,649
Infrastructure	49,941,663	37,605,012
Lease office furniture and equipment	46,236	39,858
Lease machinery and automotive	14,983	62,693
Totals	<u>\$ 73,136,970</u>	<u>\$ 65,090,545</u>

Long-Term Debt

As of December 31, 2024, Grant County had \$3,251,203 in bonds outstanding, compared with \$3,352,667 as of December 31, 2023, a decrease of 3.03 percent.

Table 5
Outstanding Debt at Year-End

Long-Term Debt	Governmental Activities – 2024	Governmental Activities – 2023
Bonds payable		
Taxable general obligation capital improvement bonds	\$ 2,000,000	\$ 2,000,000
General obligation refunding bonds	1,220,000	1,320,000
Unamortized premiums	32,937	36,001
Unamortized discounts	(1,734)	(3,334)
Totals	<u>\$ 3,251,203</u>	<u>\$ 3,352,667</u>

Other long-term obligations include leases payable, loans payable, installment purchases payable, compensated absences, other postemployment benefits, and the net pension liability. Grant County's notes to the financial statements provide detailed information about the County's long-term liabilities.

Economic Factors and Next Year's Budgets and Rates

The County's elected and appointed officials considered many factors when setting the fiscal year 2025 budget and tax rates. These factors include federal and state aid, increasing input costs and maintaining appropriate fund balances while being mindful of the burden on County taxpayers, and a need to provide a certain level of services to Grant County residents/taxpayers.

- Major revenue sources for the County are state-paid aids, credits, and grants. Should the State of Minnesota make significant changes to these revenues, it would have a significant impact on next year's budget.
- Reviewing revenue sources and considering cost-effective and efficient means for the delivery of Grant County programs and services will influence the development of future budgets.

Contacting the County's Financial Management

Grant County's financial report provides citizens, taxpayers, customers, investors, and creditors with a general overview of Grant County's finances and shows the County's accountability for the money it receives and spends. If you have questions about this report or need additional financial information, contact Chad Van Santen, Grant County Auditor, (218-685-8236), Grant County Courthouse, 10 Second Street Northeast, Elbow Lake, Minnesota 56531-4400.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1

**Grant County
Elbow Lake, Minnesota**

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

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Housing and Redevelopment Authority of Grant County
<u>Assets</u>		
Cash and pooled investments	\$ 12,423,987	\$ 1,355,781
Cash held in trust	877,889	-
Taxes receivable	100,756	-
Special assessments receivable		
Delinquent	3,585	-
Noncurrent	1,103,245	-
Accounts receivable	60,448	-
Rent receivable	-	14,731
Accrued interest receivable	29,979	-
Due from other governments	3,195,603	-
Prepaid items	-	43,494
Inventories	143,769	-
Restricted assets		
Cash and pooled investments	-	32,827
Capital assets		
Non-depreciable or amortizable	10,850,022	704,963
Depreciable or amortizable – net of accumulated depreciation and amortization	62,286,948	1,932,803
Total Assets	\$ 91,076,231	\$ 4,084,599
<u>Deferred Outflows of Resources</u>		
Deferred other postemployment benefits outflows	\$ 417,446	\$ -
Deferred pension outflows	1,598,440	-
Total Deferred Outflows of Resources	\$ 2,015,886	\$ -
<u>Liabilities</u>		
Accounts payable	\$ 141,743	\$ 234,302
Salaries payable	143,483	-
Contracts payable	901,203	-
Due to other governments	60,673	-
Accrued interest payable	53,394	-
Unearned revenue	163,783	136,752
Long-term liabilities		
Due within one year	810,390	78,824
Due in more than one year	16,006,965	1,096,975
Other postemployment benefits liability due within one year	31,987	-
Other postemployment benefits liability due in more than one year	758,158	-
Net pension liability	2,080,695	-
Total Liabilities	\$ 21,152,474	\$ 1,546,853

Exhibit 1*(Continued)*

**Grant County
Elbow Lake, Minnesota**

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

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Housing and Redevelopment Authority of Grant County
<u>Deferred Inflows of Resources</u>		
Deferred other postemployment benefits inflows	\$ 364,118	\$ -
Deferred pension inflows	2,942,230	-
Total Deferred Inflows of Resources	\$ 3,306,348	\$ -
<u>Net Position</u>		
Net investment in capital assets	\$ 58,122,480	\$ 1,470,365
Restricted for		
Debt service	3,075,004	-
General government	210,368	-
Public safety	492,051	-
Highways and streets	1,394,682	-
Conservation of natural resources	542,577	-
Opioid remediation activities	90,613	-
Held in trust for other purposes	2,470	-
Other purposes	-	3,637
Unrestricted	4,703,050	1,063,744
Total Net Position	\$ 68,633,295	\$ 2,537,746

Exhibit 2

Grant County
Elbow Lake, Minnesota

Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Housing and Redevelopment Authority of Grant County
Primary government						
Governmental activities						
General government	\$ 4,235,622	\$ 783,584	\$ 119,666	\$ -	\$ (3,332,372)	
Public safety	2,474,347	403,958	103,337	-	(1,967,052)	
Highways and streets	5,044,344	111,317	5,434,347	719,192	1,220,512	
Sanitation	825,350	761,560	86,753	-	22,963	
Human services	1,307,620	-	-	-	(1,307,620)	
Health	55,685	-	43,565	-	(12,120)	
Culture and recreation	109,874	-	-	-	(109,874)	
Conservation of natural resources	935,255	76,114	21,200	-	(837,941)	
Economic development	184,883	-	-	-	(184,883)	
Interest	869,725	-	-	-	(869,725)	
Total Primary Government	\$ 16,042,705	\$ 2,136,533	\$ 5,808,868	\$ 719,192	\$ (7,378,112)	
Component unit						
Housing and Redevelopment Authority of Grant County	\$ 1,031,507	\$ 625,231	\$ 257,269	\$ -		\$ (149,007)
General Revenues						
Property taxes, levied for general purposes				\$ 8,218,621	\$ -	
Mortgage registry and deed tax				236,369	-	
Wind production tax				49,440	-	
Payments in lieu of tax				129,600	-	
Grants and contributions not restricted to specific programs				1,758,525	200,000	
Unrestricted investment earnings				622,979	45,142	
Gain on sale of capital assets				109,000	476,864	
Total general revenues				\$ 11,124,534	\$ 722,006	
Change in net position				\$ 3,746,422	\$ 572,999	
Net Position – Beginning				64,886,873	1,964,747	
Net Position – Ending				\$ 68,633,295	\$ 2,537,746	

Fund Financial Statements

Governmental Funds

Exhibit 3

**Grant County
Elbow Lake, Minnesota**

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

	<u>General</u>	<u>Road and Bridge Special Revenue</u>
<u>Assets</u>		
Cash and pooled investments	\$ 6,810,701	\$ 1,192,071
Cash held in trust	877,889	-
Taxes receivable	59,925	20,055
Special assessments		
Delinquent	-	-
Noncurrent	-	-
Accounts receivable	57,194	3,254
Accrued interest receivable	29,780	-
Due from other governments	108,636	3,052,767
Inventories	-	143,769
Total Assets	\$ 7,944,125	\$ 4,411,916
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 60,705	\$ 77,338
Salaries payable	100,781	41,440
Contracts payable	80,184	821,019
Due to other governments	25,383	6,092
Unearned revenue	163,783	-
Total Liabilities	\$ 430,836	\$ 945,889
Deferred Inflows of Resources		
Unavailable revenues	\$ 34,232	\$ 2,909,967

Human Services Special Revenue	County Ditch 29 Debt Service	Courthouse Improvement Debt Service	Nonmajor Funds	Total
\$ 1,594,435	\$ 341,790	\$ 1,969,471	\$ 515,519	\$ 12,423,987
-	-	-	-	877,889
15,517	-	5,259	-	100,756
-	-	-	3,585	3,585
-	1,103,245	-	-	1,103,245
-	-	-	-	60,448
-	189	-	10	29,979
-	-	-	34,200	3,195,603
-	-	-	-	143,769
\$ 1,609,952	\$ 1,445,224	\$ 1,974,730	\$ 553,314	\$ 17,939,261
\$ -	\$ 1,500	\$ -	\$ 2,200	\$ 141,743
-	-	-	1,262	143,483
-	-	-	-	901,203
-	-	-	29,198	60,673
-	-	-	-	163,783
\$ -	\$ 1,500	\$ -	\$ 32,660	\$ 1,410,885
\$ 8,744	\$ 1,103,245	\$ 2,971	\$ 2,740	\$ 4,061,899

Exhibit 3*(Continued)*

**Grant County
Elbow Lake, Minnesota**

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

	<u>General</u>	<u>Road and Bridge Special Revenue</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
(Continued)		
Fund Balances		
Nonspendable		
Trust principal	\$ -	\$ -
Inventories	-	143,769
Missing heirs	2,470	-
Restricted		
Endowments	13,874	-
Law library	17,391	-
Debt service	-	-
Recorder's technology equipment	78,272	-
Election equipment	23,146	-
E-911	459,979	-
Recorder's compliance	77,685	-
DARE	196	-
Forfeitures	31,876	-
Opioid settlement	90,613	-
Installment purchases	877,889	-
County state-aid highway system	-	566,171
Ditch maintenance and construction	-	-
Committed		
Sheriff's contingencies	5,000	-
Assigned		
Human services	-	-
Sanitation	-	-
Sheriff improvement	26,156	-
Unassigned	5,774,510	(153,880)
Total Fund Balances	\$ 7,479,057	\$ 556,060
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,944,125	\$ 4,411,916

Human Services Special Revenue	County Ditch 29 Debt Service	Courthouse Improvement Debt Service	Nonmajor Funds	Total
\$ -	\$ -	\$ -	\$ 166,375	\$ 166,375
-	-	-	-	143,769
-	-	-	-	2,470
-	-	-	-	13,874
-	-	-	-	17,391
-	-	1,971,759	-	1,971,759
-	-	-	-	78,272
-	-	-	-	23,146
-	-	-	-	459,979
-	-	-	-	77,685
-	-	-	-	196
-	-	-	-	31,876
-	-	-	-	90,613
-	-	-	-	877,889
-	-	-	-	566,171
-	340,479	-	35,723	376,202
-	-	-	-	5,000
1,601,208	-	-	-	1,601,208
-	-	-	315,816	315,816
-	-	-	-	26,156
-	-	-	-	5,620,630
\$ 1,601,208	\$ 340,479	\$ 1,971,759	\$ 517,914	\$ 12,466,477
\$ 1,609,952	\$ 1,445,224	\$ 1,974,730	\$ 553,314	\$ 17,939,261

Exhibit 4

**Grant County
Elbow Lake, Minnesota**

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

Fund balances – total governmental funds (Exhibit 3)	\$ 12,466,477
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.	\$ 73,136,970
Deferred outflows of resources are not available resources and, therefore, are not reported in the governmental funds.	
Deferred other postemployment benefits outflows	\$ 417,446
Deferred pension outflows	1,598,440
Total outflows of resources not reported in the governmental funds	\$ 2,015,886
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	\$ 4,061,899
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (3,220,000)
Bond discounts	1,734
Bond premiums	(32,937)
Leases payable	(62,091)
Loans payable	(12,328)
Installment purchases payable	(13,055,000)
Compensated absences	(436,733)
Net pension liability	(2,080,695)
Other postemployment benefits liability	(790,145)
Accrued interest payable	(53,394)
Long-term liabilities not reported in the governmental funds	\$ (19,741,589)
Deferred inflows of resources are created as a result of various differences related to other postemployment benefits and pensions that are not recognized in the governmental funds.	
Deferred other postemployment benefits inflows	\$ (364,118)
Deferred pension inflows	(2,942,230)
Deferred inflows of resources not reported in the governmental funds	\$ (3,306,348)
Net Position of Governmental Activities (Exhibit 1)	\$ 68,633,295

