

**MOWER COUNTY
AUSTIN, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2024



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AUSTIN, MINNESOTA
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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Mower County
Austin, Minnesota

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditors' 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Mower 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mower 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, schedules of changes in the total OPEB liability, related ratios, and notes, schedule of the county's proportionate share of the net pension liability, schedule of the county contributions, and notes to required supplementary information, as listed in the table of contents, 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 GAAS, 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 the County's basic financial statements. The combining and individual nonmajor fund financial statements, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements, combining statement of fiduciary net position, combining statement of changes in fiduciary net position, schedule of intergovernmental revenue, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of County Commissioners
Mower County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2025, on our consideration of the 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 the 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 Mower County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
July 23, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal years include the following:

- ◆ County-wide net position increased 2.3% over the prior year amount.
- ◆ Overall fund-level revenues totaled \$70,077,878 and were \$259,770 more than expenditures; this is primarily due to investment earnings coming in higher than budgeted.
- ◆ The General Fund's fund balance decreased by \$1,360,406 from the prior year; this is primarily due to a budgeted spend down.
- ◆ The Road and Bridge Fund's fund balance increased \$2,550,100 from the prior year primarily due to road construction grant revenues coming in more than budgeted and expenditures being less than budgeted.
- ◆ The Social Services Fund's fund balance increased by \$139,428 primarily due to increases in intergovernmental revenues.
- ◆ The Capital Projects Fund reflects a decrease of \$668,226 in fund balance. The decrease in this fund is primarily due to the planned spend down of fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

- ◆ The financial section of the annual report consists of four parts – independent auditors' report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County:
 - The first two statements are County-wide financial statements which provide both short-term and long-term information about the County's overall financial status.
 - The remaining statements are fund financial statements which focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
- ◆ The governmental funds' statements tell how basic services such as general government, social services, and highways and streets were financed in the short term as well as what remains for future spending.
- ◆ Fiduciary funds' statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others to whom the resources belong.

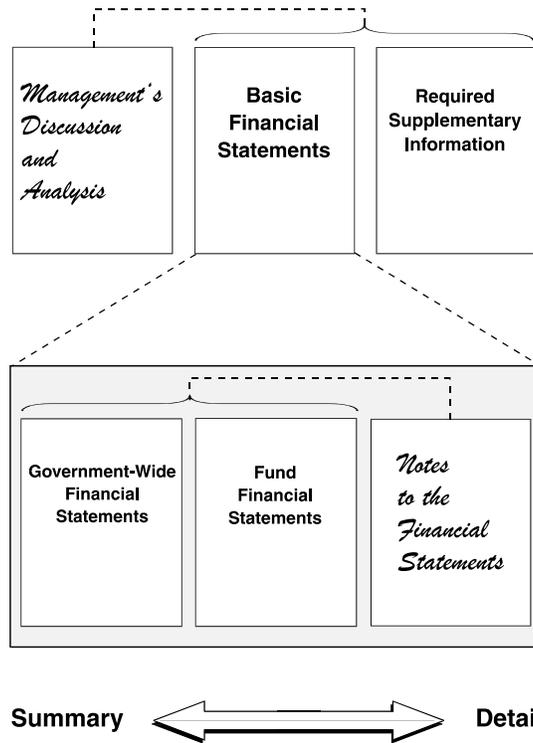
**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

**Figure A-1
Annual Report Format**



**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Type of Statements	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire County's government (except fiduciary funds).	The activities of the County that are not proprietary or fiduciary.	Instances in which the County is the trustee or agent for someone else's resources.
Required Financial Statements	Statement of net position.	Balance sheet.	Statement of fiduciary net position.
	Statement of activities.	Statement of revenues, expenditures, and changes in fund balance.	Statement of changes in fiduciary net position.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term.	Only assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included.	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both short-term and long-term. Custodial funds do not currently contain capital assets, although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All additions and deductions during year, regardless of when cash is received or paid.

COUNTY-WIDE STATEMENTS

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

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

COUNTY-WIDE STATEMENTS (CONTINUED)

The two County-wide statements report the County's net position and how they have changed. Net position – the difference between the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the County's financial health or position.

- ◆ Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ◆ To assess the overall health of the County, you need to consider additional nonfinancial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.

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

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

FUND FINANCIAL STATEMENTS

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

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

THE COUNTY HAS TWO KINDS OF FUNDS:

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

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

NET POSITION

The County's net position was \$188,635,543 on December 31, 2024 (see Table A-1).

**Table A-1
The County's Net Position**

	Governmental Activities		Percentage Change
	2024	2023	
Current and Other Assets	\$ 61,993,294	\$ 64,973,011	(4.6)%
Capital Assets	167,482,863	161,848,020	3.5
Total Assets	229,476,157	226,821,031	1.2
Deferred Outflows of Resources	9,166,885	12,356,377	(25.8)
Current Liabilities	14,561,348	20,321,285	(28.3)
Long-Term Liabilities, Due in More Than One Year	19,488,001	20,078,978	(2.9)
Total Liabilities	34,049,349	40,400,263	(15.7)
Deferred Inflows of Resources	15,958,150	14,331,824	11.3
Net Position:			
Net Investment in Capital Assets	167,287,310	160,577,123	4.2
Restricted	9,752,790	11,668,602	(16.4)
Unrestricted	11,595,443	12,199,596	(5.0)
Total Net Position	<u>\$ 188,635,543</u>	<u>\$ 184,445,321</u>	2.3

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

CHANGES IN NET POSITION

The County-wide total revenues were \$68,310,550 for the year ended December 31, 2024. Property and other taxes and intergovernmental revenues accounted for 85% of total revenues for the year (See Table A-2).

**CHANGE IN NET POSITION
Table A-2**

	Governmental Activities for the Fiscal		Percentage Change
	Year Ended December 31, 2024	December 31, 2023	
REVENUES			
Program Revenues:			
Charges for Services	\$ 6,583,740	\$ 7,042,632	(6.5)%
Operating Grants and Contributions	11,923,691	12,761,654	(6.6)
Capital Grants and Contributions	7,847,138	8,494,062	(7.6)
General Revenues:			
Property Taxes	24,779,395	23,698,837	4.6
Other Taxes	4,806,578	5,076,877	(5.3)
Unrestricted Grants and Contributions	8,437,806	6,740,055	25.2
Unrestricted Investment Earnings	2,271,909	3,083,626	(26.3)
Miscellaneous	1,454,327	1,073,945	35.4
Gain on Sale of Capital Assets	205,966	30,330	579.1
Total Revenues	<u>68,310,550</u>	<u>68,002,018</u>	0.5
EXPENSES			
General Government	13,953,523	13,382,196	4.3
Public Safety	15,464,971	14,672,328	5.4
Highways and Streets	12,268,475	13,268,921	(7.5)
Sanitation	1,257,697	1,238,539	1.5
Human Services	16,609,486	14,480,751	14.7
Health	2,079,645	2,917,315	(28.7)
Culture and Recreation	653,290	676,201	(3.4)
Conservation of Natural Resources	1,498,074	1,419,753	5.5
Economic Development	335,167	360,910	(7.1)
Total Expenses	<u>64,120,328</u>	<u>62,416,914</u>	2.7
CHANGE IN NET POSITION	4,190,222	5,585,104	(25.0)
Net Position - Beginning of Year	<u>184,445,321</u>	<u>178,860,217</u>	3.1
NET POSITION - END OF YEAR	<u><u>\$ 188,635,543</u></u>	<u><u>\$ 184,445,321</u></u>	2.3

Total revenues surpassed expenses, increasing net position \$4,190,222 over last year.

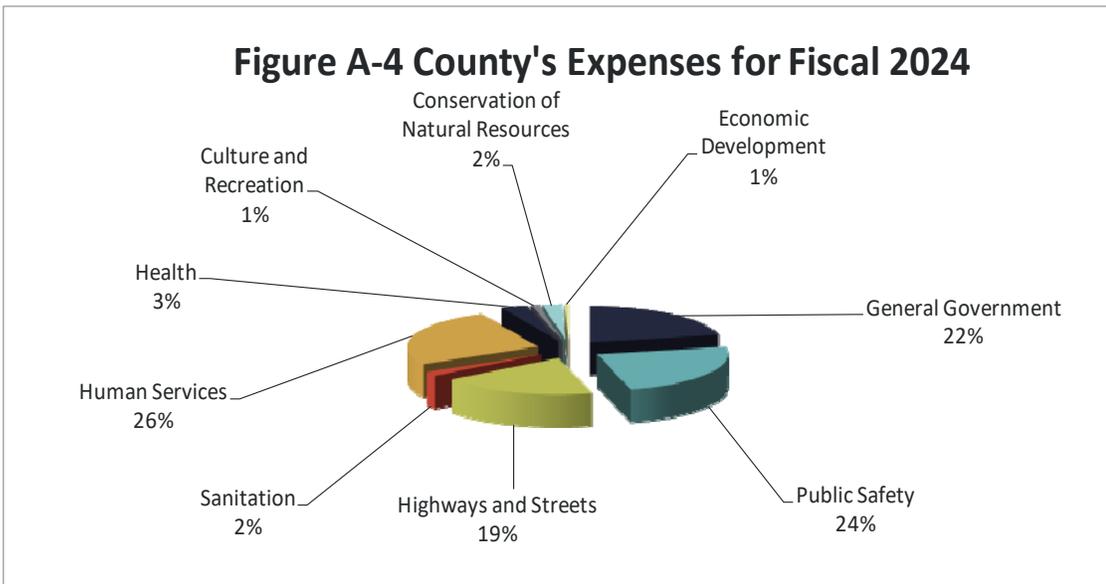
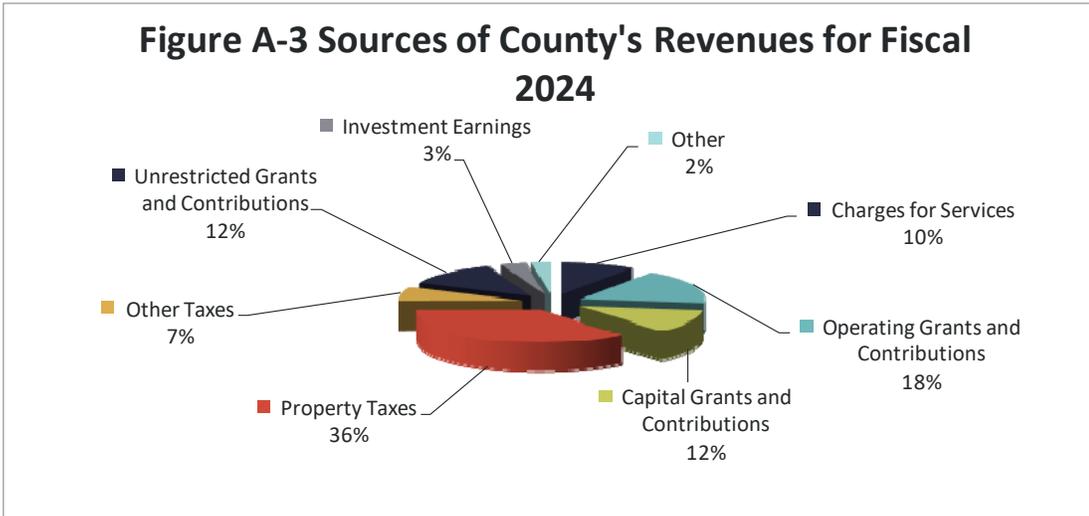
**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

CHANGES IN NET POSITION (CONTINUED)

The County-wide cost of all governmental activities this year was \$64,120,328.

- ◆ Some of the cost was paid by the users of the County's programs (\$6,583,740).
- ◆ Federal, state, and local governments subsidized certain programs with grants and contributions (\$19,770,829).
- ◆ Most of the County's remaining costs (\$37,765,759), however, were paid for by County taxpayers and the taxpayers of our state. This portion of governmental activities was paid for with \$24,779,395 in property taxes, \$4,806,578 of other taxes, \$8,437,806 of unrestricted grants and contributions, and of \$2,271,909 of investment earnings and \$1,660,293 of other general revenues.



**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (CONTINUED)

CHANGES IN NET POSITION (CONTINUED)

**Table A-3
Total and Net Cost of Services**

	Total Cost of Services			Net Revenue (Cost) of Services		
	2024	2023	Change	2024	2023	Change
General Government	\$ 13,953,523	\$ 13,382,196	4.3 %	\$ (12,228,118)	\$ (11,559,093)	(5.8)%
Public Safety	15,464,971	14,672,328	5.4	(13,593,870)	(12,509,386)	(8.7)
Highways and Streets	12,268,475	13,268,921	(7.5)	(3,730,115)	(3,445,446)	(8.3)
Sanitation	1,257,697	1,238,539	1.5	559,695	269,328	107.8
Human Services	16,609,486	14,480,751	14.7	(6,289,907)	(4,818,410)	(30.5)
Health	2,079,645	2,917,315	(28.7)	(723,077)	(373,621)	(93.5)
Culture and Recreation	653,290	676,201	(3.4)	(653,290)	(676,201)	3.4
Conservation of						
Natural Resources	1,498,074	1,419,753	5.5	(771,910)	(644,827)	(19.7)
Economic Development	335,167	360,910	(7.1)	(335,167)	(360,910)	7.1
	\$ 64,120,328	\$ 62,416,914	2.7	\$ (37,765,759)	\$ (34,118,566)	(10.7)

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL

The financial performance of the County as a whole is reflected in its governmental funds as well. As the County completed the year, its governmental funds reported a combined fund balance of \$55,330,766.

Revenues for the County's governmental funds were \$70,077,878, while total expenditures were \$69,818,108.

GENERAL FUND

The General Fund includes the primary operations of the County in providing services to citizens and some capital outlay projects.