Exhibit 5

**Grant County
Elbow Lake, Minnesota**

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

	General	Road and Bridge Special Revenue
Revenues		
Taxes	\$ 5,167,733	\$ 1,644,114
Special assessments	-	-
Licenses and permits	15,895	-
Intergovernmental	2,079,288	4,688,453
Charges for services	636,454	87,231
Fines and forfeits	424	-
Gifts and contributions	100	-
Investment earnings	619,248	-
Miscellaneous	587,500	24,086
Total Revenues	\$ 9,106,642	\$ 6,443,884
Expenditures		
Current		
General government	\$ 4,083,387	\$ -
Public safety	2,542,266	-
Highways and streets	-	3,749,508
Sanitation	-	-
Human services	-	-
Health	55,685	-
Culture and recreation	32,000	-
Conservation of natural resources	684,804	-
Economic development	184,883	-
Capital outlay		
General government	26,962	-
Public safety	5,821,606	-
Highways and streets	-	3,396,895
Intergovernmental		
Public safety	50,970	-
Highways and streets	-	330,171
Human services	-	-
Culture and recreation	77,874	-
Conservation of natural resources	-	-
Debt service		
Principal	237,132	-
Interest	739,967	-
Total Expenditures	\$ 14,537,536	\$ 7,476,574
Excess of Revenues Over (Under) Expenditures	\$ (5,430,894)	\$ (1,032,690)
Other Financing Sources (Uses)		
Leases issued	\$ 26,962	\$ -
Proceeds from sale of capital assets	-	109,000
Total Other Financing Sources (Uses)	\$ 26,962	\$ 109,000
Net Change in Fund Balance	\$ (5,403,932)	\$ (923,690)
Fund Balance – January 1, as previously reported	\$ 12,882,989	\$ 1,494,379
Change within financial reporting entity (nonmajor to major fund)	-	-
Fund Balance – January 1, as adjusted	\$ 12,882,989	\$ 1,494,379
Increase (decrease) in inventories	\$ -	\$ (14,629)
Fund Balance – December 31	\$ 7,479,057	\$ 556,060

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

		Courthouse				
Human Services	County Ditch 29	Improvement Debt				
Special Revenue	Debt Service	Service	Nonmajor Funds	Total		
\$ 1,269,001	\$ -	\$ 428,783	\$ -	\$ 8,509,631		
-	127,963	-	155,651	283,614		
-	-	-	-	15,895		
1,061	-	35,901	86,753	6,891,456		
-	-	-	537,149	1,260,834		
-	-	-	-	424		
-	-	-	-	100		
-	2,561	-	1,171	622,980		
-	-	-	83,486	695,072		
\$ 1,270,062	\$ 130,524	\$ 464,684	\$ 864,210	\$ 18,280,006		
\$ -	\$ -	\$ -	\$ -	\$ 4,083,387		
-	-	-	-	2,542,266		
-	-	-	-	3,749,508		
-	-	-	823,207	823,207		
14,883	-	-	-	14,883		
-	-	-	-	55,685		
-	-	-	-	32,000		
-	-	-	41,388	726,192		
-	-	-	-	184,883		
-	-	-	-	26,962		
-	-	-	-	5,821,606		
-	-	-	-	3,396,895		
-	-	-	-	50,970		
-	-	-	-	330,171		
1,292,736	-	-	-	1,292,736		
-	-	-	-	77,874		
-	-	-	310,107	310,107		
-	100,000	-	-	337,132		
-	20,645	111,410	-	872,022		
\$ 1,307,619	\$ 120,645	\$ 111,410	\$ 1,174,702	\$ 24,728,486		
\$ (37,557)	\$ 9,879	\$ 353,274	\$ (310,492)	\$ (6,448,480)		
\$ -	\$ -	\$ -	\$ -	\$ 26,962		
-	-	-	-	109,000		
\$ -	\$ -	\$ -	\$ -	\$ 135,962		
\$ (37,557)	\$ 9,879	\$ 353,274	\$ (310,492)	\$ (6,312,518)		
\$ 1,638,765	\$ 330,600	\$ -	\$ 2,446,891	\$ 18,793,624		
-	-	1,618,485	(1,618,485)	-		
\$ 1,638,765	\$ 330,600	\$ 1,618,485	\$ 828,406	\$ 18,793,624		
\$ -	\$ -	\$ -	\$ -	\$ (14,629)		
\$ 1,601,208	\$ 340,479	\$ 1,971,759	\$ 517,914	\$ 12,466,477		

Exhibit 6

**Grant County
Elbow Lake, Minnesota**

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

Net change in fund balances – total governmental funds (Exhibit 5)	<u>\$ (6,312,518)</u>
---	------------------------------

Amounts reported for governmental activities in the statement of activities are different because:

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

Deferred inflows of resources – unavailable revenues – December 31	\$ 4,061,899
Deferred inflows of resources – unavailable revenues – January 1	<u>(2,726,553)</u>

Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	<u>\$ 1,335,346</u>
--	----------------------------

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. 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 sales increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 10,220,360
Current year depreciation and amortization	<u>(2,173,935)</u>

Total adjustment to the government-wide statements for current year capital asset activity	<u>\$ 8,046,425</u>
--	----------------------------

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

Current year amortization of discounts/premiums	<u>\$ 1,464</u>
---	------------------------

Principal repayments	
General obligation bonds	\$ 100,000
Loans	<u>3,949</u>

Total adjustment to the government-wide statements for payments made on long-term liabilities	<u>\$ 103,949</u>
---	--------------------------

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

Principal payments on leases	\$ 68,183
Leases issued	<u>(26,962)</u>

Total adjustment to the government-wide statements for financing	<u>\$ 41,221</u>
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Exhibit 6*(Continued)***Grant County
Elbow Lake, Minnesota****Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Government-Wide
Statement of Activities—Governmental Activities
For the Year Ended December 31, 2024**

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

Change in accrued interest payable	\$ 833
Change in installment purchases payable	165,000
Change in compensated absences	(88,377)
Change in other postemployment benefits liability	(377,980)
Change in inventories	(14,629)
Change in deferred other postemployment benefits outflows	369,211
Change in deferred other postemployment benefits inflows	29,605
Change in deferred pension outflows	(799,307)
Change in deferred pension inflows	335,812
Change in net pension liability	<u>910,367</u>
Total adjustment to the government-wide statements for other activities not reported in governmental funds	<u>\$ 530,535</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 3,746,422</u>

Fiduciary Funds

Exhibit 7**Grant County
Elbow Lake, Minnesota****Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024**

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 137,661
Taxes receivable for other governments	<u>147,913</u>
Total Assets	<u>\$ 285,574</u>
<u>Liabilities</u>	
Due to other governments	<u>\$ 137,686</u>
<u>Net Position</u>	
Restricted for individuals, organizations, and other governments	<u><u>\$ 147,888</u></u>

Exhibit 8**Grant County
Elbow Lake, Minnesota****Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2024**

	<u>Custodial Funds</u>
<u>Additions</u>	
Property tax collections for other governments	\$ 7,345,171
Licenses and fees collected for the state	<u>20,996</u>
Total Additions	<u>\$ 7,366,167</u>
<u>Deductions</u>	
Payments of property tax to other governments	\$ 7,379,360
Payments to the state	<u>20,996</u>
Total Deductions	<u>\$ 7,400,356</u>
Change in Net Position	\$ (34,189)
Net Position – January 1	<u>182,077</u>
Net Position – December 31	<u><u>\$ 147,888</u></u>

Grant County
Elbow Lake, 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 by GAAP and used by the County are discussed below.

Financial Reporting Entity

Grant County was established March 6, 1868, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Grant County (primary government) and its component unit for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Discretely Presented Component Unit

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

Component Unit of the County

Component Unit	Component Unit Included in Reporting Entity Because	Separate Financial Statements
The HRA of Grant County provides services pursuant to Minn. Stat. §§ 469.001-.047	The County appoints members, and the HRA is a financial burden.	Grant County Coordinator’s Office 10 Second Street Northeast Elbow Lake, Minnesota 56531

Joint Ventures and Jointly Governed Organizations

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

Grant County

Elbow Lake, Minnesota

Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component unit. 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.

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

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

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented.

The emphasis of governmental fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. 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 revenues and expenditures of the County Highway Department, which is responsible for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

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

The County Ditch 29 Debt Service Fund is used to account for the accumulation of resources for, and the repayment of, principal, interest, and related costs of drainage bonds related to County Ditch 29.

The Courthouse Improvement Debt Service Fund is used to account for the retirement of bonds issued for the courthouse improvement.

Grant County

Elbow Lake, Minnesota

Additionally, the County reports the following fund types:

The Trust Payment Permanent Fund accounts for resources legally restricted to the extent that only earnings and not principal from the Trust Payment Permanent Fund may be used for County purposes.

Custodial funds are used to account for assets held by the County for fiduciary activities for individuals or other governments.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Grant County considers all revenues as available if collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under leases 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 Treasurer for the purpose of increasing earnings through investment activities. 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 and certain money market mutual funds, which are measured at the net asset value (NAV) or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$619,248.

Grant 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).

Grant County Elbow Lake, Minnesota

No allowance for uncollectible receivables was shown for governmental funds or fiduciary funds because such amounts are not expected to be material.

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

Special Assessments Receivable

Special assessments receivable consists of delinquent special assessments payable in the years 2019 through 2024, and noncurrent special assessments payable in 2025 and after. No allowance for uncollectible special assessments is shown because such amounts are not expected to be material. The receivable includes special assessments on solid waste fees, septic loans, and ditches.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (for example roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing arrangements are reported in the governmental activities' column 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. 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.

Grant County Elbow Lake, Minnesota

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

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings and building improvements	30-40
Office furniture and equipment	3-15
Right-to-use office furniture and equipment	2-5
Machinery and automotive	3-20
Right-to-use machinery and automotive	3
Infrastructure	25-100

Unearned Revenue

All County governmental funds and the government-wide financial statements report unearned revenue for resources that have been received, but not yet earned. In the current year, all unearned revenue was the result of grants received prior to revenue recognition criteria being met.

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

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

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

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inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension benefits and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Long-Term Obligations

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

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

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 other governmental funds that have personal services.

Classification of Net Position

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

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

Classification of Fund Balances

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

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

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

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

Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor, who has been delegated that authority by Board resolution.

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

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.

Minimum Fund Balance

The County has adopted a minimum fund balance policy for the General Fund in order to provide protection against the need to reduce services due to a lack of resources resulting from temporary revenue shortfalls or unpredicted expenditures. Therefore, the County Board has determined it needs to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned) of \$800,000. The fund balance policy was adopted by the County Board on December 20, 2011.

At December 31, 2024, the unrestricted fund balance for the General Fund was above the minimum fund balance level.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make 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.

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Change in Accounting Principles

During the year ended December 31, 2024, Grant County adopted new accounting guidance by implementing the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*, which provides clarification on the categories and prescribed accounting for changes in accounting principles, changes in accounting estimates, changes to or within the financial reporting entity, and corrections of errors in previously issued financial statements. Additional disclosures are included for the current year adjustments as a result of GASB Statement 100.

Reporting Units Affected by Adjustments to Beginning Balances

Fund Balance	Courthouse Improvement Debt Service Fund, Presented as a Major Fund	Nonmajor Funds
Fund balance, January 1, 2024, as previously reported	\$ -	\$ 2,446,891
Change from nonmajor to major fund	1,618,485	(1,618,485)
Fund balance, January 1, 2024, as adjusted	<u>\$ 1,618,485</u>	<u>\$ 828,406</u>

The County also 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 GASB Statement 101 resulted in changing the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements.

Note 2 – Detailed Notes

Assets

Deposits and Investments

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

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

Basic Financial Statement Accounts	Governmental Funds	Fiduciary Funds	Total
Cash and pooled investments	\$ 12,423,987	\$ 137,661	\$ 12,561,648
Cash held in trust	877,889	-	877,889
Total	<u>\$ 13,301,876</u>	<u>\$ 137,661</u>	<u>\$ 13,439,537</u>

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Cash and Investments	Amount
Deposits	\$ 6,213,950
Petty cash and change funds	1,375
Investments	<u>7,224,212</u>
Total Deposits, Cash on Hand, and Investments	<u>\$ 13,439,537</u>

Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. The County's deposits in banks at December 31, 2024, were entirely covered by federal depository insurance and collateral in accordance with Minnesota statutes.

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

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highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and

- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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. None of the County's investments at December 31, 2024, were rated.

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 does not have a policy on custodial credit risk. As of December 31, 2024, the County's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County does not have a policy on concentration of credit risk. The County's investments in any one issuer did not represent five percent or more of the County's investments.

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

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

Investment Type	<u>Interest Rate Risk</u> Maturity Date	Carrying (Fair) Value
MVB Bank Inc WV US	01/29/2027	\$ 250,153
American Express Natl Bank UT US	03/03/2025	243,954
Trustone Financial FCU MN US	10/23/2026	247,829
Pinnacle Bank TN US	03/24/2025	200,376
State Bank of Indi NY US	09/11/2025	100,666
Hughes Fed Credit AZ US	11/30/2026	254,748
Centier Bank IN US	07/26/2027	247,997
Medallion Bk Salt UT US	05/13/2027	252,119
Bank America Na Charlotte NC	06/08/2026	246,283
Bank Hapoalim BM New York	05/29/2026	246,210
Capital One Bk Natl Assn McLean	06/02/2027	235,517
Celtic Bank Salt Lake City Utah	12/20/2027	249,316
Flagstar Bk Natl Assn Hicksvil	05/29/2026	246,047
Gilmer Natl Bk Tex	06/07/2027	253,253
Gold Coast Bk Chicago IL	06/14/2027	253,024
Merrick Bk South Jordan Utah	12/11/2028	248,973
Popular Bank CD	06/07/2027	251,574
Total negotiable certificates of deposit		<u>\$ 4,028,039</u>
MAGIC Fund	N/A	\$ 2,138,966
Money market mutual funds	N/A	<u>1,057,207</u>
Total investment pools		<u>\$ 3,196,173</u>
Total Investments		<u><u>\$ 7,224,212</u></u>
N/A – Not applicable		

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 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)
Negotiable certificates of deposit	\$ 4,028,039	\$ -	\$ 4,028,039	\$ -

Investments Measured at NAV	December 31, 2024
MAGIC Fund	\$ 2,138,966
Money market mutual funds	1,057,207
Total Investments Measured at NAV	\$ 3,196,173

All Level 2 debt securities are valued using a matrix pricing technique 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 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.

The County invests in money market funds for the benefit of liquid investments that can be readily re-invested. Money market funds held by the County seek a constant NAV of \$1.00 per share.

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Receivables

Receivables as of December 31, 2024, for the County's governmental activities, are as follows:

Governmental Activities' Receivables as of December 31, 2024

Governmental Activities	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes	\$ 100,756	\$ -
Special assessments	1,106,830	1,103,245
Accounts	60,448	-
Accrued interest	29,979	-
Due from other governments	3,195,603	-
Total Governmental Activities	<u>\$ 4,493,616</u>	<u>\$ 1,103,245</u>

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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	\$ 125,585	\$ -	\$ -	\$ 125,585
Right-of-way	1,479,593	-	-	1,479,593
Construction in progress	13,559,331	9,218,501	(13,532,988)	9,244,844
Total capital assets not depreciated	\$ 15,164,509	\$ 9,218,501	\$ (13,532,988)	\$ 10,850,022
Capital assets depreciated				
Buildings	\$ 14,683,562	\$ 75,475	\$ -	\$ 14,759,037
Office furniture and equipment	1,111,359	148,434	-	1,259,793
Machinery and automotive	5,433,483	750,988	(273,795)	5,910,676
Infrastructure	60,600,206	13,532,988	-	74,133,194
Total capital assets depreciated	\$ 81,828,610	\$ 14,507,885	\$ (273,795)	\$ 96,062,700
Less: accumulated depreciation for				
Buildings	\$ 4,732,524	\$ 428,177	\$ -	\$ 5,160,701
Office furniture and equipment	1,045,573	38,015	-	1,083,588
Machinery and automotive	3,231,834	443,112	(273,795)	3,401,151
Infrastructure	22,995,194	1,196,337	-	24,191,531
Total accumulated depreciation	\$ 32,005,125	\$ 2,105,641	\$ (273,795)	\$ 33,836,971
Total capital assets depreciated, net	\$ 49,823,485	\$ 12,402,244	\$ -	\$ 62,225,729
Capital assets amortized				
Lease office furniture and equipment	\$ 94,883	\$ 26,962	\$ (25,853)	\$ 95,992
Lease machinery and automotive	224,681	-	-	224,681
Total capital assets amortized	\$ 319,564	\$ 26,962	\$ (25,853)	\$ 320,673
Less: accumulated amortization for				
Lease office furniture and equipment	\$ 55,025	\$ 20,584	\$ (25,853)	\$ 49,756
Lease machinery and automotive	161,988	47,710	-	209,698
Total accumulated amortization	\$ 217,013	\$ 68,294	\$ (25,853)	\$ 259,454
Total capital assets amortized, net	\$ 102,551	\$ (41,332)	\$ -	\$ 61,219
Governmental Activities Capital Assets, Net	\$ 65,090,545	\$ 21,579,413	\$ (13,532,988)	\$ 73,136,970

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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	\$ 440,289
Public safety	70,970
Highways and streets, including depreciation of infrastructure	1,644,764
Sanitation	3,862
Conservation of natural resources	14,050
Total Depreciation and Amortization Expense	<u>\$ 2,173,935</u>

Liabilities and Deferred Inflows of Resources

Payables

Payables at December 31, 2024, were as follows:

Governmental Activities' Payables as of December 31, 2024

Governmental Activities	Payables
Accounts	\$ 141,743
Salaries	143,483
Contracts	901,203
Due to other governments	60,673
Accrued interest	53,394
Total Governmental Activities	<u>\$ 1,300,496</u>

Construction Commitments

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

Active Construction Commitments as of December 31, 2024

Highways and Streets Projects	Spent-to-Date	Remaining Commitment
Roads and bridges	<u>\$ 3,384,039</u>	<u>\$ 821,019</u>

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Long-Term Debt

Bonds Payable

Bonds Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Taxable General Obligation Capital Improvement Plan 2011B Bonds	2026	\$2,000,000	5.50	\$ 2,000,000	\$ 2,000,000
General Obligation Drainage Refunding 2020B Bonds	2035	\$85,000-\$120,000	1.00-2.00	1,595,000	1,220,000
Total General Obligation Bonds				<u>\$ 3,595,000</u>	<u>\$ 3,220,000</u>

Leases

The County has entered into lease agreements as lessee for financing the acquisition of squad cars for the Sheriff's Department and copier leases for various departments. 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. All lease payments are paid by the General Fund.

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

Year Ending December 31	Principal	Interest
2025	\$ 34,446	\$ 891
2026	12,093	489
2027	8,896	260
2028	5,624	106
2029	1,032	9
Total	<u>\$ 62,091</u>	<u>\$ 1,755</u>

Loans Payable

Loans Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
SRF0280 State of Minnesota Septic System Replacement Loans	2027	\$3,505-\$4,192	2.00	<u>\$ 38,388</u>	<u>\$ 12,328</u>

In 2014, the County entered into a loan agreement with the Minnesota Pollution Control Agency for financing of the Minnesota Clean Water Partnership Project. These loans are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. Loan payments are reported in the General Fund.

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Installment Purchases Payable

In 2017, Grant County entered into a 26-year agreement with the Economic Development Authority (EDA) of the City of Elbow Lake for the purchase of an office building. The County recorded the building as a capital asset at the amount of the bond issued by the EDA of the City of Elbow Lake, which was \$5,500,000. The future obligations of the County equal the principal and interest payments of the bond issued by the EDA.

In 2023, Grant County entered into a 31-year agreement with the EDA of the City of Elbow Lake for the purchase of the new Law Enforcement Center building. The amount of the bond issued by the EDA of the City of Elbow Lake was \$8,500,000. The future obligations of the County equal the principal and interest payments of the bond issued by the EDA.

Debt Service Requirements

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

Debt Service Requirements as of December 31, 2024 Taxable General Obligation Capital Improvement Plan Bonds

Year Ending December 31	Principal	Interest
2025	\$ -	\$ 110,000
2026	2,000,000	55,000
Total	<u>\$ 2,000,000</u>	<u>\$ 165,000</u>

General Obligation Drainage Refunding Bonds

Year Ending December 31	Principal	Interest
2025	\$ 100,000	\$ 17,145
2026	105,000	15,095
2027	105,000	12,995
2028	110,000	10,845
2029	110,000	9,195
2030-2034	570,000	27,120
2035	120,000	840
Total	<u>\$ 1,220,000</u>	<u>\$ 93,235</u>

Loans Payable

Year Ending December 31	Principal	Interest
2025	\$ 4,028	\$ 226
2026	4,109	146
2027	4,191	63
Total	<u>\$ 12,328</u>	<u>\$ 435</u>

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Installment Purchases Payable

Year Ending December 31	Principal	Interest
2025	\$ 430,000	\$ 583,830
2026	450,000	565,730
2027	470,000	546,730
2028	495,000	526,380
2029	515,000	504,954
2030-2034	2,925,000	2,161,036
2035-2039	3,610,000	1,438,743
2040-2044	4,160,000	579,420
Total	<u>\$ 13,055,000</u>	<u>\$ 6,906,823</u>

Changes in Long-Term Liabilities

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

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

Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Taxable general obligation capital improvement plan bonds	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -
General obligation drainage refunding bonds	1,320,000	-	(100,000)	1,220,000	100,000
Less: unamortized discount	(3,334)	-	1,600	(1,734)	-
Add: unamortized premium	36,001	-	(3,064)	32,937	-
Total general obligation bonds	\$ 3,352,667	\$ -	\$ (101,464)	\$ 3,251,203	\$ 100,000
Leases payable	103,312	26,962	(68,183)	62,091	34,446
Loans payable	16,277	-	(3,949)	12,328	4,028
Installment purchases payable	13,220,000	-	(165,000)	13,055,000	430,000
Compensated absences	348,356	88,377*	-	436,733	241,916
Total Long-Term Liabilities	<u>\$ 17,040,612</u>	<u>\$ 115,339</u>	<u>\$ (338,596)</u>	<u>\$ 16,817,355</u>	<u>\$ 810,390</u>

Bonded debt is paid by the Courthouse Improvement and County Ditch 29 Debt Service Funds.

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

Deferred Inflows of Resources – Unavailable Revenue

Deferred inflows of resources – unavailable revenue consists of taxes and special assessments receivable, state and federal grants not collected soon enough after year-end to pay liabilities of the current period, money from state-aid highway allotments, and other receivables not collected soon enough after year-end to pay liabilities of the current period. Unavailable revenue at December 31, 2024, is summarized by fund:

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

Governmental Fund	Taxes and Special Assessment	Grants	State-Aid Highway Allotments	Total
General	\$ 34,232	\$ -	\$ -	\$ 34,232
Road and Bridge Special Revenue	11,279	908,608	1,990,080	2,909,967
Human Services Special Revenue	8,744	-	-	8,744
County Ditch 29 Debt Service	1,103,245	-	-	1,103,245
Courthouse Improvement Debt Service	2,971	-	-	2,971
Solid Waste Special Revenue – Nonmajor	2,740	-	-	2,740
Total Deferred Inflows of Resources	\$ 1,163,211	\$ 908,608	\$ 1,990,080	\$ 4,061,899

Other Postemployment Benefits (OPEB)

Plan Description

Grant County provides a single employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b.

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.

As of the January 1, 2024, actuarial valuation, the following employees were covered by the benefit terms:

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Inactive employees or beneficiaries currently receiving benefit payments	1
Active plan participants	61
Total	62

Total OPEB Liability

The County's total OPEB liability of \$790,145 was measured as of January 1, 2024, and was determined by an actuarial valuation as of that date. The total OPEB liability is liquidated through the General Fund and other governmental funds that have personal services.

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

The actuarial cost method is 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 for public safety) to 3.00 percent for 27 or more years of service.

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The health care cost trend is 6.50 percent as of January 1, 2024, grading to 5.00 percent over six years and then to 4.00 percent over the next 48 years.