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund revenues:

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	December 31, 2024	December 31, 2023	Increase (Decrease)	Percent
Taxes	\$ 16,361,592	\$ 16,023,043	\$ 338,549	2.1 %
Special Assessments	1,224,036	1,646,347	(422,311)	(25.7)
Intergovernmental	6,199,191	5,312,352	886,839	16.7
Charges for Services	1,153,812	1,018,724	135,088	13.3
Investment Earnings	2,271,895	3,082,107	(810,212)	(26.3)
Miscellaneous and Other	1,666,706	1,722,192	(55,486)	(3.2)
Total General Fund Revenue	<u>\$ 28,877,232</u>	<u>\$ 28,804,765</u>	<u>\$ 72,467</u>	0.3

Total General Fund revenue increased by \$72,467 or 0.3%, from the previous year. Intergovernmental operating grants primarily accounted for the increase in revenues, which was slightly offset by a decrease in investment earnings.

The following schedule presents a summary of General Fund expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2024	December 31, 2023	Increase (Decrease)	Percent
General Government	\$ 12,360,079	\$ 11,809,433	\$ 550,646	4.7 %
Public Safety	14,105,449	13,339,286	766,163	5.7
Sanitation	1,172,531	1,166,208	6,323	0.5
Culture and Recreation	537,058	556,168	(19,110)	(3.4)
Conservation of Natural Resources	459,110	444,899	14,211	3.2
Economic Development	335,167	360,910	(25,743)	(7.1)
Capital Outlay	1,270,952	985,065	285,887	29.0
Debt Service	30	76	(46)	(60.5)
Energy	88	442,174	(442,086)	(100.0)
Total General Fund Expenditures	<u>\$ 30,240,464</u>	<u>\$ 29,104,219</u>	<u>\$ 1,136,245</u>	3.9

The General Fund had total fund balance of \$25,452,085 at the end of the current fiscal year. The fund balance of the General Fund decreased by \$1,360,406 during the current fiscal year primarily due to a budgeted spend down of \$308,669 and an increase in wages.

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FINANCIAL ANALYSIS OF THE COUNTY AT THE FUND LEVEL (CONTINUED)

OTHER MAJOR FUNDS ANALYSIS

The Road and Bridge Fund had total fund balance of \$13,197,143 the end of the current fiscal year. The fund balance of the Road and Bridge Fund increased \$2,550,100 during the current fiscal year primarily due to revenues coming in over budget and road construction expenditures coming in greater than budget.

The Social Services Fund had total fund balance of \$10,830,863 at the end of the current fiscal year. The fund balance of the Social Services Fund increased \$139,428; this is primarily due to increases in intergovernmental revenue.

The Capital Projects Fund had a total fund balance of \$2,456,820 at the end of the current fiscal year. The fund balance of the Capital Projects fund decreased \$668,226 primarily due the budgeted spend down of fund balance in this fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

- ◆ Actual revenues were \$1,970,275 more than expected resulting primarily from investment earnings and intergovernmental revenues coming in over budget.
- ◆ The actual expenditures were \$3,024,838 more than budget primarily from an increase in salary and related expenditures.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Capital Projects Fund is currently being used to track the capital improvement projects approved by the board over the past years. The majority of construction expenditures are for construction and remodel of buildings needed to provide services that come with growth, particularly in general government and public safety functions.

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

CONSTRUCTION PROJECTS AND DEBT SERVICE (CONTINUED)

CAPITAL ASSETS

By the end of 2024, the County had invested approximately \$264,191,000 in a broad range of capital assets, including buildings, computers, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.4 to the financial statements.) Total depreciation expense for the year was \$5,736,825.

**Capital Assets
Table A-6
The County's Capital Assets**

	Governmental Activities		Percentage Change
	2024	2023	
Land and Right of Way	\$ 16,787,107	\$ 16,787,107	-
Construction in Progress	5,474	5,562,993	(99.9)
Buildings and Building Improvements	38,812,311	38,091,941	1.9
Improvements Other than Buildings	1,390,255	1,390,255	-
Machinery and Equipment	15,797,042	14,081,767	12.2
Software	547,540	532,000	2.9
Infrastructure	190,851,083	177,480,756	7.5
Accumulated Depreciation	(96,707,949)	(92,078,799)	5.0
Total	<u>\$ 167,482,863</u>	<u>\$ 161,848,020</u>	3.5

LONG-TERM LIABILITIES

At year-end, the County had \$31,192,150 in long-term liabilities outstanding.

- ◆ The County's total long-term liabilities decreased \$4,903,035, due largely to the decrease in the net pension liability in the current year. More detailed information about long term liabilities can be found in Note 3.B. of the financial statements.

**Governmental Activities Outstanding Long-Term Liabilities
Table A-7
The County's Long-term Liabilities**

	Governmental Activities		Percentage Change
	2024	2023	
Notes from direct borrowings	\$ 849,934	\$ 1,022,714	(16.9)%
Compensated Absences Payable	2,354,179	1,974,641	19.2
Other Postemployment Benefits Payable	17,647,812	18,544,849	(4.8)
Net Pension Liability	10,340,225	14,552,981	(28.9)
Total	<u>\$ 31,192,150</u>	<u>\$ 36,095,185</u>	(13.6)

**MOWER COUNTY
AUSTIN, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024**

FACTORS BEARING ON THE COUNTY'S FUTURE AND 2024 BUDGET

The County is depending on the state of Minnesota for a significant portion of its revenue. Recent trends indicate that the state of Minnesota will continue to decrease state aid in the future.

The County set the 2025 expenditure and revenue budget at \$73,113,906, an increase of \$5,664,596 from the 2024 budget. Anticipating higher costs throughout the year, the changes included a \$3,084,288 increase in the general fund, a \$1,492,552 increase in highway and streets, and a \$877,156 increase in human services.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the county's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Matthew Verdick, County Administrator, or Loni Swenson, Finance Director at (507) 437-9549. Separate financial statements of the Mower County HRA can be obtained at 59039 220th Street, Austin, Minnesota 55912.

BASIC FINANCIAL STATEMENTS

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Primary Government Governmental Activities	Discretely Presented Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and Pooled Investments	\$ 51,131,537	\$ 1,018,530
Petty Cash and Change Funds	1,770	-
Tenant Deposit Cash	-	42,892
Taxes Receivable:		
Delinquent	332,077	74,901
Special Assessments Receivable:		
Current	184,929	-
Delinquent	84,419	-
Noncurrent	12,562	-
Accounts Receivable - Net	1,136,888	9,849
Accrued Interest Receivable	187,732	2,443
Loans Receivable	3,062,948	-
Due from Other Governments	5,193,204	-
Restricted Assets - Temporary	29,918	7,772
Prepaid Items	635,310	46,195
Nondepreciable Capital Assets:		
Land and Right of Way	16,787,107	42,304
Construction in Progress	5,474	-
Depreciable Capital Assets:		
Buildings (Net)	23,655,702	1,117,218
Improvements Other Than Buildings (Net)	587,018	60,605
Machinery, Vehicles, Furniture, and Equipment (Net)	6,538,513	178,206
Software (Net)	14,504	-
Infrastructure (Net)	119,894,545	-
	229,476,157	2,600,915
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources - Pension Related	6,178,182	-
Deferred Outflows of Resources - Other Postemployment Benefit Related	2,988,703	-
Total Deferred Outflows of Resources	9,166,885	-

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2024**

	Primary Government <u>Governmental Activities</u>	Discretely Presented <u>Component Unit</u>
LIABILITIES		
Accounts Payable	\$ 912,183	\$ 20,880
Salaries Payable	1,402,011	12,704
Contracts Payable	195,555	-
Due to Other Governments	347,450	-
Accrued Expenses	-	22,934
Unearned Revenue	-	7,179
Compensated Absences Payable - Due within One Year	144,592	-
Other Postemployment Benefits Plan Payable - Due within One Year	1,216,941	-
Notes from Direct Borrowing - Due within One Year	2,391	5,316
Tenant Deposits Payable	-	42,892
Compensated Absences Payable - Due in More Than One Year	2,209,587	29,149
Other Postemployment Benefits Plan Payable - Due in More than One Year	16,430,871	-
Notes from Direct Borrowing - Due in More Than One Year	847,543	-
Net Pension Liability	10,340,225	-
	<u>34,049,349</u>	<u>141,054</u>
Total Liabilities		
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pension Related	10,736,354	-
Deferred Inflows of Resources - Other Postemployment Benefit Related	5,101,711	-
Deferred Inflows of Resources - Collected in Advance	120,085	-
	<u>15,958,150</u>	<u>-</u>
Total Deferred Inflows of Resources		
NET POSITION		
Net Investment in Capital Assets	167,287,310	1,393,017
Restricted for:		
General Government	1,219,489	-
Highways and Streets	2,246,897	-
Public Safety	877,491	-
HRA Housing	-	10,461
Conservation	2,881,786	-
Human Services	230,226	-
Debt Service	839,786	-
Opioid Remediation	1,457,115	-
Unrestricted	11,595,443	1,056,383
	<u>167,287,310</u>	<u>1,393,017</u>
Total Net Position	<u>\$ 188,635,543</u>	<u>\$ 2,459,861</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position Governmental Activities	Discretely Presented Component Unit
Primary Government:						
Governmental Activities:						
General Government	\$ 13,953,523	\$ 1,169,662	\$ 555,743	\$ -	\$ (12,228,118)	
Public Safety	15,464,971	1,192,586	678,515	-	(13,593,870)	
Highways and Streets	12,268,475	545,357	145,865	7,847,138	(3,730,115)	
Sanitation	1,257,697	1,430,807	386,585	-	559,695	
Human Services	16,609,486	1,493,061	8,826,518	-	(6,289,907)	
Health	2,079,645	85,878	1,270,690	-	(723,077)	
Culture and Recreation	653,290	-	-	-	(653,290)	
Conservation of Natural Resources	1,498,074	666,389	59,775	-	(771,910)	
Economic Development	335,167	-	-	-	(335,167)	
Total Governmental Activities	64,120,328	6,583,740	11,923,691	7,847,138	(37,765,759)	
Component Unit:						
Housing and Redevelopment Authority	1,447,628	639,543	471,978	110,518	-	\$ (225,589)
Total Reporting Entity	\$ 65,567,956	\$ 7,223,283	\$ 12,395,669	\$ 7,957,656	(37,765,759)	(225,589)
General Revenues						
Property Taxes					24,779,395	184,355
Wheelage Taxes					365,374	-
Transportation Sales and Use Tax					2,638,017	-
Wind Production Taxes					1,711,801	-
Mortgage Registry and Deed Tax					11,593	-
Payments in Lieu of Tax					79,793	-
Grants and Contributions not Restricted for a Particular Purpose					8,437,806	-
Unrestricted Investment Earnings					2,271,909	19,299
Miscellaneous					1,454,327	106,207
Gain on the Sale of Capital Assets					205,966	-
Total General Revenues					41,955,981	309,861
CHANGE IN NET POSITION					4,190,222	84,272
Net Position - Beginning of Year					184,445,321	2,375,589
NET POSITION - END OF YEAR					\$ 188,635,543	\$ 2,459,861

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

ASSETS	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>
Cash and Pooled Investments	\$ 23,998,598	\$ 12,247,416	\$ 9,974,086
Petty Cash and Change Funds	1,340	30	400
Taxes Receivable - Delinquent	202,184	43,430	83,043
Special Assessments Receivable - Current	46,734	-	-
Special Assessments Receivable - Delinquent	77,373	-	-
Special Assessments Receivable - Noncurrent	12,562	-	-
Accounts Receivable - Net	55,161	160,158	921,569
Accrued Interest Receivable	187,732	-	-
Loans Receivable	2,122,075	-	-
Due from Other Governments	356,341	2,973,134	1,857,166
Prepaid Items	40,880	593,875	555
Restricted Cash - Temporary	-	-	-
Total Assets	<u>\$ 27,100,980</u>	<u>\$ 16,018,043</u>	<u>\$ 12,836,819</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 483,750	\$ 73,239	\$ 339,729
Salaries Payable	800,142	148,007	453,862
Contracts Payable	-	195,555	-
Due to Other Governments	25,650	103,124	193,997
Total Liabilities	<u>1,309,542</u>	<u>519,925</u>	<u>987,588</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	139,824	30,273	57,219
Unavailable Special Assessments	124,620	-	-
Unavailable Other	-	253,025	930,946
Unavailable State Aid Allotments	-	2,002,704	-
Property Taxes Collected in Advance	74,909	14,973	30,203
Total Deferred Inflows of Resources	<u>339,353</u>	<u>2,300,975</u>	<u>1,018,368</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Pooled Investments	\$ 2,470,154	\$ 2,441,283	\$ 51,131,537
Petty Cash and Change Funds	-	-	1,770
Taxes Receivable - Delinquent	487	2,933	332,077
Special Assessments Receivable - Current	-	138,195	184,929
Special Assessments Receivable - Delinquent	-	7,046	84,419
Special Assessments Receivable - Noncurrent	-	-	12,562
Accounts Receivable - Net	-	-	1,136,888
Accrued Interest Receivable	-	-	187,732
Loans Receivable	-	940,873	3,062,948
Due from Other Governments	-	6,563	5,193,204
Prepaid Items	-	-	635,310
Restricted Cash - Temporary	-	29,918	29,918
	<u>\$ 2,470,641</u>	<u>\$ 3,566,811</u>	<u>\$ 61,993,294</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 13,434	\$ 2,031	\$ 912,183
Salaries Payable	-	-	1,402,011
Contracts Payable	-	-	195,555
Due to Other Governments	-	24,679	347,450
	<u>13,434</u>	<u>26,710</u>	<u>2,857,199</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Taxes	387	136,201	363,904
Unavailable Special Assessments	-	10,045	134,665
Unavailable Other	-	-	1,183,971
Unavailable State Aid Allotments	-	-	2,002,704
Property Taxes Collected in Advance	-	-	120,085
	<u>387</u>	<u>146,246</u>	<u>3,805,329</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

FUND BALANCES	<u>General</u>	<u>Road and Bridge</u>	<u>Social Services</u>
Nonspendable for:			
Prepaid Items	\$ 40,880	\$ 593,875	\$ 555
Loans Receivable	2,122,075	-	-
Restricted for:			
Law Library	53,292	-	-
Recorder Equipment	171,132	-	-
Sheriff E-911 Funds	552,547	-	-
Host Fees	243,726	-	-
Debt Service	-	-	-
Attorney Forfeited Property	84,303	-	-
Sheriff's Conceal	102,769	-	-
Missing Heirs	4,520	-	-
Land Records	324,684	-	-
Sewer Improvements	-	-	-
Ditch Projects	-	-	-
Recorder's Security Deposit	5,058	-	-
Aquatic Invasive Species	-	4,545	-
SCORE	80,599	-	-
Riparian Aid	-	966,196	-
Opioid Remediation	-	-	643,477
Veteran Grant	10,000	-	-
BWSR Grant	-	199,576	-
Voting Grant	4,725	-	-
Affordable Housing	237,450	-	-
MA Eligibility State	-	-	115,176
Public Safety	222,175	-	-
Committed:			
Capital Projects	-	-	-
Assigned for:			
Capital Equipment	-	6,000	-
Economic Development	1,500,000	-	-
Fuel Tank	-	64,560	-
Compensated Absences	1,411,140	306,727	636,312
Medical Insurance Claims	2,000,000	-	-
5 Year Capital Improvement Plan	1,105	737,145	-
Health Insurance Dividend	99,103	-	-
Fairgrounds	14,028	-	-
Human Services Operations	-	-	9,435,343
Road and Bridge Operations	-	10,318,519	-
Sewer Improvements	-	-	-
Unassigned	16,166,774	-	-
Total Fund Balance	<u>25,452,085</u>	<u>13,197,143</u>	<u>10,830,863</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 27,100,980</u>	<u>\$ 16,018,043</u>	<u>\$ 12,836,819</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES			
Nonspendable for:			
Prepaid Items	\$ -	\$ -	\$ 635,310
Loans Receivable	-	-	2,122,075
Restricted for:			
Law Library	-	-	53,292
Recorder Equipment	-	-	171,132
Sheriff E-911 Funds	-	-	552,547
Host Fees	-	-	243,726
Debt Service	-	837,495	837,495
Attorney Forfeited Property	-	-	84,303
Sheriff's Conceal	-	-	102,769
Missing Heirs	-	-	4,520
Land Records	-	-	324,684
Sewer Improvements	-	877,463	877,463
Ditch Projects	-	834,006	834,006
Recorder's Security Deposit	-	-	5,058
Aquatic Invasive Species	-	-	4,545
SCORE	-	-	80,599
Riparian Aid	-	-	966,196
Opioid Remediation	-	-	643,477
Veteran Grant	-	-	10,000
BWSR Grant	-	-	199,576
Voting Grant	-	-	4,725
Affordable Housing	-	-	237,450
MA Eligibility State	-	-	115,176
Public Safety	-	-	222,175
Committed:			
Capital Projects	2,456,820	-	2,456,820
Assigned for:			
Capital Equipment	-	-	6,000
Economic Development	-	-	1,500,000
Fuel Tank	-	-	64,560
Compensated Absences	-	-	2,354,179
Medical Insurance Claims	-	-	2,000,000
5 Year Capital Improvement Plan	-	-	738,250
Health Insurance Dividend	-	-	99,103
Fairgrounds	-	-	14,028
Human Services Operations	-	-	9,435,343
Road and Bridge Operations	-	-	10,318,519
Sewer Improvements	-	844,891	844,891
Unassigned	-	-	16,166,774
Total Fund Balance	<u>2,456,820</u>	<u>3,393,855</u>	<u>55,330,766</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,470,641</u>	<u>\$ 3,566,811</u>	<u>\$ 61,993,294</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION –
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 55,330,766

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 167,482,863

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 3,685,244

The County's net pension liability and related deferred inflows and outflows of resources are recorded on the statement of net position. Balances at year-end are:

Net Pension Liability	\$ (10,340,225)	
Deferred Outflows of Resources - Pension Related	6,178,182	
Deferred Inflows of Resources - Pension Related	<u>(10,736,354)</u>	(14,898,397)

The County's Other Postemployment Benefit liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Other Postemployment Benefits Liability	(17,647,812)	
Deferred Outflows of Resources - OPEB Related	2,988,703	
Deferred Inflows of Resources - OPEB Related	<u>(5,101,711)</u>	(19,760,820)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Notes from Direct Borrowing	(849,934)	
Compensated Absences	<u>(2,354,179)</u>	<u>(3,204,113)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 188,635,543

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	General	Road and Bridge	Social Services
REVENUES			
Taxes	\$ 16,361,592	\$ 4,118,086	\$ 6,293,991
Transit Sales and Use Tax	-	2,413,362	-
Special Assessments	1,224,036	-	-
Licenses and Permits	69,575	129,319	-
Intergovernmental	6,199,191	14,276,788	10,522,018
Charges for Services	1,153,812	128,654	1,337,131
Fines and Forfeits	36,389	-	-
Gifts and Contributions	-	-	6,750
Investment Earnings	2,271,895	-	-
Miscellaneous	1,560,742	483,674	948,128
Total Revenues	<u>28,877,232</u>	<u>21,549,883</u>	<u>19,108,018</u>
EXPENDITURES			
Current:			
General Government	12,360,079	-	-
Public Safety	14,105,449	-	-
Highways and Streets	-	16,167,374	-
Sanitation	1,172,531	-	-
Human Services	-	-	16,574,463
Health	-	-	2,382,454
Culture and Recreation	537,058	-	-
Conservation	459,110	-	-
Economic Development	335,167	-	-
Energy	88	-	-
Total Current	<u>28,969,482</u>	<u>16,167,374</u>	<u>18,956,917</u>
INTERGOVERNMENTAL			
Highways and Streets	-	661,514	-
CAPITAL OUTLAY			
General Government	317,889	-	-
Public Safety	607,404	-	-
Highways and Streets	-	1,725,920	-
Sanitation	316,867	-	-
Human Services	-	-	11,673
Culture and Recreation	28,792	-	-
Conservation	-	648,115	-
Total Capital Outlay	<u>1,270,952</u>	<u>2,374,035</u>	<u>11,673</u>
DEBT SERVICE			
Principal	-	-	-
Interest	30	-	-
Total Debt Service	<u>30</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>30,240,464</u>	<u>19,202,923</u>	<u>18,968,590</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,363,232)	2,346,960	139,428
OTHER FINANCING SOURCES			
Issuance of Loan	-	-	-
Proceeds from the Sale of Capital Assets	2,826	203,140	-
Total Other Financing Sources	<u>2,826</u>	<u>203,140</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,360,406)	2,550,100	139,428
Fund Balance - Beginning of Year	<u>26,812,491</u>	<u>10,647,043</u>	<u>10,691,435</u>
FUND BALANCE - END OF YEAR	<u>\$ 25,452,085</u>	<u>\$ 13,197,143</u>	<u>\$ 10,830,863</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 100,248	\$ 1,662	\$ 26,875,579
Transit Sales and Use Tax	-	-	2,413,362
Special Assessments	-	440,821	1,664,857
Licenses and Permits	-	-	198,894
Intergovernmental	-	-	30,997,997
Charges for Services	-	-	2,619,597
Fines and Forfeits	-	-	36,389
Gifts and Contributions	-	-	6,750
Investment Earnings	-	14	2,271,909
Miscellaneous	-	-	2,992,544
Total Revenues	<u>100,248</u>	<u>442,497</u>	<u>70,077,878</u>
EXPENDITURES			
Current:			
General Government	-	-	12,360,079
Public Safety	-	-	14,105,449
Highways and Streets	-	-	16,167,374
Sanitation	-	-	1,172,531
Human Services	-	-	16,574,463
Health	-	-	2,382,454
Culture and Recreation	-	-	537,058
Conservation	-	387,657	846,767
Economic Development	-	-	335,167
Energy	-	-	88
Total Current	<u>-</u>	<u>387,657</u>	<u>64,481,430</u>
INTERGOVERNMENTAL			
Highways and Streets	-	-	661,514
CAPITAL OUTLAY			
General Government	328,794	-	646,683
Public Safety	439,680	-	1,047,084
Highways and Streets	-	-	1,725,920
Sanitation	-	-	316,867
Human Services	-	-	11,673
Culture and Recreation	-	-	28,792
Conservation	-	-	648,115
Total Capital Outlay	<u>768,474</u>	<u>-</u>	<u>4,425,134</u>
DEBT SERVICE			
Principal	-	250,000	250,000
Interest	-	-	30
Total Debt Service	<u>-</u>	<u>250,000</u>	<u>250,030</u>
Total Expenditures	<u>768,474</u>	<u>637,657</u>	<u>69,818,108</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(668,226)	(195,160)	259,770
OTHER FINANCING SOURCES			
Issuance of Loan	-	77,220	77,220
Proceeds from the Sale of Capital Assets	-	-	205,966
Total Other Financing Sources	<u>-</u>	<u>77,220</u>	<u>283,186</u>
NET CHANGE IN FUND BALANCES	(668,226)	(117,940)	542,956
Fund Balance - Beginning of Year	<u>3,125,046</u>	<u>3,511,795</u>	<u>54,787,810</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,456,820</u>	<u>\$ 3,393,855</u>	<u>\$ 55,330,766</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN THE FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 542,956

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

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 expense.

Expenditures for General Capital Assets, Infrastructure, and Other			
Related Capital Assets Adjustments	\$	11,519,819	
Net Book Value of Capital Assets Disposed		(148,151)	
Current Year Depreciation		<u>(5,736,825)</u>	5,634,843

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (2,131,303)

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. 551,089

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are:

Issuance of Loan (77,220)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.

Principal Repayments:

Notes from Direct Borrowing 250,000

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 Compensated Absences		(379,538)	
Change in Other Postemployment Benefits Payable		897,037	
Change in Deferred Outflow of Resources - OPEB Related		(340,404)	
Change in Deferred Inflow of Resources - OPEB Related		<u>(757,238)</u>	<u>(580,143)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,190,222

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024**

	Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and Pooled Investments	\$ 52,654	\$ 1,085,026
Due from Other Governments	-	53,158
Taxes for Other Governments	-	876,261
	<u>\$ 52,654</u>	<u>2,014,445</u>
Total Assets	<u>\$ 52,654</u>	<u>\$ 2,014,445</u>
LIABILITIES		
Due to Others	\$ -	\$ 12,447
Unearned Revenue	-	19,235
Due to Other Governments	-	817,737
	<u>\$ -</u>	<u>849,419</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 849,419</u>
NET POSITION		
Restricted for:		
Individuals, Organizations, and Other Governments	<u>\$ 52,654</u>	<u>\$ 1,165,026</u>
Total Net Position	<u>\$ 52,654</u>	<u>\$ 1,165,026</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024**

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
ADDITIONS:		
Contributions - Individuals	\$ 395,077	\$ 539,105
Property Tax Collections for Other Governments	-	37,829,079
Recoveries	-	687,618
License and Fees Collected for State	-	1,438,920
Total Additions	<u>395,077</u>	<u>40,494,722</u>
DEDUCTIONS:		
Beneficiary Payments to Individuals	415,043	586,199
Payments of Property Tax to Other Governments	-	38,108,415
Payments to Other Entities	-	2,126,538
Total Deductions	<u>415,043</u>	<u>40,821,152</u>
CHANGE IN FIDUCIARY NET POSITION	(19,966)	(326,430)
Fiduciary Net Position - Beginning of Year	<u>72,620</u>	<u>1,491,456</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 52,654</u>	<u>\$ 1,165,026</u>

See accompanying Notes to Financial Statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

Mower County was established February 20, 1855 and is an organized county having the powers, duties, and privileges granted counties by Minnesota Statutes ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Mower County (Primary Government) and its component units for which the County is financially accountable. There is financial accountability if the Primary Government appoints a voting majority of an organization’s governing body and has the ability to impose its will on that governing body; or there is the potential for the organization to provide specific financial benefits or to impose specific financial burden on the Primary Government. Based on the criteria for determining component units, the County reports the Mower County Housing and Redevelopment Authority (HRA) as a discrete component unit. The HRA information is reported as of September 30, 2024. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the County Board, serves as the clerk of the Board of Commissioners but has no vote.

Discretely Presented Component Unit

While part of the reporting entity, the discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. The following component unit of Mower County is discretely presented:

<u>Component Unit</u>	<u>Component Unit Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Mower County Housing and Redevelopment Auth. (HRA) provide services pursuant to Minnesota Statutes §469.001-.047.	The County appoints members, and the HRA is a financial burden.	Mower County HRA 59039 – 200th Street Austin, Minnesota 55912

Joint Ventures

The County participates in several joint ventures which are described in Note 7.B. The County also participates in jointly-governed organizations which are described in Note 7.C.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the Primary Government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

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

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

2. 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:

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

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

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The Social Services Special Revenue Fund is used to account for economic assistance, community social services, and public health programs, which are funded through restricted intergovernmental revenues.

The Capital Projects Fund is used to account for committed intergovernmental revenues and expenditures related to the maintenance and construction of County buildings.

Additionally, the County reports the following fund types:

The Social Welfare Private-Purpose Trust Funds are used to report trust agreements other than pension or investment trusts, under which principal and income benefit individuals, private organizations, or other governments. The Social Welfare Fund accounts for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist.

Custodial Funds are custodial in nature. These funds are used for a variety of purposes such as: to account for the collection and disbursement of taxes on behalf of local governments within the County; as an agent for family connections collaborative, as an agent for the civil process, as an agent for estate recoveries, as an agent for state revenue payments, and as an agent for the inmates of the Mower County Jail.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. Mower County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under lease agreements are reported as other financing sources.