The current year discount rate is 3.70 percent. For the current valuation, the discount rate is equal to the 20-Year Municipal Bond Yield.

Mortality rates used are based on Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.

Retirement and withdrawal assumptions used are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

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 January 1, 2024	\$ 412,165
Service cost	\$ 32,168
Interest	17,214
Changes of assumption or other inputs	(88,284)
Differences between expected and actual experience	445,142
Benefit payments	(28,260)
Net change	\$ 377,980
Balance at December 31, 2024	\$ 790,145

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%	\$ 872,194
Current	3.70%	790,145
1% Increase	4.70%	717,298

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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 rates:

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	Health Care Trend Rate	Total OPEB Liability
1% Decrease	5.50% Decreasing to 4.00%	\$ 714,261
Current	6.50% Decreasing to 5.00%	790,145
1% Increase	7.50% Decreasing to 6.00%	877,387

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 \$20,836. 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
Differences between expected and actual economic experience	\$ 370,951	\$ 247,526
Changes in actuarial assumptions	20,708	116,592
Contributions made subsequent to the measurement date	25,787	-
Total	\$ 417,446	\$ 364,118

The \$25,787 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 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	\$ (36,263)
2026	(32,955)
2027	(13,229)
2028	50,515
2029	59,473

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Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2024:

- The discount rate was changed from 4.00 percent to 3.70 percent.
- The health care trend rates were updated to better anticipate short-term and long-term medical increases.
- The future retirees electing coverage for pre-65 subsidy eligible retirees was lowered from 75 percent to 50 percent.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Grant 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) and the Public Employees Police and Fire Plan (the Police and Fire 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 Grant 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.

Benefits Provided

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

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost-of-living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and a maximum of 1.50 percent. The 2024 annual increase was 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase

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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.

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 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 members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits and disability qualification requirements vary by plan.

Contributions

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

Member and Employer Required Contribution Rates

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%

Employer Contributions for the Year Ended December 31, 2024

Pension Plan	Contributions
General Employees Plan	\$ 206,222
Police and Fire Plan	146,029

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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 \$1,306,346 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 0.0353 percent. It was 0.0353 percent measured as of June 30, 2023. The County recognized pension expense of (\$130,972) 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 \$60,104 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 \$906 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

Total General Employees Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	\$ 1,306,346
State of Minnesota's proportionate share of the net pension liability associated with the County	33,779
Total	<u>\$ 1,340,125</u>

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

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

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	\$ 122,966	\$ -
Changes in actuarial assumptions	6,516	494,062
Difference between projected and actual investment earnings	-	581,766
Changes in proportion	1,509	249,473
Contributions paid to PERA subsequent to the measurement date	104,096	-
Total	<u>\$ 235,087</u>	<u>\$ 1,325,301</u>

The \$104,096 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	\$ (853,965)
2026	(80,711)
2027	(159,510)
2028	(100,124)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$774,349 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.0589 percent. It was 0.0589 percent measured as of June 30, 2023. The County recognized pension expense of \$117,377 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan's fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute

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\$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$16,714 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 \$3,302 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	\$ 774,349
State of Minnesota's proportionate share of the net pension liability associated with the County	29,518
Total	<u>\$ 803,867</u>

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

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

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	\$ 313,155	\$ -
Changes in actuarial assumptions	966,341	1,141,388
Difference between projected and actual investment earnings	-	241,397
Changes in proportion	1,318	234,144
Contributions paid to PERA subsequent to the measurement date	82,539	-
Total	<u>\$ 1,363,353</u>	<u>\$ 1,616,929</u>

The \$82,539 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (64,249)
2026	213,021
2027	(145,615)
2028	(356,997)
2029	17,725

Total Pension Expense

The total pension expense for both plans recognized by the County for the year ended December 31, 2024, was (\$13,595).

Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuations were 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 Fund	Police and Fire Fund
Inflation	2.25% per year	2.25% per year
Active Member Payroll Growth	3.00% per year	3.00% per year
Investment Rate of Return	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 Plan, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees 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, valuation 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. For both 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.

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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 and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

General Employees Plan

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

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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).

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)
1% Decrease	6.00%	\$ 2,853,270	6.00%	\$ 1,829,938
Current	7.00%	1,306,346	7.00%	774,349
1% Increase	8.00%	33,860	8.00%	(92,510)

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 board members of Grant 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,

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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 \$2,826, which represents five percent of covered payroll.

Note 3 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For employee group health insurance benefits, the County has elected to participate in the Public Employees Insurance Program (PEIP). For other risks, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

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

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

The PEIP was established pursuant to Minn. Stat. § 43A.316 and is managed by Minnesota Management and Budget (MMB). The program sponsors a plan to provide group employee health benefits to its participating members. All members pool premiums and losses; however, a particular member may receive increases or decreases depending on a good or bad year of claims experience. Premiums are determined annually by PEIP and are based partially on the experience of the County and partially on the experience of the group. The PEIP solicits proposals from carriers and negotiates the contracts.

Note 4 – 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.

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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.

Conduit Debt

In 2020, the County issued \$20,000,000 of Industrial Development Revenue Bonds to provide financial assistance to Riverview, LLP, located in North Ottawa Township, Minnesota. The project will consist of the construction, acquisition, and installation of facilities and equipment to be used in connection with the storage and disposal of manure including site preparation, concreted flushing and scraping lanes, flushing equipment, separators, storage pit, and functionally-related facilities to be used in the owner's dairy facilities. The bonds are secured by the property financed and are payable solely from revenues of the partnership. Neither the County, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024, the outstanding principal balance was \$20,000,000.

Joint Ventures

Horizon Public Health

Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating the Mid-State Community Health Services, pursuant to Minn. Stat. § 471.59. During 1994, Stevens Traverse Grant Public Health Nursing Service began receiving and administering the grant money for Stevens, Traverse, and Grant Counties. Mid-State Community Health Services was renamed to Horizon Community Health Board when Douglas County was added as a member on January 1, 2011. Horizon Community Health Board was renamed to Horizon Public Health on January 1, 2015, when it became a fiscally independent entity.

Control is vested in Horizon's Board, which consists of 13 members comprised of 11 County Commissioners and two community representatives. Each member of the Board is appointed by the County Commissioners of the county they represent.

Financing is provided by state and federal grants and contributions from the five member counties. During 2024, Grant County contributed \$45,332 in funds to Horizon Public Health.

Complete financial statements for Horizon Public Health can be obtained from Horizon Public Health, 809 Elm Street, Suite 1200, Alexandria, Minnesota 56308.

Pomme de Terre River Association

The Pomme de Terre River Association Joint Powers Board was established August 11, 1981, by an agreement between Grant County and five other counties and their respective soil and water conservation districts. The agreement was made to develop and implement plans to protect property from damage of flooding; control erosion of land; protect streams and lakes from sedimentation and pollution; and maintain or improve the quality of water in the streams, lakes, and ground water lying within the boundaries of the watershed of the Pomme de Terre River. Administrative costs are apportioned equally to the soil and water conservation districts based on actual costs. An amended and restated joint powers agreement was approved on March 19, 2013.

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Control is vested in a Joint Powers Board, comprised of one representative of each Board of County Commissioners and one representative from each soil and water conservation district board of supervisors included within the agreement. Grant County did not make any contributions to the Pomme de Terre River Association during 2024.

Complete financial information can be obtained from the Pomme de Terre River Association Joint Powers Board, 12 Highway 28 East, Suite 2, Morris, Minnesota 56267.

PrimeWest Health

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Health) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. Beltrami, Clearwater, and Hubbard Counties were later added to PrimeWest Health. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local control alternative favored for improved coordination of services to prepaid Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

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

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

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

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

Central Minnesota Emergency Services Board

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

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

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

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

The Central Minnesota Emergency Services Board has no long-term debt. Financing is provided by appropriations from member parties and by state and federal grants. Grant County did not contribute any funds to the Board during 2024.

Complete financial information can be obtained from the Central Minnesota Emergency Services Board, City of St. Cloud, Office of the Mayor, City Hall, 1201 7th Street South, St. Cloud, Minnesota 56301.

Region 4 South Adult Mental Health Consortium

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement creating and operating Region 4 South Adult Mental Health Consortium, pursuant to Minn. Stat. § 471.59, to provide a system of care that will serve the needs of adults with serious and persistent mental illness for the mutual benefit of each of the joint participants.

Control of the Consortium is vested in a Governing Board, which consists of each participating county's Director of Social Services, Family Services, or Human Services, as the case may be; one County Commissioner from each participating County; three local providers; and three consumers and one Managed Care Organization. The Governing Board operates under the ultimate authority of the Executive Commissioner Board. The Executive Commissioner Board is composed of one Commissioner of each county appointed by their respective County Board.

Any county may withdraw by providing notice to the chair of the Board 90 days prior to the date of the proposed withdrawal. Withdrawal does not act to discharge any liability incurred or chargeable to any county before the effective date of the withdrawal.

Dissolution of the Consortium shall occur by unanimous vote of the counties, or when the membership in the Consortium is reduced to less than two counties. Upon dissolution of the Consortium, the member counties shall share in the current liabilities and current financial assets, including real property, of the Consortium equally if no county has contributed during the term of the Consortium or based upon their percentage of contribution to the Consortium's budget during the period applicable to such liabilities and assets.

Financing is predominantly provided by state grants. During 2024, Grant County did not make any contributions to the Consortium. Western Prairie Human Services, in a fiscal host capacity, reports the cash transactions of the Consortium as a custodial fund on its financial statements.

Complete financial information can be obtained from Region 4 South Adult Mental Health Consortium, 507 North Nokomis Street, Suite 203, Alexandria, Minnesota 56308.

Grant County Elbow Lake, Minnesota

Rainbow Rider Transit Board

Douglas, Grant, Pope, Stevens, and Traverse Counties entered into a joint powers agreement to establish the West Central Multi-County Joint Powers Transit Board effective December 1, 1994, and empowered under Minn. Stat. § 471.59. Effective January 13, 2000, the Board changed its name from West Central Multi-County Joint Powers Transit Board to Rainbow Rider Transit Board. The purpose of the Board is to provide coordinated service delivery and a funding source for public transportation. Grant County terminated its membership in Rainbow Rider on May 31, 1999. Grant County rejoined, and Todd County became a member county effective January 1, 2011 and 2012, respectively.

The Board consists of two members appointed by each member county from its County Board for terms of one year each. Rainbow Rider is a joint venture with no county having control over the Board. Each county has an ongoing responsibility to provide funding for the operating costs of Rainbow Rider allocated in accordance with the actual expenses incurred by representatives of the respective counties on the Board. During 2024, Grant County contributed \$19,426 in funds to Rainbow Rider Transit Board.

The joint powers agreement remains in force until any single county notifies the other parties of its intentions to withdraw, at least 90 days before the termination takes effect. The remaining counties may agree to continue the agreement with the remaining counties as members.

Complete financial information can be obtained from Rainbow Rider, 249 Poplar Avenue, Lowry, Minnesota 56349.

Counties Providing Technology

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

Control is vested in the CPT Board, which consists of one individual appointed by each member county's Board of Commissioners. The joint powers agreement provides that initial operating capital contributed by each member is to be repaid from any excess in fund balance at the end of the fiscal year, in proportion to the initial contribution. Excess funds beyond the initial capital contribution shall be distributed to members as determined by the CPT Board. Full repayment of initial capital contributed by members joining after the original signatories to the initial agreement is not to be required to be completed prior to the CPT Board distributing excess fund balances to other members.

Financing is primarily from county member contributions. During 2024, Grant County contributed \$88,105 to CPT.

Current financial information can be obtained from the Stevens County Auditor/Treasurer, 400 Colorado Avenue, Suite 303, Morris, Minnesota 56267.

Grant County Elbow Lake, Minnesota

Viking Library System

Grant County, along with ten cities and five other counties, participates in the Viking Library System in order to establish, continue, strengthen, and improve library services in the participating cities and counties. The Viking Library System was created as a public library service in 1975, by Douglas, Grant, Otter Tail, and Stevens Counties along with the cities of Alexandria, Elbow Lake, Fergus Falls, Hancock, and Morris. Additions to the Library System included Browns Valley, Glenwood, New York Mills, Perham, and Wheaton in 1976; Pope County in 1981; Traverse County in 1983; and Pelican Rapids in 1988. In 1992, the Alexandria Library became the Douglas County Library.