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

1. Cash and Pooled Investments

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

2. 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. Pooled and fund investments are reported at their fair value at December 31, 2024, based on market prices, except for investment in MAGIC as discussed below. Pursuant to Minnesota Statutes §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.

The 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 Minnesota Statutes §471.59. The MAGIC Fund is not registered with the Securities and Exchange Commission. The investment in the pool is measured at the amortized cost per share provided by the pool, which would closely approximate fair value. The term investment in the pool is measured at net asset value per share provided by the pool. More information including the most recent audited financial statement is available on their website www.magicfund.org.

3. Receivables and Payables

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

Receivables, including those of the discretely reported component units, are shown net of an allowance for uncollectible accounts.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

3. Receivables and Payables (Continued)

Accounts receivable in the social services fund are offset by an allowance for doubtful accounts. The County estimated this balance to be \$1,823,890 at December 31, 2024. The County considers these types of accounts over 90 days past due to uncollectible. All other accounts receivable are considered to be collectible in full.

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 on May 15 and the second half payment due October 15.

Unpaid taxes after December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

4. Prepaid Items

The majority of the prepaid items in the Road and Bridge Special Revenue fund consist of prepaids supplies held for consumption. Reported prepaid supplies are classified as Nonspendable fund balance to indicate that it is not in spendable form.

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. The cost of prepaid supplies is recorded as expenditures/expenses when consumed rather than when purchased.

5. Restricted Assets

Certain funds of the County are classified as restricted assets on the statement of net position and balance sheet because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1 for land, \$25,000 for improvements other than buildings, buildings, and building improvements, as well as \$5,000 for all other capital assets, 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.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

6. Capital Assets (Continued)

Donated capital assets are recorded at acquisition value. In the case of the initial capitalization of general infrastructure reported in governmental activities, the County chose to include all such items it was able to identify since 1927. Costs were estimated based upon a conversion from current construction converted to 2001 dollars.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Primary Government and the component unit are depreciated using the straight-line method over the following estimated useful lives:

Computer Hardware/Software	1 to 5 Years
Cars and Light Trucks	3 to 10 Years
Furniture and Equipment	5 to 10 Years
Telephone/Communication Equipment	5 to 20 Years
Land Improvements	5 to 20 Years
Heavy Equipment	10 to 20 Years
Building Improvements and Buildings	20 to 50 Years

7. Compensated Absences

The liability for compensated absences reported in financial statements consists of leave that has not yet been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

8. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate section represents a consumption of net assets that applies to a future period. The County will not recognize the related outflow until a future event occurs. More detailed information about postemployment benefits other than pensions and pension related deferred outflows of resources can be found in Note 3 and Note 4 to the financial statements.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

9. Deferred Inflows of Resources

The County's governmental fund and government-wide financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund balance that applies to a future period. The County will not recognize the related revenue until a future event occurs. The County has three types of items which occur relating to revenue recognition: The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the County's year) under the modified accrual basis of accounting. The second type relates to post-employment benefits other than pensions and pension liabilities as described in Note 3 and Note 4 to the financial statements. The third type occurs because the County collected property taxes prior to the year they were levied for and, therefore, the County will report deferred inflows for these items.

10. Long-Term Obligations

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

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

11. Pensions

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 assets have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

12. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the County. For this purpose, the County recognizes benefit payments when due and payable in accordance with the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

13. Fund Balance

In the fund financial statements, governmental funds reported nonspendable portions of fund balance related to prepaid items, long-term receivables, and corpus on any permanent fund. Nonspendable portions of fund balance are related to prepaid items, loans receivable, and inventory. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Commissioners. Assigned fund balances are established and modified by the Board of Commissioners or their designee. The Board, as part of the adoption of this statement, has designated the finance director as the responsible party in determining assigned fund balance.

Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the County's policy to use restricted first, then, unrestricted fund balance. When an expenditure is incurred for which committed, assigned and unassigned amounts are available, it is the County's policy to use committed first, then assigned, and finally unassigned amounts.

Mower County receives a majority of its property tax payments based on the property tax calendar as discussed in Note 1.D.3. As a result of the unequal timing of the tax receipts, it is necessary for the County to maintain adequate fund balances to meet the operational expenditure needs of the County. It is the County's policy to maintain a minimum unassigned fund balance, equal to 50% of the subsequent year's tax levy for the General Fund and the Road and Bridge and Social Services Special Revenue Funds, plus an additional \$5,000,000, for cash flow purposes in the General Fund. The failure to maintain these fund balance levels could result in the need for short-term borrowing. As of December 31, 2024, the County's unassigned fund balance of \$16,166,774 was less than the required minimum fund balance of \$18,126,269.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

14. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt or liabilities used to build or acquire the assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. The government-wide statement of net position reports \$9,752,790 of restricted net position, of which \$4,978,766 is restricted by enabling legislation.

15. 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 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.

E. Adoption of New Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures.

The County adopted the requirements of the guidance effective January 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material adjustments.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures Over Budget

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

	Actual	Budget	Excess
General Fund	\$ 30,240,464	\$ 27,215,626	\$ 3,024,838
Social Services	18,968,590	18,807,338	161,252
Sewer Improvements	551,245	525,000	26,245

The excess of expenditures over budget was funded by greater than anticipated revenues and existing fund balance.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Minnesota Statutes §§118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes §118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least 10% more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

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

Custodial Credit Risk – Deposits

In the case of deposits, 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 policy for deposit custodial credit risk but rather follows Minnesota Statutes for deposits.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated A or better; revenue obligations of a state or local government rated AA or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

As of December 31, 2024, the County's deposits in banks were entirely covered by federal deposit insurance or collateral held as described in the preceding paragraph.

Investments

The funds of the County shall be deposited or invested in accordance with Minnesota Statutes §118A, any other applicable laws, and the County investment policy. The objectives, in order of priority, will be to preserve principal, maintain liquidity, and earn the optimum rate of return.

Minnesota Statutes §§118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (a) 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 Minnesota Statutes §118A.04, subd. 6;
- (b) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (c) 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;
- (d) bankers' acceptances of United States banks;
- (e) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (f) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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. In accordance with the County's investment policy, investments will be sufficiently diverse to avoid risk and enhance return.

As of December 31, 2024, the County had the following investments:

Investment Type	Reported Amount	Maturity			
		Less Than 2 Years	2-5 Years	5-10 Years	10+ Years
Municipal Bonds	\$ 21,182,782	\$ 4,973,686	\$ 11,071,596	\$ 5,137,500	\$ -
Government Securities	2,638,042	293,706	-	2,344,336	-
Asset Backed Securities	6,138,350	-	843,647	5,155,949	138,754
MAGIC Fund	15,376,347	15,376,347	-	-	-
Negotiable Certificates of Deposit	4,520,648	3,088,950	1,184,775	246,923	-
Total	<u>\$ 49,856,169</u>	<u>\$ 23,732,689</u>	<u>\$ 13,100,018</u>	<u>\$ 12,884,708</u>	<u>\$ 138,754</u>

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.

Following is a summary of the credit risk and reported amounts as of December 31, 2024:

Investment Type	S&P / Moody's Rating	Reported Amount
Municipal Bonds	AAA - Aaa	\$ 4,829,135
Municipal Bonds	Aa3 - AA	16,198,816
Municipal Bonds	NR	154,831
Negotiable Certificates of Deposit	NR	4,520,648
Asset Backed Securities	NR	6,138,350
Government Securities	NR	2,638,042
Counties (MAGIC) Fund	NR	15,376,347

NR - Not Rated

Custodial Credit Risk – Investments

For an investment, this 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 that are in the possession of an outside party. At December 31, 2024, none of the County's investments were subject to custodial credit risk.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. Agency Securities, obligations backed by U.S. Treasury and/or U.S. Agency securities, and investments held by Trustees may be held without limit.

Investments in any category that represent 5.0% or more of the County's investments are:

Municipal Bonds	\$ 21,182,782	42.5 %
Government Securities	2,638,042	5.3
Asset Backed Securities	6,138,350	12.3
Negotiable Certificates of Deposit	4,520,648	9.1
MN Association of Governments Investing for Counties (MAGIC) Fund	15,376,347	30.8
Total	<u>\$ 49,856,169</u>	

It should be noted that investments in municipal bonds and negotiable certificates of deposits did not exceed 5% of total investments with any one issuer.

Balance Sheet Presentation

Total County cash and investments at December 31, 2024 consisted of:

Deposits	\$ 2,442,966
Petty Cash and Change Funds	1,770
Investments	49,856,169
Total	<u>\$ 52,300,905</u>

Deposits and investments are reported in the County's financial statements as follows:

Cash and Pooled Investments	\$ 51,131,537
Petty Cash and Change Funds	1,770
Restricted Cash	29,918
Fiduciary Fund Cash and Investments	1,137,680
Total	<u>\$ 52,300,905</u>

Fair Value

The County uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value (Continued)

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

Financial assets recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 – Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Fair Value (Continued)

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
Municipal Bonds	\$ -	\$ 21,182,782	\$ -	\$ 21,182,782
Asset Backed Securities	-	6,138,350	-	6,138,350
Government Securities	-	2,638,042	-	2,638,042
Negotiable Certificates of Deposit	-	4,520,648	-	4,520,648
Total Investments by Fair Value Level	\$ -	\$ 34,479,822	\$ -	34,479,822
Investments Measured at Amortized Cost				
MAGIC Portfolio External Investment Pool				15,376,347
Total Investments				49,856,169
Deposits, Petty Cash, and Cash on Hand				2,444,736
Total Cash and Investments				\$ 52,300,905

The MAGIC portfolio is valued using amortized cost. Shares of the MAGIC portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The MAGIC fund's Board of Trustees can suspend the right to 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 net asset value not reasonably practical.

2. Receivables

Receivables as of December 31, 2024, for the County governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities:		
Taxes	\$ 332,077	\$ -
Special Assessments	281,910	12,562
Accounts	1,136,888	-
Interest	187,732	-
Loans	3,062,948	2,785,662
Due from Other Governments	5,193,204	758,904
Total Governmental Activities, Net	\$ 10,194,759	\$ 3,557,128

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Loans and Notes Receivable

The County has made a loan to a business for the purpose of economic development with repayment over 10 years and interest at 3.25%.

The County has also made loans to individuals under a sewer improvement loan program. Repayment of these loans is over 10 years, with interest at 3.0%. Delinquent sewer improvement loans are added to the special assessment tax rolls. The funds for the sewer improvement revolving loan program were originally received from the state of Minnesota in the form of a loan to the County.

Activity in these loans and notes receivable is as follows for the year ended December 31, 2024:

	Beginning Balance	Additional Loans Made	Collections	Ending Balance
Economic Development Loans	\$ 2,390,506	\$ -	\$ 268,431	\$ 2,122,075
Sewer Improvement Loans	1,120,081	84,535	263,743	940,873
Total	\$ 3,510,587	\$ 84,535	\$ 532,174	\$ 3,062,948

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

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

	Beginning Balance	Additions and Transfers	Deletions and Transfers	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 6,098,634	\$ -	\$ -	\$ 6,098,634
Right of Way	10,688,473	-	-	10,688,473
Construction in Progress	5,562,993	8,994,887	14,552,406	5,474
Total Capital Assets, Not being Depreciated	22,350,100	8,994,887	14,552,406	16,792,581
Capital Assets Being Depreciated:				
Buildings	33,731,480	-	-	33,731,480
Buildings Improvements	4,360,461	720,370	-	5,080,831
Improvements Other Than Building	1,390,255	-	-	1,390,255
Machinery, Furniture, Equipment, and Vehicles	14,081,767	2,971,101	1,255,826	15,797,042
Software	532,000	15,540	-	547,540
Infrastructure	177,480,756	13,370,327	-	190,851,083
Total Capital Assets Being Depreciated	231,576,719	17,077,338	1,255,826	247,398,231
Less: Accumulated Depreciation:				
Buildings	12,480,071	666,929	-	13,147,000
Buildings Improvements	1,827,202	182,407	-	2,009,609
Improvements Other Than Building	740,845	62,392	-	803,237
Machinery, Furniture, Equipment, and Vehicles	9,095,648	1,270,556	1,107,675	9,258,529
Software	532,000	1,036	-	533,036
Infrastructure	67,403,033	3,553,505	-	70,956,538
Total Accumulated Depreciation	92,078,799	5,736,825	1,107,675	96,707,949
Total Capital Assets, Depreciated, Net	139,497,920	11,340,513	148,151	150,690,282
Total Governmental Activities Capital Assets, Net	<u>\$ 161,848,020</u>	<u>\$ 20,335,400</u>	<u>\$ 14,700,557</u>	<u>\$ 167,482,863</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental Activities:

General Government	\$	747,721
Public Safety		483,368
Highways and Streets, Including Infrastructure		4,308,025
Sanitation		79,577
Culture and Recreation		116,232
Conservation of Natural Resources		1,902

Total Depreciation Expense - Governmental Activities		\$ 5,736,825
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B. Liabilities

1. Other Postemployment Benefits

a) Plan Description and Funding Policy

Retirees

The County provides postemployment health care benefits for retirees and their dependents under a single-employer fully-insured plan. This benefit is provided based on Board of County Commissioners motion dated January 5, 1999. Mower County offers various levels of retiree health insurance coverage based upon the date of hire, retirement date, and years of service. The County has three basic groups as follows:

- (1) Employees who retired prior to July 18, 1989, who meet the eligibility requirements are eligible to be included as a member of the County's group medical insurance program until death. The County pays the family premium. The total premiums paid for retirees for the year ended December 31, 2024 was \$1,216,941. Under certain conditions, dependents, at their cost, can continue in this program after the death of the retiree.