The Viking Library System is governed by a governing board which consists of 19 members. Each County Board appoints a resident of the county, each member library board appoints a representative, and any libraries with a service area population over 15,000 have an additional representative. Currently, Fergus Falls and Douglas County have additional representatives. During 2024, Grant County provided \$77,874 to the Viking Library System.

Complete financial information can be obtained from the Viking Library System, 1915 Fir Avenue West, Fergus Falls, Minnesota 56537.

Western Prairie Human Services

Grant and Pope Counties entered into a joint powers agreement, effective January 1, 2022, to create Western Prairie Human Services, pursuant to Minn. Stat. ch. 145A, to provide human services and to promote efficiency and economy in the delivery of human services. The Western Prairie Human Services Board consists of ten members, five each from Grant and Pope Counties.

Funding is provided by state and federal grants and appropriations from the member counties. Grant County contributed \$1,358,650 during 2024.

Complete financial information can be obtained from Western Prairie Human Services, 15 Central Avenue North, Elbow Lake, Minnesota 56531.

Jointly Governed Organizations

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

District IV Transportation Planning

Grant County and 13 other cities and counties entered into a joint powers agreement to establish the District IV Transportation Planning Joint Powers Board, effective December 11, 1996, and empowered under Minn. Stat. § 471.59. The purpose of the Board is to develop a multi-modal transportation plan for the geographical jurisdiction of the member cities and counties. The Board is composed of 14 members, with one member appointed by each member city and county.

Region Four – West Central Minnesota Homeland Security Emergency Management Organization

The Region Four – West Central Minnesota Homeland Security Emergency Management Organization was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the

Grant County Elbow Lake, Minnesota

region. Control is vested in the Board, which is composed of representatives appointed by each Board of County Commissioners. Grant County's responsibility does not extend beyond making this appointment.

Lakeland Mental Health Center

Lakeland Mental Health Center was formed pursuant to Minn. Stat. ch. 317A, as a 501(c)(3) nonprofit corporation on February 10, 1961, and includes Becker, Clay, Douglas, Grant, Otter Tail, and Pope Counties. The purpose of Lakeland Mental Health Center is to promote healthy individuals, families, and communities by providing high-quality accessible mental health services.

The management of Lakeland Mental Health Center is vested in a Board of Directors consisting of one Commissioner and one community-at-large representative from each member county, plus one human service director, or equivalent position, rotated between the member counties.

Services are provided to the member counties through purchase of service agreements. A member county may lose its membership, by action of the Board of Directors, if it fails to have a signed contract with Lakeland Mental Health Center. During the year, Grant County made no payments to Lakeland Mental Health Center.

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, Grant County made no payments to the joint powers.

Minnesota Rural Counties

The Minnesota Rural Counties (formerly Minnesota Rural Counties Caucus) was established in 1997 and includes Aitkin, Becker, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomon, Marshall, McLeod, Mille Lacs, Mower, Murray, Norman, Pennington, Pine, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin, and Wright Counties. Control is vested in the Minnesota Rural Counties Executive Committee, which is composed of 12 appointees, each with an alternate, who are appointed annually by each respective County Board they represent. Each county also appoints a delegate and alternate to the Board of Directors. Grant County's responsibility does not extend beyond making these appointments.

Note 5 – Subsequent Event

On October 21, 2025, the County Board issued \$4,332,000 in General Obligation Drainage Bonds. The bond funds will be deposited into the County Ditch Fund, and a new debt service fund will be established upon approval of a new fund by the County Commissioners at a future Board meeting.

Grant County Elbow Lake, Minnesota

Note 6 – Component Unit Disclosures

Summary of Significant Accounting Policies

Reporting Entity

The Housing and Redevelopment Authority (HRA) of Grant County is a component unit of Grant County and is reported in a separate column in the County's financial statements to emphasize that the HRA is a legally separate entity from Grant County. The HRA operates as a public agency created by Grant County under the United States Housing Act of 1937, as amended. The primary purpose is to provide housing and redevelopment services to the County. The governing body consists of a five-member Board of Commissioners appointed by the Grant County Board of Commissioners to serve five-year terms. The financial statements included are as of and for the year ended December 31, 2024.

Basis of Accounting

The HRA is reported and accounted for using the full accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Rent Receivable

Rent is due on the first of the month for the current month. Rent which remains uncollected is accrued as a receivable. Management represents all rent receivables are collectible either through normal collection procedures or through revenue recapture through the State of Minnesota. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. The collection loss for December 31, 2024, was \$2,632.

Capital Assets

Property and equipment are stated at historical cost or estimated historical cost, and are depreciated using the straight-line method over their estimated useful lives as follows:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	30-40 years
Improvements	10-15 years
Equipment	3-7 years

Estimates

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

Grant County

Elbow Lake, Minnesota

Detailed Notes on All Funds

Deposits

Reconciliation of the HRA's total cash as reported in the basic financial statements to deposits, cash on hand, and investments follows:

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

Cash and Investments	Amount
Deposits	\$ 668,528
Certificates of deposit	687,253
Restricted cash – tenant security deposits	32,827
Total Cash and Investments	<u>\$ 1,388,608</u>

In accordance with Minnesota statutes, the HRA maintains deposits at those depository banks authorized by the Board of Directors. Minnesota statutes require that all HRA deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits 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.

At December 31, 2024, the HRA's deposits had a carrying amount of \$1,388,608 and a bank balance of \$1,407,154. The bank balances were covered by federal depository insurance. The HRA had sufficient collateral coverage on all cash accounts.

Investments

Minnesota statutes generally authorize the same types of investments for the HRA as for the County. See Note 2.

During the year ended December 31, 2024, the HRA had no investments that required disclosure regarding interest rate risk, credit risk, custodial credit risk, or concentration of credit risk.

Grant County Elbow Lake, Minnesota

Capital Assets

The HRA's capital asset activity for the year ended December 31, 2024, follows:

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

Capital Assets	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated				
Land	\$ 188,204	\$ 3,359	\$ -	\$ 191,563
Construction in progress	-	513,400	-	513,400
Total capital assets not depreciated	\$ 188,204	\$ 516,759	\$ -	\$ 704,963
Capital assets depreciated				
Buildings	\$ 6,944,668	\$ 96,844	\$ -	\$ 7,041,512
Equipment, furniture, and fixtures	386,279	51,537	-	437,816
Total capital assets depreciated	\$ 7,330,947	\$ 148,381	\$ -	\$ 7,479,328
Less: accumulated depreciation	5,540,937	5,588	-	5,546,525
Total capital assets depreciated, net	\$ 1,790,010	\$ 142,793	\$ -	\$ 1,932,803
Total Capital Assets	\$ 1,978,214	\$ 659,552	\$ -	\$ 2,637,766

Long-Term Debt

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

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

Long-Term Debt	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2002 GMHF Loan	\$ 101,500	\$ -	\$ -	\$ 101,500	\$ -
MHFA Loan – AA1	165,966	-	-	165,966	-
MHFA Loan – AA2	110,389	-	-	110,389	-
USDA Loan	39,371	-	(5,164)	34,207	5,426
MHFA-POPHP Loan – Vart Hjem	106,740	-	-	106,740	-
MHFA-POPHP Loan – NS Manor	42,800	-	-	42,800	-
MHFA-POPHP Loan – LFD	63,099	-	-	63,099	-
FHLB – Vart Hjem	160,500	-	-	160,500	-
FHLB – NS Manor	64,200	-	-	64,200	-
2020A Housing Development Refunding Bonds	380,000	-	(62,000)	318,000	65,000
Compensated absences	16,011	-	(7,613)	8,398	8,398
Total Long-Term Debt	\$ 1,250,576	\$ -	\$ (74,777)	\$ 1,175,799	\$ 78,824

Grant County Elbow Lake, Minnesota

Bonds and loans payable at December 31, 2024, consisted of the following issues:

Bonds and Loans Payable as of December 31, 2024

Type of Indebtedness	Original Issue Amount	Final Maturity	Interest Rate (%)	Outstanding Balance December 31, 2024
2002 GMHF Loan	\$ 101,500	2027	-	\$ 101,500
MHFA Loan – AA1	165,966	2030	-	165,966
MHFA Loan – AA2	110,389	2030	-	110,389
USDA Loan	59,521	2030	4.875	34,207
MHFA-POPHP Loan – Vart Hjem	106,740	2055	-	106,740
MHFA-POPHP Loan – NS Manor	42,800	2055	-	42,800
MHFA-POPHP Loan – LFD	63,099	2055	-	63,099
FHLB – Vart Hjem	160,500	2036	-	160,500
FHLB – NS Manor	64,200	2036	-	64,200
2020A Housing Development Refunding Bonds	613,000	2029	1.40	318,000
Total Bonds and Loans Payable	<u>\$ 1,487,715</u>			<u>\$ 1,167,401</u>

The 2002 GMHF Loan matures on April 2, 2027. The loan is noninterest-bearing, unsecured, and requires no periodic payments.

The MHFA Loan – AA1 matures on March 12, 2030. The loan is noninterest-bearing, unsecured, and requires no periodic payments.

The MHFA Loan – AA2 matures March 1, 2030. The loan is non-interest bearing, unsecured, and requires no periodic payments.

The USDA Loan matures July 7, 2030. The loan bears an interest rate of 4.875 percent in monthly interest and principal payments.

The MHFA POHP loans consist of three separate notes, all of which are non-interest bearing, unsecured notes which will be forgiven in 2055 if no events of default occur as described in the loan agreements.

The FHLB loans consist of two separate notes, both of which are non-interest bearing, unsecured notes which will be forgiven in 2036 if no events of default occur as described in the loan agreements.

On September 1, 2020, the HRA issued Housing Development Refunding Bonds, Series 2020A, in the amount of \$613,000. The bond proceeds refinanced the Housing Development Bonds of 2009. The bond bears an interest rate of 1.40 percent in semi-annual interest payments and annual principal payments. The bond is secured by all real and personal property as well as by all revenues of the housing project.

Grant County Elbow Lake, Minnesota

The debt service payment requirements for bonds and loans outstanding as of December 31, 2024, are as follows:

Debt Service Requirements as of December 31, 2024

Year Ending December 31	Bonds Principal	Bonds Interest	Notes from Direct Borrowing Principal	Notes from Direct Borrowing Interest	Total
2025	\$ 65,000	\$ 4,452	\$ 5,426	\$ 1,536	\$ 76,414
2026	59,000	3,542	5,697	1,265	69,504
2027	62,000	2,716	107,481	981	173,178
2028	65,000	1,848	6,279	683	73,810
2029	67,000	938	6,592	370	74,900
2030	-	-	280,587	66	280,653
Total before forgivable debt	\$ 318,000	\$ 13,496	\$ 412,062	\$ 4,901	\$ 748,459
Forgivable debt	-	-	437,339	-	437,339
Totals	\$ 318,000	\$ 13,496	\$ 849,401	\$ 4,901	\$ 1,185,798

Defined Contribution Pension Plan

Plan Description

The Definiti, LLC, Trust for Certain Governmental Plans (Plan) is a defined contribution retirement plan covering essentially all employees of the various participating employers. Since the participating employers are all government units, the Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974, except for the contribution limitations of Section 415. The payroll for employees covered by the Plan for the year ended December 31, 2024, was \$208,397; the HRA's total payroll was \$208,397.

The Plan and Trust are qualified under Section 401(a) of the Internal Revenue Code, and their income is exempt from taxation under Section 501(a) of the Code.

The Plan is funded by employer contributions only. The rates of contributions are determined by the various adoption agreements of the participating employers. Terminating or retiring participants are entitled to certain benefits including the full amount of their contributions to the Plan as well as earnings on their contributions.

In addition to the amount of their contribution, each participant is entitled to the portion of the employer's contributions in which he or she has a vested interest. Vesting provisions are determined in accordance with the participating employers' adoption agreement. If a participating employee should die prior to retirement, then the employee or their designated beneficiary shall be entitled to the full value of the participant's account.

Benefits are payable in the form of lump sum cash settlements or purchased annuities, depending upon the election of the participant and the nature of their termination or retirement. If the Plan is terminated or contributions under the Plan are discontinued, the participating employees are entitled to benefits accrued to the date of such termination or discontinuance to the extent funded and/or to the amounts credited to the employees' accounts.

Grant County

Elbow Lake, Minnesota

Contributions Required and Contributions Made

Covered employees may elect to contribute a percentage of their gross earnings to the Plan. The HRA makes monthly contributions of 14 percent of employee's compensation to the pension plan. Total employer contributions made during the fiscal years ending December 31, 2024, 2023, and 2022, were \$31,751, \$26,905, and \$25,583, respectively.

Risk Management

The HRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors or omissions; job-related illnesses or injuries to employees; and natural disasters for which the HRA carries commercial insurance. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximum coverages are exceeded, this could cause the HRA to suffer losses if a loss is incurred from such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims to date have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

Contingencies

The HRA receives grant funds, principally from the U.S. Department of Housing and Urban Development (HUD) for the Vouchers Choice program, the Public Housing Operating Subsidy, and Capital Fund. Monies from HUD are received directly from the federal agency. Certain expenditures are subject to audit by HUD, and the HRA is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the HRA, no material refunds will be required as a result of expenditures disallowed by HUD.

Extraordinary Gain

During the year ended December 31, 2024, the HRA received insurance proceeds totaling \$476,864 in relation to significant damage sustained to a Public Housing building in Hoffman, Minnesota. The insurance proceeds exceeded the net carrying value of the damaged assets, resulting in an extraordinary gain of \$476,864, which has been recognized in the statement of revenues, expenses, and changes in net position for the year ended December 31, 2024.

Required Supplementary Information

Exhibit A-1

**Grant County
Elbow Lake, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 5,680,838	\$ 5,680,838	\$ 5,167,733	\$ (513,105)
Licenses and permits	53	53	15,895	15,842
Intergovernmental	411,596	411,596	2,079,288	1,667,692
Charges for services	571,038	571,038	636,454	65,416
Fines and forfeits	-	-	424	424
Gifts and contributions	-	-	100	100
Investment earnings	300,000	300,000	619,248	319,248
Miscellaneous	44,106	44,106	587,500	543,394
Total Revenues	\$ 7,007,631	\$ 7,007,631	\$ 9,106,642	\$ 2,099,011
Expenditures				
Current				
General government				
Commissioners	\$ 266,611	\$ 266,611	\$ 324,639	\$ (58,028)
Retiree insurance	60,000	60,000	29,344	30,656
Law library	-	-	1,797	(1,797)
County auditor	370,835	370,835	361,634	9,201
County treasurer	238,889	238,889	236,882	2,007
Blue Cross/Blue Shield	-	-	47,924	(47,924)
Human resources	132,528	132,528	133,387	(859)
Public examiners	65,000	65,000	61,502	3,498
Elections	35,000	35,000	71,556	(36,556)
Accounting and auditing	321,378	321,378	295,845	25,533
County recorder	265,504	265,504	253,718	11,786
County assessor	406,426	406,426	369,072	37,354
County buildings	350,739	350,739	380,867	(30,128)
County fair	25,000	25,000	25,000	-
Veterans service officer	82,438	82,438	77,614	4,824
Coordinator	164,001	164,001	117,841	46,160
License bureau	168,360	168,360	172,244	(3,884)
GIS services	102,440	102,440	88,812	13,628
Collections	-	-	212,322	(212,322)
Other general government	304,800	304,800	821,387	(516,587)
Total general government	\$ 3,359,949	\$ 3,359,949	\$ 4,083,387	\$ (723,438)
Public safety				
Sheriff	\$ 2,044,809	\$ 2,044,809	\$ 2,017,941	\$ 26,868
Coroner	15,000	15,000	17,900	(2,900)
Sheriff's contingent fund	-	-	183	(183)
Traffic diversion program	-	-	481	(481)
DARE account	-	-	1,246	(1,246)
Water enforcement	2,170	2,170	40	2,130
Corrections and jails	123,500	123,500	85,069	38,431
E-911 program	-	-	285,965	(285,965)
Emergency management program	120,823	120,823	133,441	(12,618)
Total public safety	\$ 2,306,302	\$ 2,306,302	\$ 2,542,266	\$ (235,964)

Exhibit A-1
(Continued)

**Grant County
Elbow Lake, 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)				
Health				
Public health	\$ 46,532	\$ 46,532	\$ 55,685	\$ (9,153)
Culture and recreation				
Historical society	\$ 32,000	\$ 32,000	\$ 32,000	\$ -
Conservation of natural resources				
County extension	\$ 100,029	\$ 100,029	\$ 90,341	\$ 9,688
Soil and water conservation	113,250	113,250	121,725	(8,475)
Office of land management	312,840	312,840	472,738	(159,898)
Total conservation of natural resources	\$ 526,119	\$ 526,119	\$ 684,804	\$ (158,685)
Economic development				
HRA	\$ 100,000	\$ 100,000	\$ 184,883	\$ (84,883)
Intergovernmental				
Public safety	\$ -	\$ -	\$ 50,970	\$ (50,970)
Culture and recreation	77,874	77,874	77,874	-
Total intergovernmental	\$ 77,874	\$ 77,874	\$ 128,844	\$ (50,970)
Capital outlay				
General government	\$ -	\$ -	\$ 26,962	(26,962)
Public safety	-	-	5,821,606	(5,821,606)
Total capital outlay	\$ -	\$ -	\$ 5,848,568	\$ (5,848,568)
Debt service				
Principal	\$ -	\$ -	\$ 237,132	\$ (237,132)
Interest	558,855	558,855	739,967	(181,112)
Total debt service	\$ 558,855	\$ 558,855	\$ 977,099	\$ (418,244)
Total Expenditures	\$ 7,007,631	\$ 7,007,631	\$ 14,537,536	\$ (7,529,905)
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (5,430,894)	\$ (5,430,894)
Other Financing Sources (Uses)				
Leases issued	-	-	26,962	26,962
Net Change in Fund Balance	\$ -	\$ -	\$ (5,403,932)	\$ (5,403,932)
Fund Balance – January 1	12,882,989	12,882,989	12,882,989	-
Fund Balance – December 31	\$ 12,882,989	\$ 12,882,989	\$ 7,479,057	\$ (5,403,932)

Exhibit A-2

**Grant County
Elbow Lake, 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	\$ 1,675,000	\$ 1,675,000	\$ 1,644,114	\$ (30,886)
Intergovernmental	4,215,644	4,215,644	4,688,453	472,809
Charges for services	73,900	73,900	87,231	13,331
Miscellaneous	24,000	24,000	24,086	86
Total Revenues	\$ 5,988,544	\$ 5,988,544	\$ 6,443,884	\$ 455,340
Expenditures				
Current				
Highways and streets				
Administration	\$ 414,216	\$ 414,216	\$ 407,592	\$ 6,624
Engineering	79,472	79,472	67,652	11,820
Authorized work contribution	1,500	1,500	-	1,500
Construction	6,051,319	6,051,319	586,210	5,465,109
Maintenance	1,624,923	1,624,923	1,419,500	205,423
Shops	138,549	138,549	160,398	(21,849)
Equipment	1,113,021	1,113,021	1,108,156	4,865
Total highways and streets	\$ 9,423,000	\$ 9,423,000	\$ 3,749,508	\$ 5,673,492
Intergovernmental				
Highways and streets	-	-	330,171	(330,171)
Capital outlay				
Highways and streets	-	-	3,396,895	(3,396,895)
Total Expenditures	\$ 9,423,000	\$ 9,423,000	\$ 7,476,574	\$ 1,946,426
Excess of Revenues Over (Under) Expenditures	\$ (3,434,456)	\$ (3,434,456)	\$ (1,032,690)	\$ 2,401,766
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	109,000	109,000
Net Change in Fund Balance	\$ (3,434,456)	\$ (3,434,456)	\$ (923,690)	\$ 2,510,766
Fund Balance – January 1	1,494,379	1,494,379	1,494,379	-
Increase (decrease) in inventories	-	-	(14,629)	(14,629)
Fund Balance – December 31	\$ (1,940,077)	\$ (1,940,077)	\$ 556,060	\$ 2,496,137

Exhibit A-3

**Grant County
Elbow Lake, Minnesota**

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

	<u>2024</u>	<u>2023</u>
Total OPEB Liability		
Service cost	\$ 32,168	\$ 41,762
Interest	17,214	9,439
Differences between expected and actual experience	445,142	-
Changes of assumption or other inputs	(88,284)	(53,782)
Benefit payments	(28,260)	(30,747)
	<hr/>	<hr/>
Net change in total OPEB liability	\$ 377,980	\$ (33,328)
Total OPEB Liability – Beginning	412,165	445,493
	<hr/>	<hr/>
Total OPEB Liability – Ending	\$ 790,145	\$ 412,165
	<hr/>	<hr/>
Covered-employee payroll	\$ 3,889,230	\$ 3,954,467
Total OPEB liability (asset) as a percentage of covered-employee payroll	20.32%	10.42%

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

2022	2021	2020	2019	2018
\$ 54,974	\$ 96,175	\$ 81,753	\$ 84,154	\$ 88,313
17,260	22,482	31,240	25,570	23,981
(409,801)	-	(149,208)	-	-
(7,728)	40,894	11,137	(23,128)	-
(34,325)	(26,807)	(45,373)	(28,686)	(90,816)
\$ (379,620)	\$ 132,744	\$ (70,451)	\$ 57,910	\$ 21,478
825,113	692,369	762,820	704,910	683,432
\$ 445,493	\$ 825,113	\$ 692,369	\$ 762,820	\$ 704,910
\$ 3,839,288	\$ 4,758,835	\$ 4,609,041	\$ 4,613,308	\$ 4,478,940
11.60%	17.34%	15.02%	16.54%	15.74%

Exhibit A-4

**Grant County
Elbow Lake, 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 Associated with Grant 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	0.0353	\$ 1,306,346	\$ 33,779	\$ 1,340,125	\$ 2,874,890	45.44	89.08
2023	0.0353	1,973,936	54,455	2,028,391	2,807,138	70.32	83.10
2022	0.0361	2,859,132	110,985	2,970,117	3,577,192	79.93	76.67
2021	0.0565	2,412,803	73,650	2,486,453	4,067,287	59.32	87.00
2020	0.0568	3,405,420	105,098	3,510,518	4,010,998	84.90	79.06
2019	0.0561	3,101,643	96,496	3,198,139	3,971,480	78.10	80.23
2018	0.0580	3,217,602	105,539	3,323,141	3,889,797	82.72	79.53
2017	0.0552	3,523,932	44,294	3,568,226	3,554,744	99.13	75.90
2016	0.0514	4,173,425	54,537	4,227,962	3,034,606	137.53	68.91
2015	0.0507	2,627,537	N/A	2,627,537	2,810,449	93.49	78.19

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

Exhibit A-5

**Grant County
Elbow Lake, Minnesota**

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

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 206,222	\$ 206,222	\$ -	\$ 2,749,637	7.50
2023	219,360	219,360	-	2,924,804	7.50
2022	208,163	208,163	-	2,775,493	7.50
2021	318,900	318,900	-	4,254,373	7.50
2020	304,076	304,076	-	4,054,330	7.50
2019	297,625	297,625	-	3,968,327	7.50
2018	291,577	291,577	-	3,887,678	7.50
2017	277,316	277,316	-	3,697,540	7.50
2016	239,010	239,010	-	3,186,794	7.50
2015	217,945	231,921	13,976	2,905,932	7.98

The County's year-end is December 31.