- (2) Employees who retire after October 31, 1992, and were hired before that date, and meet other eligibility requirements, are qualified to receive the same health insurance benefits as current County employees. Under certain conditions, dependents, at their cost, can continue in this program after the death of the retiree.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

1. Other Postemployment Benefits (Continued)

a) Plan Description and Funding Policy (Continued)

Retirees (Continued)

(3) Employees who were hired after October 31, 1992, and meet other eligibility requirements are qualified to receive employer contribution to health insurance capped at the dollar amount being paid at the date of retirement. The retiree is responsible for all premium increases. Benefits terminate when the retiree qualifies for full Social Security benefits. Under certain conditions, dependents, at their cost, can continue in this program after the death of the retiree.

When qualified retirees reach the age of 65 they may join a Medicare Supplement and Medicare RX plan. The County will pay for the cost of the plan. If the retiree was a less than full-time employee, the cost of the plan will be prorated between the County and the retiree.

Elected Officials

After their County Service, elected County officials are entitled to the same benefits listed above. They must meet the age and years of service qualifying conditions to be eligible for health insurance benefits.

No trust or custodial funds have been established for the plans.

The plans do not issue stand-alone financial statements.

b) Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	117
Active Employees	<u>297</u>
Total Participants	<u><u>414</u></u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

1. Other Postemployment Benefits (Continued)

c) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2024 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary	Service Graded Table
Health Care Trend Rates	6.50% Decreasing to 5.00% over 6 Years then to 4.00% over the next 48 Years

Mortality rates were based on the Pub-2010 public retirement plans headcount-weighted mortality tables with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the January 1, 2024 valuation are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

The discount rate used to measure the total OPEB liability was 3.70%. The discount rate is equal to the 20-Year Municipal Bond Yield.

Since the most recent valuation, the following assumption changes have been made:

- The pre-age 65 and post-age 65 health care trend rates were changed to better anticipate short term and long term medical increases.
- The discount rate was changed from 4.00% to 3.70%.

d) Changes to Total OPEB Liability

	Total OPEB Liability
Balance - January 1, 2024	\$ 18,544,849
Changes for the Year:	
Service Cost	253,993
Interest Cost	725,504
Assumption Changes	1,633,609
Plan Changes	253,441
Differences between Expected and Actual Experience	(2,427,989)
Benefit Payments	(1,335,595)
Net Change in Total OPEB Liability	<u>(897,037)</u>
Balance - December 31, 2024	<u><u>\$ 17,647,812</u></u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

1. Other Postemployment Benefits (Continued)

d) Changes to Total OPEB Liability (Continued)

Of the \$17,647,812 total OPEB liability, \$1,216,941 is due within one year. The following presents the total OPEB liability of the County, as well as what the County's total OPEB 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:

Description	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB Liability	\$ 19,525,185	\$ 17,647,812	\$ 16,049,420

The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50% decreasing to 4.00% then to 3.00%) or 1% higher (7.50% decreasing to 6.00% then to 5.00%) than the current healthcare costs trend rates:

Health Care Trend	Description	1% Decrease (5.50% Decreasing to 4.00% then to 3.00%)	Current Trend Rates (6.50% Decreasing to 5.00% then to 4.00%)	1% Increase (7.50% Decreasing to 6.00% then to 5.00%)
	Total OPEB Liability	\$ 16,031,184	\$ 17,647,812	\$ 19,538,763

For the year ended December 31, 2024, the County recognized OPEB expense of \$1,417,546. In addition, the County reported deferred outflows and inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes	\$ 1,771,762	\$ 2,471,701
Liability Gain or Loss	-	2,630,010
Employer Contributions	1,216,941	-
Total	<u>\$ 2,988,703</u>	<u>\$ 5,101,711</u>

\$1,216,941 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized over four years and will be recognized in OPEB expense as follows:

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

1. Other Postemployment Benefits (Continued)

d) Changes to Total OPEB Liability (Continued)

Year Ending December 31,	Amount
2025	\$ (879,154)
2026	(1,344,026)
2027	(947,893)
2028	(158,876)

2. Long-Term Debt

Direct Borrowing

In 1996, the County started a program that resulted in entering into several loan agreements with the Minnesota Department of Agriculture and the Minnesota Department of Employment and Economic Development for financing failing septic systems. The revolving loans are secured by special assessments placed on the individual parcels requesting repair of a failing septic system. The loans have 3% interest and final maturity of 2035. The loans are repaid with the proceeds that are collected on the related loans receivable in the Sewer Improvement Special Revenue Fund.

Debt Summary

Types of Indebtedness	Final Maturity	Installment Amounts	Interest Rates (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Notes from Direct Borrowings:					
2011 Septic Loans	2027	\$2,500 - \$5,400	0%	\$ 52,500	\$ 4,362
2012 Septic Loans	2027	\$2,500 - \$5,400	-	409,619	29,663
2013 Septic Loans	2027	\$2,500 - \$5,400	-	281,512	26,704
2014 Septic Loans	2027	\$2,500 - \$5,400	-	325,000	34,277
2015 Septic Loans	2027	\$2,500 - \$9,140	-	220,500	23,231
2016 Septic Loans	2027	\$2,500 - \$9,140	-	304,500	9,417
2019 Septic Loans	2031	\$1,050 - \$14,040	-	168,000	27,323
2020 Septic Loans	2032	\$1,045 - \$105,740	-	371,418	78,882
2021 Septic Loans	2032	\$2,405 - \$117,450	-	279,601	173,841
2022 Septic Loans	2034	\$2,706 - \$111,727	-	227,220	141,793
2023 Septic Loans	2035	\$3,721 - \$151,857	-	295,443	223,221
2024 Septic Loans	2035	\$1,822 - \$3,374	-	77,220	77,220
Total Notes from Direct Borrowings				\$ 3,012,533	\$ 849,934

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

2. Long-Term Debt (Continued)

Debt Service Requirements

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

<u>Year Ending December 31,</u>	<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,391	\$ -
2026	4,889	-
2027	111,289	-
2028	144,342	-
2035	8,193	-
Totals	<u>\$ 849,934</u>	<u>\$ -</u>

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes from Direct Borrowings	\$ 1,022,714	\$ 77,220	\$ 250,000	\$ 849,934	\$ 2,391
Compensated Absences *	1,974,641	379,538	-	2,354,179	144,592
Long-Term Liabilities	<u>\$ 2,997,355</u>	<u>\$ 456,758</u>	<u>\$ 250,000</u>	<u>\$ 3,204,113</u>	<u>\$ 146,983</u>

*Compensated absences are shown with a net change as allowed by GASB Statement 101.

The loans payable are liquidated by the Nonmajor Sewer Improvements Fund.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS

A. Pension Description

The County participates in the following cost-sharing multiemployer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353, 353D, 353E, 353G, and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in noncertified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Retirement Plan (Police and Fire Plan)

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

3. Public Employees Local Government Correctional Service Retirement Plan (Correctional Plan)

Membership in the Correctional Plan includes correctional officers serving in county and regional adult and juvenile corrections facilities. Participants must be responsible for the security, custody, and control of the facilities and their inmates.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is vested, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. 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 prorated increase.

3. Correctional Plan Benefits

Benefits for Correctional Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Correctional Plan members receive 1.9% of highest average salary for each year of service. Correctional Plan members receive a full retirement benefit when they are age 55 and vested or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement begins at age 50 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase will be equal to 100% of the COLA announced by SSA, with a minimum increase of 1% and a maximum of 2.5%. The 2024 annual increase was 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Retirement Fund Contributions

General plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the County was required to contribute 7.50% for General Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2024, were \$1,403,176. The County's contributions were equal to the required contributions as set by state statute.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$455,576. The County's contributions were equal to the required contributions as set by state statute.

3. Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2024 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2024, were \$216,699. The County's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2024, the County reported a liability of \$7,746,346 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the State's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$200,305.

County's Proportionate Share of the		
Net Pension Liability	\$	7,746,346
State of Minnesota's Proportionate Share of the		
Net Pension Liability Associated with the County		200,305
Total	\$	7,946,651

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 proportionate share 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. The County's proportionate share was 0.2095% at the end of the measurement period and 0.1992% for the beginning of the period.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2024, the County recognized pension expense of \$1,066,800 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$2,482 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$170.1 million to the General Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$356,404 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 728,360	\$ -
Changes in Actuarial Assumptions	37,820	2,931,865
Net Difference Between Projected and		
Actual Investment Earnings	-	2,249,475
Changes in Proportion	583,672	4,170
Contributions paid to PERA Subsequent to the		
Measurement Date	709,722	-
Total	<u>\$ 2,059,574</u>	<u>\$ 5,185,510</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$709,722 reported as deferred outflows of resources related to pensions resulting from County 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 deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2025	\$ (2,244,500)
2026	(210,688)
2027	(786,758)
2028	(593,712)

2. Police and Fire Fund Pension Costs

At December 31, 2024, the County reported a liability of \$2,310,784 for its proportionate share of the Police and Fire Fund'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 proportionate share 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. The County's proportionate share was 0.1756% at the end of the measurement period and 0.1744% for the beginning of the period.

The state of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The state of Minnesota's proportionate share of the net pension liability associated with the County totaled \$88,086.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

County's Proportionate Share of the Net Pension Liability	\$ 2,310,784
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the County	88,086
Total	<u>\$ 2,398,870</u>

For the year ended December 31, 2024, the County recognized pension expense of \$484,276 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$34,629 as grant revenue and pension expense for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$49,878 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2024, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 900,532	\$ -
Changes in Actuarial Assumptions	2,540,151	3,402,689
Net Difference Between Projected and Actual Investment Earnings	-	751,353
Changes in Proportion	88,375	8,492
Contributions paid to PERA Subsequent to the Measurement Date	236,701	-
Total	<u>\$ 3,765,759</u>	<u>\$ 4,162,534</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The \$236,701 reported as deferred outflows of resources related to pensions resulting from County 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:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2025	\$ (87,411)
2026	617,597
2027	(336,596)
2028	(883,959)
2029	56,893

3. Correctional Plan Pension Costs

At December 31, 2024, the County reported a net pension liability of \$283,095 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share 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. The County's proportionate share was 0.9290% at the end of the measurement period and 0.8900% for the beginning of the period.

For the year ended December 31, 2024, the County recognized pension expense of \$430,265 for its proportionate share of the Correctional Plan's pension expense.

During the plan year ended June 30, 2024, the state of Minnesota contributed \$5.3 million to the Correctional Employees Fund. The state of Minnesota is not included as a nonemployer contributing entity in the Correctional Plan pension allocation schedules for the \$5.3 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The County recognized \$48,821 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Correctional Employees Fund.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Correctional Plan Pension Costs (Continued)

At December 31, 2024, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 200,668	\$ -
Changes in Actuarial Assumptions	-	957,790
Net Difference Between Projected and Actual Investment Earnings	-	393,090
Changes in Proportion	40,363	37,430
Contributions paid to PERA Subsequent to the Measurement Date	111,818	-
Total	<u>\$ 352,849</u>	<u>\$ 1,388,310</u>

The \$111,818 reported as deferred outflows of resources related to pensions resulting from County 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:

<u>Year Ending December 31,</u>	Pension Expenses Amount
2025	\$ (1,056,971)
2026	152,365
2027	(136,864)
2028	(105,809)

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

4. Summary

The aggregate amount of net position liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employees costs are associated. The table below includes the County's portion of each plan.

Description	General Employees Fund	Police and Fire Fund	Correctional Fund	Total
Net Pension Liability	\$ 7,746,346	\$ 2,310,784	\$ 283,095	\$ 10,340,225
Deferred Outflows of Resources Related to Pensions	2,059,574	3,765,759	352,849	6,178,182
Deferred Inflows of Resources Related to Pensions	5,185,510	4,162,534	1,388,310	10,736,354
Pension Expense	1,069,282	518,905	430,265	2,018,452

The total pension expense for all plans recognized by the County for the year ended December 31, 2024 was \$2,018,452.

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0%</u>	

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range.

Inflation is assumed to be 2.25% for the General Employees Plan, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan, 1.0% for the Police and Fire Plan, and 2.0% for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire and the Correctional Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions:

- 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 for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% 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 after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

Correctional Fund

Changes in Actuarial Assumptions:

- There have been no changes since the prior valuation.

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire, and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. 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.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, 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:

	<i>Net Pension Liability (Asset) at Different Discount Rates</i>					
	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>		<u>Correctional Fund</u>	
1% Lower	6.00%	\$ 16,919,266	6.00%	\$ 5,460,833	6.00%	\$ 2,300,495
Current Discount Rate	7.00%	7,746,346	7.00%	2,310,784	7.00%	283,095
1% Higher	8.00%	200,782	8.00%	(276,066)	8.00%	(1,324,078)

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position 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.

NOTE 5 DEFINED CONTRIBUTION PLAN

Four County Board of Commissioners are covered by the Defined Contribution Plan, a multiemployer deferred compensation plan administered by PERA. The Defined Contribution 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. *Minnesota Statutes*, Chapter 353D and 356, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee 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 twenty-five hundredths of 1.0% (0.25%) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2024 were:

	<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Rates Rates</u>
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
2024	\$ 5,818	\$ 5,818	5.0 %	5.0 %	5.0 %

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 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 Insurance Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. The County is a member of the Southeast Service Cooperative to establish, procure, and administer group employee benefits. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 in 2024. 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. The 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 County has entered into a joint powers agreement with other Minnesota counties to form the Southeast Service Cooperative for group employee benefits. Group employee benefits include, but are not limited to, health benefits coverage, life insurance, disability income protection, dental insurance, flexible spending programs, and other services as directed by the joint powers board.