**Grant County
Elbow Lake, 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 Grant 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	0.0589	\$ 774,349	\$ 29,518	\$ 803,867	\$ 786,903	98.40	90.17
2023	0.0589	1,017,126	40,989	1,058,115	773,869	131.43	86.47
2022	0.0666	2,898,169	126,773	3,024,942	809,547	358.00	70.53
2021	0.0673	519,485	23,346	542,831	795,277	65.32	93.66
2020	0.0670	883,132	20,812	903,944	757,242	116.62	87.19
2019	0.0710	757,997	N/A	757,997	752,046	100.79	89.26
2018	0.0705	751,457	N/A	751,457	743,327	101.09	88.84
2017	0.0550	742,565	N/A	742,565	560,023	132.60	85.43
2016	0.0560	2,247,377	N/A	2,247,377	501,532	448.10	63.88
2015	0.0550	624,929	N/A	624,929	490,276	127.46	86.61

The measurement date for each year is June 30.

N/A – Not Applicable

Exhibit A-7

**Grant County
Elbow Lake, Minnesota**

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

Year Ending	Statutorily Required Contributions		Actual Contributions in Relation to Statutorily Required Contributions		Contribution (Deficiency) Excess (b - a)		Covered Payroll (c)		Actual Contributions as a Percentage of Covered Payroll (b/c) (%)	
	(a)		(b)		(b - a)		(c)		(b/c) (%)	
2024	\$	146,029	\$	146,029	\$	-	\$	825,023	17.70	
2023		144,877		144,877		-		818,512	17.70	
2022		139,602		139,602		-		788,712	17.70	
2021		137,952		137,952		-		779,389	17.70	
2020		138,871		138,871		-		784,583	17.70	
2019		125,693		125,693		-		741,554	16.95	
2018		124,345		124,345		-		767,561	16.20	
2017		103,045		103,045		-		636,083	16.20	
2016		83,446		83,446		-		515,101	16.20	
2015		81,683		85,392		3,709		504,214	16.94	

The County's year-end is December 31.

Grant County
Elbow Lake, Minnesota

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

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Human Services and Ditch Special Revenue Funds, the County Ditch 29 and Courthouse Improvement Debt Service Funds, and the Trust Payment Permanent Fund. A budget was not adopted for the Human Services or Ditch Special Revenue Funds because they are based on taxing and special assessments which cannot be determined on an annual basis. All annual appropriations lapse at fiscal year-end unless specifically carried over to the next budget year by Board action.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the Grant County Auditor so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

Note 2 – Excess of Expenditures Over Appropriations

The following individual major fund had expenditures in excess of final budget for the year ended December 31, 2024:

Excess of Expenditures Over Budget for the Year Ended December 31, 2024

Fund	Expenditures	Final Budget	Excess
General	\$ 14,537,536	\$ 7,007,631	\$ 7,529,905

Note 3 – Other Postemployment Benefits Funded Status

See Note 2 in the notes to the financial statements for additional information regarding the County's other postemployment benefits. Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75 to pay related benefits.

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

The following changes occurred:

2024

- The discount rate was changed from 4.00 percent to 3.70 percent.

Grant County Elbow, Minnesota

- The health care trend rates were updated to better anticipate short-term and long-term medical increases.
- The future retirees electing coverage for pre-65 subsidy eligible retirees was lowered from 75 percent to 50 percent.

2023

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

2022

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The salary increase rates were updated to reflect the latest experience study.
- The retirement and withdrawal rates were updated to reflect the latest experience study.
- 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 employee classification.
- The discount rate was changed from 3.80 percent to 2.90 percent.

2019

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

Grant County Elbow, Minnesota

2018

- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire personnel) to the RP-2014 White Collar Mortality tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire personnel).

Note 5 – Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

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

General Employees Retirement Plan

2024

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

2023

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

Grant County Elbow, Minnesota

- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Grant County Elbow, Minnesota

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 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

Grant County Elbow, Minnesota

annually through calendar year 2031.

2016

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

Public Employees Police and Fire Plan

2024

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

2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

Grant County Elbow, Minnesota

2022

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

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 Healthy Annuitant Mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety Disabled Annuitant Mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

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

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.

Grant County Elbow, Minnesota

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

2017

- The assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- The assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and non-vested, deferred members. The CSA load has been changed to 33 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality table assumed for healthy retirees.
- The assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- The assumed percentage of married female members was decreased from 65 percent to 60 percent.
- The assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Grant County Elbow, Minnesota

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.

Supplementary Information

Combining and Individual Fund Financial Statements

**Grant County
Elbow Lake, Minnesota**

Nonmajor Governmental Funds

Special Revenue Funds

The Ditch Fund accounts for the financing and related costs of all County ditches.

The Solid Waste Fund accounts for the financing and costs related to the collection and disposal of solid waste and the County recycling activities.

Permanent Fund

The Trust Payment Fund accounts for resources legally restricted to the extent that only earnings and not principal from the Trust Payment Permanent Fund may be used for County purposes.

**Grant County
Elbow Lake, Minnesota**

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

	Ditch Special Revenue	Solid Waste Special Revenue	Trust Payment Permanent	Total
<u>Assets</u>				
Cash and pooled investments	\$ 35,713	\$ 313,431	\$ 166,375	\$ 515,519
Special assessments receivable				
Delinquent	-	3,585	-	3,585
Accrued interest receivable	10	-	-	10
Due from other governments	-	34,200	-	34,200
Total Assets	\$ 35,723	\$ 351,216	\$ 166,375	\$ 553,314
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
Liabilities				
Accounts payable	\$ -	\$ 2,200	\$ -	\$ 2,200
Salaries payable	-	1,262	-	1,262
Due to other governments	-	29,198	-	29,198
Total Liabilities	\$ -	\$ 32,660	\$ -	\$ 32,660
Deferred Inflows of Resources				
Unavailable revenues	\$ -	\$ 2,740	\$ -	\$ 2,740
Fund Balances				
Nonspendable				
Trust principal	\$ -	\$ -	\$ 166,375	\$ 166,375
Restricted				
Ditch maintenance and construction	35,723	-	-	35,723
Assigned				
Sanitation	-	315,816	-	315,816
Total Fund Balances	\$ 35,723	\$ 315,816	\$ 166,375	\$ 517,914
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 35,723	\$ 351,216	\$ 166,375	\$ 553,314

**Grant County
Elbow Lake, Minnesota**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

**Nonmajor Governmental Funds
For the Year Ended December 31, 2024**

	Ditch Special Revenue	Solid Waste Special Revenue	Formerly Nonmajor Fund Courthouse Improvement Debt Service	Trust Payment Permanent	Total
Revenues					
Special assessments	\$ 13,976	\$ 141,675	\$ -	\$ -	\$ 155,651
Intergovernmental	-	86,753	-	-	86,753
Charges for services	-	537,149	-	-	537,149
Investment earnings	1,171	-	-	-	1,171
Miscellaneous	-	83,486	-	-	83,486
Total Revenues	\$ 15,147	\$ 849,063	\$ -	\$ -	\$ 864,210
Expenditures					
Current					
Sanitation	\$ -	\$ 823,207	\$ -	\$ -	\$ 823,207
Conservation of natural resources	41,388	-	-	-	41,388
Intergovernmental					
Conservation of natural resources	310,107	-	-	-	310,107
Total Expenditures	\$ 351,495	\$ 823,207	\$ -	\$ -	\$ 1,174,702
Net Change in Fund Balance	\$ (336,348)	\$ 25,856	\$ -	\$ -	\$ (310,492)
Fund Balance – January 1, as previously reported	\$ 372,071	\$ 289,960	\$ 1,618,485	\$ 166,375	\$ 2,446,891
Change within financial reporting entity (nonmajor to major fund)	-	-	(1,618,485)	-	(1,618,485)
Fund Balance – January 1, as adjusted	\$ 372,071	\$ 289,960	\$ -	\$ 166,375	\$ 828,406
Fund Balance – December 31	\$ 35,723	\$ 315,816	\$ -	\$ 166,375	\$ 517,914

**Grant County
Elbow Lake, 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	\$	138,557	\$	138,557	\$	141,675	\$ 3,118
Intergovernmental		72,440		72,440		86,753	14,313
Charges for services		580,063		580,063		537,149	(42,914)
Miscellaneous		54,240		54,240		83,486	29,246
Total Revenues	\$	845,300	\$	845,300	\$	849,063	\$ 3,763
Expenditures							
Current							
Sanitation							
Waste collection	\$	494,800	\$	494,800	\$	489,767	\$ 5,033
Recycling		320,500		320,500		326,421	(5,921)
Household hazardous waste		30,000		30,000		7,019	22,981
Total Expenditures	\$	845,300	\$	845,300	\$	823,207	\$ 22,093
Excess of Revenues Over (Under) Expenditures	\$	-	\$	-	\$	25,856	\$ 25,856
Other Financing Sources (Uses)							
Transfers in	\$	169,920	\$	169,920	\$	-	\$ (169,920)
Transfers out		(169,920)		(169,920)		-	169,920
Total Other Financing Sources (Uses)	\$	-	\$	-	\$	-	\$ -
Net Change in Fund Balance	\$	-	\$	-	\$	25,856	\$ 25,856
Fund Balance – January 1		289,960		289,960		289,960	-
Fund Balance – December 31	\$	289,960	\$	289,960	\$	315,816	\$ 25,856

Grant County Elbow Lake, Minnesota

Fiduciary Funds

Custodial Funds

The State Revenue Fund accounts for the collection and payment of money due to the State of Minnesota.

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

**Grant County
Elbow Lake, Minnesota**

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

	State Revenue	Taxes and Penalties	Total Custodial Funds
<u>Assets</u>			
Cash and pooled investments	\$ 1,650	\$ 136,011	\$ 137,661
Taxes receivable for other governments	-	147,913	147,913
Total Assets	\$ 1,650	\$ 283,924	\$ 285,574
<u>Liabilities</u>			
Due to other governments	\$ 1,650	\$ 136,036	\$ 137,686
<u>Net Position</u>			
Restricted for individuals, organizations, and other governments	\$ -	\$ 147,888	\$ 147,888

**Grant County
Elbow Lake, Minnesota**

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

	State Revenue	Taxes and Penalties	Total Custodial Funds
<u>Additions</u>			
Property tax collections for other governments	\$ -	\$ 7,345,171	\$ 7,345,171
Licenses and fees collected for the state	20,996	-	20,996
Total Additions	\$ 20,996	\$ 7,345,171	\$ 7,366,167
<u>Deductions</u>			
Payments of property tax to other governments	\$ -	\$ 7,379,360	\$ 7,379,360
Payments to the state	20,996	-	20,996
Total Deductions	\$ 20,996	\$ 7,379,360	\$ 7,400,356
Change in Net Position	\$ -	\$ (34,189)	\$ (34,189)
Net Position – January 1	-	182,077	182,077
Net Position – December 31	\$ -	\$ 147,888	\$ 147,888

Other Schedules

**Grant County
Elbow Lake, Minnesota**

**Balance Sheet – By Ditch
Ditch Special Revenue Fund
December 31, 2024**

	Cash	Accrued Interest Receivable	Total Assets	Fund Balances Restricted (Unassigned)
County Ditches				
#1	\$ 6,794	\$ 2	\$ 6,796	\$ 6,796
#13	2,126	1	2,127	2,127
#23	7,385	2	7,387	7,387
#30	9,742	3	9,745	9,745
#31	3,373	1	3,374	3,374
Judicial Ditches				
#1	6,163	1	6,164	6,164
Admin Fees	130	-	130	130
Total	\$ 35,713	\$ 10	\$ 35,723	\$ 35,723

Exhibit D-2

**Grant County
Elbow Lake, Minnesota**

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

Appropriations and Shared Revenue**State**

Highway users tax	\$ 3,841,003
County program aid	670,458
Market value credit	148,323
PERA	16,250
Disparity reduction aid	5,104
Aquatic invasive species aid	52,382
Police aid	115,608
Local affordable housing aid	84,883
Riparian protection aid	99,613
Cannabis aid	2,114
E-911	154,962
SCORE	86,753

Total appropriations and shared revenue	\$ 5,277,453
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Payments**Federal**

Qualified energy conservation payment subsidy	\$ 35,534
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State

Payments in lieu of taxes	122,355
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Local

Payments in lieu of taxes	7,245
Local contributions	15,000

Total payments	\$ 180,134
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Grants**State**

Minnesota Department/Board of	
Agriculture	\$ 61,019
Public Safety	54,777
Natural Resources	45,160
Veterans Affairs	7,500
Water and Soil Resources	21,200
Peace Officers Standards and Training Board	9,123
Secretary of State	38,913

Total state	\$ 237,692
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Federal

Department of	
Agriculture	\$ 4,181
Transportation	676,224
Treasury	424,126
Health and Human Services	12,697
Homeland Security	78,949

Total federal	\$ 1,196,177
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Total state and federal grants	\$ 1,433,869
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Total Intergovernmental Revenue	\$ 6,891,456
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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
Grant County
Elbow Lake, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Grant 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 31, 2025. Our report includes a reference to other auditors who audited the financial statements of the Housing and Redevelopment Authority of Grant County as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Recommendations as items 2024-001 through 2024-003, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grant 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, we noted that Grant County failed to comply with the provisions of the claims and disbursements section 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, as described in the Schedule of Findings and Recommendations as item 2024-004. Also, in connection with our audit, nothing came to our attention that caused us to believe that Grant County failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, 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.