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. 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.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

B. Joint Ventures

Family Services Collaborative

The Mower County Family Services Collaborative (the Collaborative) was established in 1996 under the authority of Minnesota Statutes §§33 471.59 and 124D.23. The Collaborative includes Mower County; the City of Austin; SEMCAC; Mower County Township Association; and Independent School District Nos. 492, 495, 497, 499, and 500. All of these entities appoint members to the Collaborative's governing board. The purpose of the Collaborative is to provide a coordinated approach to support and nurture individuals and families through prevention and intervention so as to ensure success for every child.

Control of the Collaborative is vested in a board of directors. Mower County appoints two members to this 14-member Board. The Mower County Department of Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members.

In the event of withdrawal from the Collaborative, the withdrawing party shall give a 30-day notice. The withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of termination shall be distributed by the Minnesota Department of Education. There is no accumulation of significant financial resources or fiscal stress related to this entity.

During 2024, the County made no payments to the Collaborative.

Currently, the Collaborative does not prepare complete financial statements; therefore, the Collaborative does not have audited financial statements. Financial information can be obtained by contacting Val Kruger, Mower County Social Service Collections and Financial Supervisor, Social Services Department, 201 First Street N.E., Austin, Minnesota 55912.

C. Jointly-Governed Organizations

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

1. Minnesota Counties Computer Cooperative

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During 2024, Mower County paid \$470,919 to the Cooperative.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Jointly-Governed Organizations (Continued)

2. Southeast Minnesota Emergency Medical Services (EMS)

The EMS provides various health services to several counties. During 2024, the County paid \$8,723 to Southeast Minnesota Emergency Medical Services.

3. Southeast Minnesota Recyclers Exchange (SEMREX)

During 2024, the County paid \$2,475 to SEMREX for recycling coordination services.

4. Southeastern Minnesota Community Action Council

The Southeastern Minnesota Community Action Council provides various elder care programs on behalf of member counties. During 2024, the County paid \$6,000 to the Southeastern Minnesota Community Action Council.

5. Southeast Minnesota Violent Crime Enforcement Team

The Southeast Minnesota Violent Crime Enforcement Team provides drug investigation services for member organizations. During 2024, the County paid \$7,879 to the Enforcement Team.

6. Workforce Development, Inc.

Workforce Development, Inc. provides various job training services to member counties. During 2024, the County paid \$589,904 to the Development.

7. Southeast Minnesota Water Resources Board

The Southeast Minnesota Water Resources Board provides water quality services to several counties. The County made no payments to the Board during 2024.

8. Southeast Minnesota Emergency Communications Board

The Southeast Minnesota Emergency Communications Board was established April 16, 2008, as provided by Minn. Stat. §§ 403.39 and 471.59. This joint powers between Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties and the City of Rochester serves to provide regional (ARMER) system owned and operated by the state of Minnesota and enhance and improve interoperable public safety communications. Control of the Southeast Minnesota Communications Board is vested in a Joint Powers Board that is composed of one County Commissioner from each of the participating counties and one City Council member from each participating city. The financial activities of the Board are accounted for by Olmsted County as fiscal agent. Current financial statements can be obtained at MN-ECB's website, www.mnecb.org. During the year, the County paid \$9,700 to the Southeast Minnesota Emergency Communications Board.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

C. Jointly-Governed Organizations (Continued)

9. Rural Minnesota Energy Board

The Rural Minnesota Energy Board has been organized to provide policies and procedures regarding alternative energy sources, including ethanol, bio-diesel, solar, wind, etc. The County paid \$2,500 to the Board during the year.

10. SEMN Region1 JPB Emergency Management Board

The SEMN Region1 JPB Emergency Management Board has been organized to provide for the joint exercise of the parties' powers requiring regional coordination to plan for the needs of southeast Minnesota homeland security emergency management. The County paid \$10,000 to the Board during the year.

11. Austin/Mower County Home Ownership Fund

The Austin/Mower County Home Ownership Fund (the Fund) has been organized to provide a flexible source of secondary funds to families and individuals interested in purchasing a house. The Fund is meant to assist families and individuals who qualify for a mortgage with down payment assistance. The Fund can also be used to assist with rehabilitation on projects that are required to be made in order to meet code or mortgage requirements. The County made no payments to the Fund during 2024.

12. Minnesota Rural Counties Caucus

The Minnesota Rural Counties Caucus was established in 1997 and includes Aitkin, Becker, Big Stone, Clay, Cottonwood, Douglas, Grant, Kittson, Koochiching, Lake of the Woods, Mahnomen, Marshall, McLeod, Mille Lacs, Mower, Murray, Norman, Pennington, Pine, Pipestone, Polk, Pope, Red Lake, Redwood, Roseau, Stevens, Todd, Traverse, Wadena, Watonwan, Wilkin, and Wright Counties. Control of the Caucus is vested in the Minnesota Rural Counties Caucus Executive Committee, which is composed of twelve 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. The County's responsibility does not extend beyond making these appointments.

13. Southeast Service Cooperative

The Southeast Service Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, the County made payments of \$400 to the Cooperative. There is no accumulation of significant financial resources for the County.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 COMPONENT UNIT DISCLOSURES

A. Summary of Significant Accounting Policies

In addition to those identified in Note 1, the County's discretely presented component unit has the following significant accounting policies.

1. Reporting Entity

The Housing and Redevelopment Authority (HRA) is governed by a five-member board of directors appointed by the County Board and the HRA requires tax levy financing. The HRA has a fiscal year-end of September 30.

Because of the significance of its financial relationship, Mower County considers the HRA a discrete component unit.

2. Basis of Presentation

The HRA prepares separate financial statements. These statements were prepared in accordance with GASB Statement 34.

3. Cash, Cash Equivalents, Investments, and Restricted Investments

For the purposes of reporting cash flows, the HRA considers all cash on hand, demand deposit accounts and nonnegotiable certificates of deposits, excluding amounts held for tenant deposits or restricted by mortgage agreements, to be cash equivalents.

B. Detailed Notes on All Fund

1. Assets

Deposits and Investments

In accordance with Minnesota Statutes, the HRA maintains deposits at depository banks authorized by the Board of Commissioners.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the HRA's deposits may not be returned to it. The HRA's deposit policy for custodial credit risk follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The HRA's deposits in banks at September 30, 2024, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Fund (Continued)

1. Assets (Continued)

Investments

The HRA may also invest idle funds, as authorized by Minnesota Statutes, as follows:

- (a) direct obligations or obligations guaranteed by the United States or its agencies;
- (b) shares of investment companies registered under the Federal Investment Company Act of 1940 that either receive the highest credit rating and one of the two highest ratings by a statistical rating agency, with all of the investments having a final maturity of no more than 13 months, or holds itself out to be a money market mutual fund and is rated in one of the two highest ratings by a statistical rating agency;
- (c) general obligations rated A or better; revenue obligations rated AA or better;
- (d) general obligations of the Minnesota Housing Finance Agency rated A or better;
- (e) bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System;
- (f) commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less;
- (g) guaranteed investment contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; and
- (h) repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a depository by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Restricted Investments

At September 30, 2024, the HRA had the following restricted investments:

	At Estimated Market Value
Replacement Reserve Colonial Manor	\$ 7,772

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Fund (Continued)

1. Assets (Continued)

The MHFA requires the HRA to establish various escrow and reserve accounts. These investments are restricted and held in an escrow account by the MHFA in the HRA's name in accordance with debt agreements. These restricted investments are administered by the MHFA. Eligible investments of these funds, as stated in the escrow agreement, include instruments of the U.S. government and its agencies, the state of Minnesota and its agencies, certain financial institution demand or time deposits, and certain shares of investment companies. The balances are stated at their cost, which approximates fair value. The HRA does not have the authority to invest or to disburse funds from these accounts. Expenditures must be approved by the MHFA, who then withdraws the funds and mails the funds to the HRA.

Interest Rate Risk

The HRA has an informal investment policy that addresses permissible investment, portfolio diversification, and instrument maturities. Investment maturities are scheduled to coincide with projected cash flows. Within these parameters, it is the HRA's policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates.

Concentration of Investments

The HRA does not have a policy that limits the amount of the total portfolio that may be invested with any one depository. In general, other than escrowed funds, all other excess funds are invested in deposits and are covered under the HRA's collateral requirements.

Balance Sheet Presentation

Cash and Cash Equivalents	\$	1,018,530
Tenant Deposit Cash		42,892
Restricted Assets		<u>7,772</u>
Total	<u>\$</u>	<u><u>1,069,194</u></u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Fund (Continued)

1. Assets (Continued)

Capital Assets

HRA capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance * (Restated)	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 42,304	\$ -	\$ -	\$ 42,304
Capital Assets, Being Depreciated:				
Equipment	8,014	-	-	8,014
Land Improvements	408,469	18,997	-	427,466
Buildings	4,937,353	250,009	36,650	5,150,712
Furnishings	661,378	19,036	-	680,414
Maintenance Equipment	65,011	28,475	-	93,486
Total Capital Assets Being Depreciated	<u>6,080,225</u>	<u>316,517</u>	<u>36,650</u>	<u>6,360,092</u>
Accumulated Depreciation for:				
Equipment	6,058	980	-	7,038
Land Improvements	361,451	5,410	-	366,861
Buildings	3,927,574	142,570	36,650	4,033,494
Furnishings	501,839	18,822	-	520,661
Maintenance Equipment	73,227	2,782	-	76,009
Total Accumulated Depreciation	<u>4,870,149</u>	<u>170,564</u>	<u>36,650</u>	<u>5,004,063</u>
Total Capital Assets, Depreciated, Net	<u>1,210,076</u>	<u>145,953</u>	<u>-</u>	<u>1,356,029</u>
Business -Type Activities Capital Assets, Net	<u>\$ 1,252,380</u>	<u>\$ 145,953</u>	<u>\$ -</u>	<u>\$ 1,398,333</u>

* The HRA elected to report all of its financial activity in one enterprise fund.

Depreciation expense was charged to the housing function of the discretely presented component unit as follows:

Business -Type Activities	
General Government	<u>\$ 170,564</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 COMPONENT UNIT DISCLOSURES (CONTINUED)

B. Detailed Notes on All Funds (Continued)

2. Liabilities

Long-Term Debt

Long-term debt outstanding at September 30, 2024 for the HRA consists of the following:

HRA

Types of Indebtedness	Final Maturity	Interest Rates (%)	Original Amount	Remaining Balance	Due Within One Year
Mortgage Payable	2025	8.75	\$ 123,000	\$ 5,316	\$ 5,316

Debt Service Requirements

Mortgage debt service requirements to maturity for the HRA are as follows:

<u>Year Ending December 31,</u> 2025	<u>Mortgages Payable</u>	
	<u>Principal</u>	<u>Interest</u>
	<u>\$ 5,316</u>	<u>\$ 195</u>

Changes in Long-Term Liabilities

The following is a summary of the long-term debt transactions of the HRA for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Mortgages Payable	\$ 9,853	\$ -	\$ 4,537	\$ 5,316	\$ 5,316
Compensated Absences	23,870	33,118	27,839	29,149	-
Long-Term Liabilities	<u>\$ 33,723</u>	<u>\$ 33,118</u>	<u>\$ 32,376</u>	<u>\$ 34,465</u>	<u>\$ 5,316</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

The County may be involved in various claims. Although the outcome of any claims is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

**MOWER COUNTY
AUSTIN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES
YEAR ENDED DECEMBER 31, 2024**

	Measurement Date December 31, 2024	Measurement Date December 31, 2023	Measurement Date December 31, 2022	Measurement Date December 31, 2021	Measurement Date December 31, 2020	Measurement Date December 31, 2019	Measurement Date December 31, 2018
Total OPEB Liability							
Service Cost	\$ 253,993	\$ 280,478	\$ 389,959	\$ 449,062	\$ 366,379	\$ 285,206	\$ 306,095
Interest Cost	725,504	452,821	500,666	663,150	672,685	621,512	622,653
Assumption Changes	1,633,609	(3,945,085)	(261,625)	2,324,391	1,528,157	(957,822)	-
Plan Changes	253,441	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(2,427,989)	-	(1,719,052)	-	3,790,653	-	-
Benefit Payments	(1,335,595)	(1,201,909)	(1,183,664)	(1,236,179)	(1,311,573)	(1,015,436)	(870,637)
Net Change in Total OPEB Liability	(897,037)	(4,413,695)	(2,273,716)	2,200,424	5,046,301	(1,066,540)	58,111
Total OPEB Liability - Beginning	18,544,849	22,958,544	25,232,260	23,031,836	17,985,535	19,052,075	18,993,964
Total OPEB Liability - Ending	<u>\$ 17,647,812</u>	<u>\$ 18,544,849</u>	<u>\$ 22,958,544</u>	<u>\$ 25,232,260</u>	<u>\$ 23,031,836</u>	<u>\$ 17,985,535</u>	<u>\$ 19,052,075</u>
Covered Employee Payroll	\$ 23,211,474	\$ 19,147,360	\$ 18,589,670	\$ 17,755,000	\$ 17,196,126	\$ 16,146,520	\$ 15,676,233
Agency's OPEB Liability as a Percentage of Covered Employee Payroll	76.0%	96.9%	123.5%	142.1%	133.9%	111.4%	121.5%

Note 1: The County implemented GASB Statement No. 75 in 2018. The above table will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 16,606,434	\$ 16,606,434	\$ 16,361,592	\$ (244,842)
Special Assessments	1,175,964	1,175,964	1,224,036	48,072
Licenses and Permits	85,665	85,665	69,575	(16,090)
Intergovernmental	5,303,946	5,303,946	6,199,191	895,245
Charges for Services	1,044,278	1,044,278	1,153,812	109,534
Fines and Forfeits	29,000	29,000	36,389	7,389
Investments Earnings	1,000,150	1,000,150	2,271,895	1,271,745
Miscellaneous	1,661,520	1,661,520	1,560,742	(100,778)
Total Revenues	<u>26,906,957</u>	<u>26,906,957</u>	<u>28,877,232</u>	<u>1,970,275</u>
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Commissioners	241,313	241,313	229,971	11,342
Courts	366,500	366,500	276,647	89,853
Law Library	40,327	40,327	24,665	15,662
County Administration	478,701	478,701	567,641	(88,940)
County Auditor-Treasurer	371,388	371,388	336,728	34,660
County Assessor	804,851	804,851	871,654	(66,803)
Elections	470,251	470,251	405,144	65,107
Auditing	629,441	629,441	670,706	(41,265)
Information Systems	1,419,726	1,419,726	1,678,416	(258,690)
Attorney	1,738,390	1,738,390	2,256,380	(517,990)
Recorder	331,986	331,986	331,119	867
Building and Plant	910,927	910,927	1,136,156	(225,229)
Tax Payer Services	177,819	177,819	192,880	(15,061)
Veterans Service	322,534	322,534	331,129	(8,595)
GIS	387,793	387,793	429,387	(41,594)
Other General Government	1,716,468	1,716,468	2,621,456	(904,988)
Total General Government	<u>10,408,415</u>	<u>10,408,415</u>	<u>12,360,079</u>	<u>(1,951,664)</u>
PUBLIC SAFETY				
Sheriff	4,023,855	4,023,855	4,585,744	(561,889)
E911	96,836	96,836	35,365	61,471
Coroner	135,212	135,212	130,119	5,093
County Jail	4,389,182	4,389,182	4,584,663	(195,481)
County Jail Canteen	38,500	38,500	3,401	35,099
Law Enforcement Center	1,850,885	1,850,885	2,167,183	(316,298)
Community Corrections	2,432,966	2,432,966	2,363,515	69,451
Sentence to Serve	77,715	77,715	77,627	88
Civil/Bailiff	175,490	175,490	157,832	17,658
Total Public Safety	<u>13,220,641</u>	<u>13,220,641</u>	<u>14,105,449</u>	<u>(884,808)</u>

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES (Continued)				
CURRENT (Continued)				
SANITATION				
Solid Waste	\$ 1,240,893	\$ 1,240,893	\$ 1,172,531	\$ 68,362
CULTURE AND RECREATION				
Historical Society	64,959	64,959	64,959	-
Senior Citizens	56,000	56,000	58,400	(2,400)
Regional Library	330,500	330,500	333,139	(2,639)
Other	103,958	103,958	80,560	23,398
Total Culture and Recreation	<u>555,417</u>	<u>555,417</u>	<u>537,058</u>	<u>18,359</u>
CONSERVATION OF NATURAL RESOURCES				
County Extension	208,660	208,660	210,110	(1,450)
Soil and Water Conservation	170,000	170,000	170,000	-
Fairgrounds	75,000	75,000	79,000	(4,000)
Total Conservation of Natural Resources	<u>453,660</u>	<u>453,660</u>	<u>459,110</u>	<u>(5,450)</u>
ECONOMIC DEVELOPMENT				
Grow Austin	160,000	160,000	160,100	(100)
Development Corporation	282,000	282,000	175,067	106,933
Total Economic Development	<u>442,000</u>	<u>442,000</u>	<u>335,167</u>	<u>106,833</u>
ENERGY				
Port Authority	-	-	88	(88)
CAPITAL OUTLAY				
General Government	110,100	110,100	317,889	(207,789)
Public Safety	530,000	530,000	607,404	(77,404)
Sanitation	253,500	253,500	316,867	(63,367)
Culture and Recreation	1,000	1,000	28,792	(27,792)
Total Capital Outlay	<u>894,600</u>	<u>894,600</u>	<u>1,270,952</u>	<u>(376,352)</u>
DEBT SERVICE				
Interest	-	-	30	(30)
Total Expenditures	<u>27,215,626</u>	<u>27,215,626</u>	<u>30,240,464</u>	<u>(3,024,838)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(308,669)	(308,669)	(1,363,232)	(1,054,563)

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Proceeds from the Sale of Capital Assets	\$ -	\$ -	\$ 2,826	\$ 2,826
NET CHANGE IN FUND BALANCE	<u>\$ (308,669)</u>	<u>\$ (308,669)</u>	(1,360,406)	<u>\$ (1,051,737)</u>
Fund Balance - Beginning of Year			<u>26,812,491</u>	
FUND BALANCE - END OF YEAR			<u>\$ 25,452,085</u>	

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,241,380	\$ 4,241,380	\$ 4,118,086	\$ (123,294)
Transit Sales and Use Tax	2,000,000	2,000,000	2,413,362	413,362
Licenses and Permits	114,250	114,250	129,319	15,069
Intergovernmental	13,343,197	13,343,197	14,276,788	933,591
Charges for Services	98,000	98,000	128,654	30,654
Miscellaneous	1,527,925	1,527,925	483,674	(1,044,251)
Total Revenues	<u>21,324,752</u>	<u>21,324,752</u>	<u>21,549,883</u>	<u>225,131</u>
EXPENDITURES				
CURRENT				
HIGHWAY AND STREETS				
Administration	744,308	744,308	811,445	(67,137)
Maintenance	3,716,782	3,716,782	3,243,866	472,916
Construction	11,450,537	11,450,537	10,681,497	769,040
Equipment and Maintenance Shops	1,243,989	1,243,989	1,202,409	41,580
Buildings and Grounds	277,026	277,026	228,157	48,869
Total Current	<u>17,432,642</u>	<u>17,432,642</u>	<u>16,167,374</u>	<u>1,265,268</u>
INTERGOVERNMENTAL				
Highways and Streets	570,937	570,937	661,514	(90,577)
CAPITAL OUTLAY				
Highway and Streets	827,000	827,000	1,725,920	(898,920)
Conservation	609,380	609,380	648,115	(38,735)
Total Capital Outlay	<u>1,436,380</u>	<u>1,436,380</u>	<u>2,374,035</u>	<u>(937,655)</u>
Total Expenditures	<u>19,439,959</u>	<u>19,439,959</u>	<u>19,202,923</u>	<u>237,036</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,884,793	1,884,793	2,346,960	462,167
OTHER FINANCING SOURCES				
Proceeds from the Sale of Capital Assets	30,000	30,000	203,140	173,140
NET CHANGE IN FUND BALANCE	<u>\$ 1,914,793</u>	<u>\$ 1,914,793</u>	2,550,100	<u>\$ 635,307</u>
Fund Balance - Beginning of Year			<u>10,647,043</u>	
FUND BALANCE - END OF YEAR			<u>\$ 13,197,143</u>	

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES FUND
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 6,427,552	\$ 6,427,552	\$ 6,293,991	\$ (133,561)
Intergovernmental	9,025,265	9,025,265	10,522,018	1,496,753
Charges for Services	2,600,571	2,600,571	1,337,131	(1,263,440)
Gifts and Contributions	-	-	6,750	6,750
Investments Earnings	700	700	-	(700)
Miscellaneous	475,600	475,600	948,128	472,528
Total Revenues	<u>18,529,688</u>	<u>18,529,688</u>	<u>19,108,018</u>	<u>578,330</u>
EXPENDITURES				
CURRENT				
HUMAN SERVICES				
Income Maintenance	5,810,767	5,810,767	5,737,708	73,059
Social Services	10,700,611	10,700,611	10,836,755	(136,144)
Total Human Services	<u>16,511,378</u>	<u>16,511,378</u>	<u>16,574,463</u>	<u>(63,085)</u>
HEALTH				
Health	2,277,660	2,277,660	2,382,454	(104,794)
CAPITAL OUTLAY				
Human Services	18,300	18,300	11,673	6,627
Total Expenditures	<u>18,807,338</u>	<u>18,807,338</u>	<u>18,968,590</u>	<u>(161,252)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (277,650)</u>	<u>\$ (277,650)</u>	139,428	<u>\$ 417,078</u>
Fund Balance - Beginning of Year			<u>10,691,435</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,830,863</u>	

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
DECEMBER 31, 2024**

	Measurement Date June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
GERF										
County's Proportion of the Net Pension Liability	0.210%	0.199%	0.196%	0.196%	0.185%	0.174%	0.173%	0.168%	0.171%	0.168%
County's Proportionate Share of the Net Pension Liability	\$ 7,746,346	\$ 11,139,041	\$ 15,523,265	\$ 8,382,889	\$ 11,073,609	\$ 9,642,185	\$ 9,608,426	\$ 10,725,009	\$ 13,916,830	\$ 8,685,902
State's Proportionate Share of the Net Pension Liability	\$ 200,305	\$ 307,078	\$ 455,217	\$ 256,003	\$ 341,479	\$ 299,654	\$ 315,207	\$ 134,847	\$ 181,823	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 7,946,651	\$ 11,446,119	\$ 15,978,482	\$ 8,638,892	\$ 11,415,088	\$ 9,941,839	\$ 9,923,633	\$ 10,859,856	\$ 14,098,653	\$ 8,685,902
County's Covered Payroll	\$ 17,722,445	\$ 15,843,053	\$ 14,683,427	\$ 14,131,733	\$ 13,170,093	\$ 12,341,827	\$ 11,536,387	\$ 10,822,067	\$ 10,621,187	\$ 10,475,290
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	43.71%	70.31%	105.72%	59.32%	84.08%	78.13%	83.29%	99.10%	131.03%	82.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%
PEPFF										
County's Proportion of the Net Pension Liability	0.176%	0.174%	0.170%	0.171%	0.166%	0.166%	0.152%	0.145%	0.157%	0.162%
County's Proportionate Share of the Net Pension Liability	\$ 2,310,784	\$ 3,011,661	\$ 7,410,783	\$ 1,323,026	\$ 2,189,376	\$ 1,771,496	\$ 1,621,229	\$ 1,957,673	\$ 6,300,683	\$ 1,840,699
State's Proportionate Share of the Net Pension Liability	\$ 88,086	\$ 121,295	\$ 323,672	\$ 59,478	\$ 51,574	\$ -	\$ -	\$ -	\$ -	\$ -
Total Proportionate Share of the Net Pension Liability	\$ 2,398,870	\$ 3,132,956	\$ 7,734,455	\$ 1,382,504	\$ 2,240,950	\$ 1,771,496	\$ 1,621,229	\$ 1,957,673	\$ 6,300,683	\$ 1,840,699
County's Covered Payroll	\$ 2,441,279	\$ 2,290,373	\$ 2,068,441	\$ 2,213,821	\$ 2,004,068	\$ 1,796,012	\$ 1,593,340	\$ 1,486,722	\$ 1,516,909	\$ 1,506,793
County's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	94.65%	131.49%	358.28%	59.76%	109.25%	98.63%	101.75%	131.68%	415.36%	122.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.17%	86.47%	70.53%	93.66%	87.19%	89.26%	88.84%	85.43%	63.90%	86.60%
PECF										
County's Proportion of the Net Pension Liability (Asset)	0.929%	0.890%	0.953%	0.943%	0.891%	0.821%	0.769%	0.720%	0.730%	0.730%
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 283,095	\$ 402,279	\$ 3,166,442	\$ (154,834)	\$ 241,709	\$ 113,600	\$ 126,478	\$ 2,052,007	\$ 2,666,792	\$ 112,858
County's Covered Payroll	\$ 2,315,926	\$ 2,086,617	\$ 2,092,697	\$ 2,084,034	\$ 1,938,411	\$ 1,720,274	\$ 1,545,349	\$ 1,439,886	\$ 1,376,247	\$ 1,348,969
County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	12.22%	19.28%	151.31%	-7.43%	12.47%	6.60%	8.18%	142.51%	193.77%	8.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	97.55%	95.94%	74.58%	101.61%	96.67%	98.17%	97.64%	67.89%	58.20%	96.90%

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF THE COUNTY'S CONTRIBUTIONS
DECEMBER 31, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
GERF										
Contractually Required Contribution	\$ 1,403,176	\$ 1,250,460	\$ 1,136,929	\$ 1,073,990	\$ 1,035,258	\$ 943,286	\$ 898,428	\$ 832,621	\$ 790,373	\$ 726,621
Contributions in Relation to the Contractually Required Contribution	(1,403,176)	(1,250,460)	(1,136,929)	(1,073,990)	(1,035,258)	(943,286)	(898,428)	(832,621)	(790,373)	(726,621)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>								
County's Covered Payroll	\$ 18,709,013	\$ 16,672,800	\$ 15,159,053	\$ 14,319,867	\$ 13,803,440	\$ 12,577,147	\$ 11,979,040	\$ 11,101,613	\$ 10,538,307	\$ 9,688,280
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
PEPFF										
Contractually Required Contribution	\$ 455,576	\$ 423,216	\$ 380,722	\$ 360,877	\$ 351,107	\$ 301,699	\$ 274,991	\$ 242,328	\$ 242,618	\$ 233,183
Contributions in Relation to the Contractually Required Contribution	(455,576)	(423,216)	(380,722)	(360,877)	(351,107)	(301,699)	(274,991)	(242,328)	(242,618)	(233,183)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>								
County's Covered Payroll	\$ 2,573,876	\$ 2,391,051	\$ 2,150,972	\$ 2,038,853	\$ 1,983,655	\$ 1,779,935	\$ 1,697,475	\$ 1,495,852	\$ 1,497,642	\$ 1,439,401
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%
PECF										
Contractually Required Contribution	\$ 216,699	\$ 194,357	\$ 180,661	\$ 181,838	\$ 181,006	\$ 158,109	\$ 141,043	\$ 129,428	\$ 122,853	\$ 114,921
Contributions in Relation to the Contractually Required Contribution	(216,699)	(194,357)	(180,661)	(181,838)	(181,006)	(158,109)	(141,043)	(129,428)	(122,853)	(114,921)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>								
County's Covered Payroll	\$ 2,476,560	\$ 2,221,223	\$ 2,064,697	\$ 2,078,149	\$ 2,068,640	\$ 1,806,960	\$ 1,611,920	\$ 1,479,177	\$ 1,404,034	\$ 1,313,383
Contributions as a Percentage of Covered Payroll	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

See Notes to Required Supplementary Information..