Grant County's Response to Findings

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

Purpose of This Report

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

/s/Julie Blaha

Julie Blaha
State Auditor

October 31, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Grant County Elbow Lake, Minnesota

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

Section I – Financial Statement Findings

2024-001 Departmental Internal Accounting Controls

Prior Year Finding Number: 2023-001

Year of Finding Origination: 1996

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

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

Condition: Several of the County's departments that collect fees lack proper segregation of duties. These departments generally have one staff person responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

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

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

Cause: County management has informed us it is impractical for them to hire enough staff to achieve a desirable level of segregation of duties in every department.

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

View of Responsible Official: Acknowledge

2024-002 Documenting and Monitoring Internal Controls

Prior Year Finding Number: 2023-002

Year of Finding Origination: 2012

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: County management is responsible for the County's internal control over financial reporting. This responsibility requires performing an assessment of existing controls over significant functions used to produce financial information for the Board, management, and external financial reporting. The risk assessment is intended to determine if the internal controls that County management has established are still effective or if

Grant County Elbow Lake Minnesota

changes are needed to maintain a sound internal control structure. Changes may be necessary due to events, such as organizational restructuring, updates to information systems, or changes to services being provided.

Condition: Grant County maintains narratives to document the controls in place over its significant transaction cycles. However, there is no formal risk assessment process in place to determine if the internal controls are still effective or if changes are needed to maintain a sound internal control structure.

Context: Local governments may establish controls but fail to review those controls periodically to ensure they are appropriate for the changes that take place over time.

Effect: The internal control environment is constantly changing with changes in staffing, information systems, processes, and the services provided. Changes that reduce or negate the effectiveness of internal controls may go unnoticed without a formal and timely risk assessment process in place.

Cause: The County has informed us that it lacks resources dedicated to establishing a formal process for assessing risks, documenting the internal controls established to reduce those risks, and monitoring of those controls.

Recommendation: Grant County management should document the significant internal controls in its accounting system, including an assessment of risk and the processes used to minimize the risks. County management should develop a formal plan that calls for monitoring the internal control structure on a regular basis and at least annually. The County should also document the monitoring activity to show the results of the review, any changes required, and who performed the work.

View of Responsible Official: Acknowledge

2024-003 Credit Card Purchases

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: A strong internal control system has a review process for all purchases before payment, including those made with a credit card. The County's Personnel Policy Handbook requires personnel and officials to submit receipts to the Auditor's Office for credit card purchases. The County's policy states tips are not reimbursable expenses, with an exception as listed in the policy; therefore, it is unclear if tips are an eligible expense on a County credit card. Additionally, Minn. Stat. § 471.38, subd. 1, requires claims presented for payment must be in writing and itemized.

Condition: All transactions from four monthly statements were selected for testing. The following deficiencies were identified during the testing of the credit card use by the County:

- Five transactions included tips on meals.
- Five transactions did not include itemized invoices or receipts.
- Eleven transactions were missing invoices or receipts.

Grant County Elbow Lake Minnesota

- Five transactions did not have the department head or a supervisor signature indicating approval of the transactions.

Context: Monthly credit card statements lack sufficient detail to comply with the statutory requirement. Each of the four statements selected for testing contains items reported as deficiencies.

Effect: Failure to follow the credit card policy increases the likelihood for misuse of County funds.

Cause: Some employees did not submit receipts or submitted only partial or non-itemized receipts. The Auditor's Office did not flag these or return them to the appropriate departments for correction prior to payment. County staff were not aware of the County's policy regarding tips.

Recommendation: We recommend the County follow the Board-approved credit card policy, follow Minn. Stat. § 471.38, subd. 1, and implement an internal control process that requires department head or supervisor approval for all purchases. Additionally, we recommend that the County update the policy to include a requirement for itemized receipts and supervisor approval and clarify tip allowability. The County should provide its policies to all departments and personnel.

View of Responsible Official: Acknowledge

Section II – Other Findings and Recommendations

2024-004 Prompt Payment of Invoices

Prior Year Finding Number: 2023-007

Year of Finding Origination: 2023

Type of Finding: Minnesota Legal Compliance

Criteria: Pursuant to Minn. Stat. § 471.425, subd. 2, the County is required to make payment on vendor invoices according to the terms of the contract, or within 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later. For bills paid after the time period set by contract or standard payment period, the government entity must calculate and pay interest as required.

Condition: Two of the 25 invoices tested for compliance with this statute were not paid within the required 35 days. In addition, the County did not calculate or pay interest on either invoice.

Context: The invoices are received in the departments. The department head reviews and approves the invoice and sends it to the Auditor's Office for payment.

Effect: Noncompliance with Minn. Stat. § 471.425, subd. 2.

Cause: The County informed us that invoices were received in a department. The department did not provide the invoices to the Auditor's Office in time to meet the 35-day requirement.

Recommendation: We recommend the County develop a process to ensure payments are made in accordance with Minn. Stat. § 471.425, subd. 2.

View of Responsible Official: Concur

GRANT COUNTY AUDITOR'S OFFICE



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Chad Van Santen
Auditor

Representation of Grant County Elbow Lake, Minnesota

Corrective Action Plan
For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Departmental Internal Accounting Controls

Name of Contact Person Responsible for Corrective Action:

Chad Van Santen, Grant County Auditor

Corrective Action Planned:

Grant County will continue to monitor departmental internal accounting controls with the limited number of staffing in certain offices. Management will work on drafting and implementing formal policies and procedures.

Anticipated Completion Date:

December 31, 2025

Finding Number: 2024-002

Finding Title: Documenting and Monitoring Internal Controls

Name of Contact Person Responsible for Corrective Action:

Chad Van Santen, Grant County Auditor

Corrective Action Planned:

Grant County will attempt to establish a formal plan of monitoring internal controls; until such time, management will continue to maintain narratives to document internal controls in place.

Anticipated Completion Date:

December 31, 2025

Finding Number: 2024-003

Finding Title: Credit Card Purchases

Name of Contact Person Responsible for Corrective Action:

Chad Van Santen, Grant County Auditor

Corrective Action Planned:

Grant County Auditor's Office will contact departments to inform them of need for original copy of detailed receipts and will verify prior to issuing payment.

Anticipated Completion Date:

December 31, 2025

Finding Number: 2024-004

Finding Title: Prompt Payment of Invoices

Name of Contact Person Responsible for Corrective Action:

Chad Van Santen, Grant County Auditor

Corrective Action Planned:

Departments will be contacted and informed of the requirement of making prompt payment of invoices within the required time and allowance of time for processing.

Anticipated Completion Date:

December 31, 2025



GRANT COUNTY

BOARD OF COMMISSIONERS

10 Second Street N.E.
Elbow Lake, Minnesota 56531-4400
Ph: 218-685-8236 • Fax: 218-685-4521

Representation of Grant County Elbow Lake, Minnesota

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

Finding Number: 2023-001
Year of Finding Origination: 1996
Finding Title: Departmental Internal Accounting Controls

Summary of Condition: The limited number of personnel within several Grant County offices results in a lack of segregation of accounting duties necessary to ensure adequate internal accounting control. The smaller offices that collect fees generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Summary of Corrective Action Previously Reported: Grant County will continue to monitor departmental internal accounting controls with the limited number of staff in certain offices. Management will work on drafting and implementing formal policies and procedures.

Status: Not Corrected. Grant County management is aware of the risks associated with the absence of an adopted procedure policy over departmental internal accounting controls but was unable to correct due to the limited resources and personnel. Management will continue to monitor the condition and work on drafting formal policies and procedures. Revenues collected by departments are brought to the Auditors office for receipt processing and then directed to the Treasurer's office for deposit. Monthly reports are available to department heads on a monthly basis or as requested for review and accuracy.

Finding Number: 2023-002
Year of Finding Origination: 2012
Finding Title: Documenting and Monitoring Internal Control

Summary of Condition: Grant County maintains narratives to document the controls in place over its significant transaction cycles. However, there is no formal risk assessment process in place to determine if the internal controls that have been established by County management are still effective or if changes are needed to maintain a sound internal control structure.

Summary of Corrective Action Previously Reported: Grant County will attempt to establish a formal plan of monitoring internal controls; until such time, management will continue to maintain narratives to document the controls in place.

Status: Not Corrected. Grant County management is aware of the need to establish a formal plan for monitoring internal controls and will continue to work on development of such in the future but was unable to correct due to the limited resources and personnel. Until such time that a plan is formalized, management will continue to maintain narratives to document controls currently in place.

Finding Number: 2023-003
Year of Finding Origination: 2023
Finding Title: Audit Adjustments

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

Summary of Corrective Action Previously Reported: Year end audit adjustments will be made and reviewed by the Grant County Auditor's Office upon completion and approval of the prior year annual audit.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-004
Year of Finding Origination: 2023
Finding Title: Budget Deficiencies

Summary of Condition: The budget entered in the County's Integrated Financial System (IFS) for the Road and Bridge Special Revenue Fund was the 2022 approved budget rather than the 2023 approved budget.

Summary of Corrective Action Previously Reported: Adopted departmental budgets will be entered by the Grant County Auditor's Office and upon completion will be reviewed by the department heads for accuracy.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-005
Year of Finding Origination: 2023
Finding Title: Suspension and Debarment
Program: 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Summary of Condition: For both covered transactions selected for testing, the County did not perform the verification for suspended or debarred vendors prior to entering into the covered transactions.

Summary of Corrective Action Previously Reported: Grant County management will review vendor payments requiring checking for suspension and debarment in accordance with requirements of funding in the future.

Status: Not Corrected. Grant County will perform verification for vendors paid in future in accordance with funding requirements.

Finding Number: 2023-006
Year of Finding Origination: 2023
Finding Title: Contract Compliance

Summary of Condition: The County entered into a manager at risk contract for one project. The selection process described in Minn. Stat. § 471.463, subd. 4, was not used.

Summary of Corrective Action Previously Reported: Grant County management will review requirements of compliance prior to award of contracts in the future.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-007
Year of Finding Origination: 2023
Finding Title: Prompt Payment of Invoices

Summary of Condition: Two of 25 invoices tested for compliance with this statute were not paid within the required 35 days. In addition, the County did not calculate or pay interest on either invoice.

Summary of Corrective Action Previously Reported: Departments will be contacted and informed of the requirement of making prompt payment of invoices within the required time and allowance of time for processing.

Status: Not Corrected. Grant County Auditor has informed departments of the requirement and will be documenting those invoices that are submitted not meeting the requirement for payment to be issued within the 35 days.

Finding Number: 2023-008
Year of Finding Origination: 2020
Finding Title: Publication of Board Minutes

Summary of Condition: Based on a review of the affidavits of publication related to the publishing of a summary of Board minutes for 2023, not all of the summaries were published in the County's official newspaper within the 30-day requirement.

Summary of Corrective Action Previously Reported: The Grant County Auditor will develop a process to ensure that approved board minutes are published within the required 30 days and work with the publishing vendor to review they are published in compliance with MN Statute 375.12.

Status: Fully Corrected. Corrective action was taken.