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024**

NOTE 1 BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before mid-July of each year, all departments and agencies submit requests for appropriations to the Mower County Administrator so that a budget can be prepared. Before September 15, the proposed budget is presented to the Board of County Commissioners 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 head may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the Board of County Commissioners or County Administrator if under \$5,000. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level. During the year, the Board made expense reductions to meet unbudgeted state-aid reductions.

Encumbrance accounting is employed in governmental funds. Encumbrances (such as, purchase orders or contracts) outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be reapportioned and honored during the subsequent year.

NOTE 2 EXPENDITURES IN EXCESS OF BUDGET

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

	Actual	Budget	Excess
General Fund	\$ 30,240,464	\$ 27,215,626	\$ 3,024,838
Social Services	18,968,590	18,807,338	161,252
Sewer Improvements	551,245	525,000	26,245

The excess of expenditures over budget was funded by greater than anticipated revenues and existing fund balance.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION 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 year ended June 30:

A. General Employees Fund

2024

Changes in Actuarial Assumptions

- 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 for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of 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.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- 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% 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 2-5 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 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 annuitant 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% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2020 (Continued)

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% 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 Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2017

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund

2024

Changes in Actuarial Assumptions

- There were no changes in plan provisions since the previous valuation.

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% 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 after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is 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

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, noncompounding benefit increase of 3.0% 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.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- 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 MP-2019 to MN-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% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2018

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed from 1.0% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100% funding or July 1, 2048, if earlier.
- Member contributions were changed 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00% beginning July 1, 2018.
- Deferred augmentation was changed to 0.00% 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

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested 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 tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund (Continued)

2017 (Continued)

Changes in Actuarial Assumptions (Continued)

- 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 postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2030 and 2.50% thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund

2024

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the prior valuation.

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

- The investment return rate was changed from 6.5% to 7.00%.
- The single discount rate changed from 5.42% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of \$5.3 million will be contributed to the Plan on October 1, 2023.
- A one-time, noncompounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.5%. The maximum increase is 1.5% and the Plan's funding ratio improves to 85% for two consecutive years on a market value of assets basis.

2022

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes in plan provisions since the previous valuation.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund

2021

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- 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 MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Changes in Actuarial Assumptions (Continued)

- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund (Continued)

2018

Changes in Actuarial Assumptions

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed postretirement benefit increase was changed from 2.50% per year to 2.00% per year.

Changes in Plan Provisions

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50% per year with a provision to reduce to 1.00% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 2.50%, beginning January 1, 2019. If the funding status declines to 85.00% for two consecutive
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested, deferred members. The CSA has been changed to 35% for vested members and 1% for nonvested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 3 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

C. Correctional Fund (Continued)

2016

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS

Since the most recent valuation, the following assumption changes have been made:

2024

- The pre-age 65 and post-age 65 health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The discount rate was changed from 4.00% to 3.70%.

2023

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

2022

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the 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% to 2.00%.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2024**

NOTE 4 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

2021

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

2020

- The discount rate was changed from 3.80% to 2.90%.

2019

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

SUPPLEMENTARY INFORMATION

**MOWER COUNTY
AUSTIN, MINNESOTA
DESCRIPTION OF FUNDS
DECEMBER 31, 2024**

NONMAJOR SPECIAL REVENUE FUNDS

The Ditch Special Revenue Fund is used to account for the financing of public improvements or services for the construction, reconstruction, and maintenance of both County and joint-County drainage systems. These services are financed by special assessments against the benefited properties.

The Sewer Improvements Fund accounts for sewer system improvement loans made through the County.

NONMAJOR DEBT SERVICE FUND

The Bond Fund accounts for the accumulation of resources for, and the payment, of debt principal, interest, and related costs of the County's debt.

FIDUCIARY FUNDS

Private-Purpose Trust Funds

The Social Welfare Fund is used to account for the activity related to income received and payments made on behalf of individuals for whom the County is responsible to assist in accordance with Minn. Stat. § 256.8.

Custodial Funds

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

The Family Collections Fund accounts for the operations of the Mower County Family Services Collaborative.

The State Revenue Fund is used for the collection of fees on behalf of the State.

The Civil Process Fund is used to account for the receipts and disbursements of funds related to civil process.

The Estate Recoveries Fund is used to hold the State's portion of estates from deceased parties within the County until such a time they can be analyzed and disbursed properly.

The Jail Inmate Fund is used to account for the receipts and disbursements of funds related to county inmates.

**MOWER COUNTY
AUSTIN, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	Ditch	Sewer Improvements	Bond Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Pooled Investments	\$ 854,153	\$ 841,216	\$ 745,914	\$ 2,441,283
Taxes Receivable - Delinquent	-	-	2,933	2,933
Special Assessments Receivable - Current	133,910	4,285	-	138,195
Special Assessments Receivable - Delinquent	1,048	5,998	-	7,046
Loans Receivable	-	940,873	-	940,873
Due from Other Governments	6,563	-	-	6,563
Restricted Investments - Temporary	-	29,918	-	29,918
Total Assets	\$ 995,674	\$ 1,822,290	\$ 748,847	\$ 3,566,811
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 2,031	\$ -	\$ -	\$ 2,031
Due to Other Governments	24,679	-	-	24,679
Total Liabilities	26,710	-	-	26,710
DEFERRED INFLOWS OF RESOURCES				
Unavailable Taxes	133,910	-	2,291	136,201
Unavailable Special Assessments	1,048	8,997	-	10,045
Total Deferred Inflows of Resources	134,958	8,997	2,291	146,246
FUND BALANCES				
Restricted For:				
Ditch Projects	834,006	-	-	834,006
Sewer Improvements	-	877,463	-	877,463
Debt Service	-	90,939	746,556	837,495
Assigned For:				
Sewer Improvements	-	844,891	-	844,891
Total Fund Balance	834,006	1,813,293	746,556	3,393,855
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 995,674	\$ 1,822,290	\$ 748,847	\$ 3,566,811

**MOWER COUNTY
AUSTIN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	<u>Ditch</u>	<u>Sewer Improvements</u>	<u>Bond Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 1,662	\$ 1,662
Special Assessments	142,573	298,248	-	440,821
Investment Earnings	-	14	-	14
Total Revenues	<u>142,573</u>	<u>298,262</u>	<u>1,662</u>	<u>442,497</u>
EXPENDITURES				
Current:				
Conservation	86,412	301,245	-	387,657
DEBT SERVICE				
Principal	-	250,000	-	250,000
Total Expenditures	<u>86,412</u>	<u>551,245</u>	<u>-</u>	<u>637,657</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,161	(252,983)	1,662	(195,160)
OTHER FINANCING SOURCES				
Issuance of Loan	-	77,220	-	77,220
NET CHANGE IN FUND BALANCES	56,161	(175,763)	1,662	(117,940)
Fund Balance - Beginning of Year	<u>777,845</u>	<u>1,989,056</u>	<u>744,894</u>	<u>3,511,795</u>
FUND BALANCE - END OF YEAR	<u>\$ 834,006</u>	<u>\$ 1,813,293</u>	<u>\$ 746,556</u>	<u>\$ 3,393,855</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DITCH FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 136,000	\$ 136,000	\$ 142,573	\$ 6,573
EXPENDITURES				
Current:				
Conservation of Natural Resources:				
Other	<u>180,225</u>	<u>180,225</u>	<u>86,412</u>	<u>93,813</u>
NET CHANGE IN FUND BALANCE	<u>\$ (44,225)</u>	<u>\$ (44,225)</u>	56,161	<u>\$ 100,386</u>
Fund Balance - Beginning of Year			<u>777,845</u>	
FUND BALANCE - END OF YEAR			<u>\$ 834,006</u>	

**MOWER COUNTY
AUSTIN, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SEWER IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special Assessments	\$ 175,000	\$ 175,000	\$ 298,248	\$ 123,248
Investments Earnings	-	-	14	14
Total Revenues	<u>175,000</u>	<u>175,000</u>	<u>298,262</u>	<u>123,262</u>
EXPENDITURES				
Current:				
Conservation of National Resources:				
Other	275,000	275,000	301,245	(26,245)
Debt Service:				
Principal	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Total Expenditures	<u>525,000</u>	<u>525,000</u>	<u>551,245</u>	<u>(26,245)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(350,000)	(350,000)	(252,983)	97,017
OTHER FINANCING SOURCES				
Issuance of Loan	<u>-</u>	<u>-</u>	<u>77,220</u>	<u>77,220</u>
NET CHANGE IN FUND BALANCE	<u>\$ (350,000)</u>	<u>\$ (350,000)</u>	(175,763)	<u>\$ 174,237</u>
Fund Balance - Beginning of Year			<u>1,989,056</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,813,293</u></u>	

**MOWER COUNTY
AUSTIN, MINNESOTA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
DECEMBER 31, 2024**

	Taxes and Penalties	Family Collections	State Revenue	Civil Process	Estate Recoveries	Jail Inmate	Total Custodial Funds
ASSETS							
Cash and Cash Equivalents	\$ 392,031	\$ 293,940	\$ 149,824	\$ 4,178	\$ 232,689	\$ 12,364	\$ 1,085,026
Due from Other Governments	-	52,806	-	-	352	-	53,158
Taxes For Other Governments	876,261	-	-	-	-	-	876,261
	<u>876,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>876,261</u>
Total Assets	<u>\$ 1,268,292</u>	<u>\$ 346,746</u>	<u>\$ 149,824</u>	<u>\$ 4,178</u>	<u>\$ 233,041</u>	<u>\$ 12,364</u>	<u>\$ 2,014,445</u>
LIABILITIES							
Due to Others	\$ -	\$ 83	\$ -	\$ -	\$ -	\$ 12,364	\$ 12,447
Unearned Revenue	19,235	-	-	-	-	-	19,235
Due to Other Governments	433,877	995	149,824	-	233,041	-	817,737
Total Liabilities	<u>453,112</u>	<u>1,078</u>	<u>149,824</u>	<u>-</u>	<u>233,041</u>	<u>12,364</u>	<u>849,419</u>
NET POSITION							
Restricted for:							
Individuals, Organizations, and Other Governments	<u>\$ 815,180</u>	<u>\$ 345,668</u>	<u>\$ -</u>	<u>\$ 4,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,165,026</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS – CUSTODIAL FUNDS
YEAR ENDED DECEMBER 31, 2024**

	<u>Taxes and Penalties</u>	<u>Family Collections</u>	<u>State Revenue</u>	<u>Civil Process</u>	<u>Estate Recoveries</u>	<u>Jail Inmate</u>	<u>Total Custodial Funds</u>
ADDITIONS							
Contributions:							
Individuals	\$ -	\$ 194,141	\$ -	\$ 143,294	\$ -	\$ 201,670	\$ 539,105
Property Tax Collections for Other Governments	37,829,079	-	-	-	-	-	37,829,079
Recoveries	-	-	-	-	687,618	-	687,618
License and Fees Collected for State	-	-	1,438,920	-	-	-	1,438,920
Total Additions	<u>37,829,079</u>	<u>194,141</u>	<u>1,438,920</u>	<u>143,294</u>	<u>687,618</u>	<u>201,670</u>	<u>40,494,722</u>
DEDUCTIONS							
Beneficiary Payments to Individuals	-	242,067	-	142,462	-	201,670	586,199
Payments of Property Tax to Other Governments	38,108,415	-	-	-	-	-	38,108,415
Payments to Other Entities	-	-	1,438,920	-	687,618	-	2,126,538
Total Deductions	<u>38,108,415</u>	<u>242,067</u>	<u>1,438,920</u>	<u>142,462</u>	<u>687,618</u>	<u>201,670</u>	<u>40,821,152</u>
CHANGE IN FIDUCIARY NET POSITION	(279,336)	(47,926)	-	832	-	-	(326,430)
Fiduciary Net Position - Beginning of Year	<u>1,094,516</u>	<u>393,594</u>	<u>-</u>	<u>3,346</u>	<u>-</u>	<u>-</u>	<u>1,491,456</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 815,180</u>	<u>\$ 345,668</u>	<u>\$ -</u>	<u>\$ 4,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,165,026</u>

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
YEAR ENDED DECEMBER 31, 2024**

	Governmental Funds
SHARED REVENUE	
STATE	
Highway Users Tax	\$ 10,378,659
County Program Aid	3,285,390
PERA Rate Reimbursement	33,526
Disparity Reduction Aid	138,825
Police Aid	327,908
Enhanced 911	258,157
Market Value Credit	301,835
Riparian Protection Aid	134,052
Aquatic Invasive Species	12,071
Local Cannabis Aid	2,114
Statewide Local Housing Aid	118,725
Local Performance Aid	5,605
Local Homeless Prevention Aid	37,037
Total Shared Revenue	15,033,904
REIMBURSEMENT FOR SERVICES	
STATE	
Minnesota Department of Human Services	2,667,052
PAYMENTS	
LOCAL	
Payments in Lieu of Taxes	79,793
GRANTS	
STATE	
Minnesota Department/Board of:	
Peace Officers Board	25,341
Corrections	555,059
Health	605,705
Human Services	1,885,239
Soil and Water Resources	45,617
Secretary of State	83,534
Veteran's Affairs	10,000
Transportation	1,382,230
Public Safety	2,579
Pollution Control Agency	391,889
Total State	4,987,193
FEDERAL	
Department of:	
Agriculture	825,388
Justice	692
Transportation	2,382,915
Homeland Security	248,596
Health and Human Services	4,772,464
Total Federal	8,230,055
Total State and Federal Grants	13,217,248
Total Intergovernmental Revenue	\$ 30,997,997

**REPORTS RELATED TO *GOVERNMENT AUDITING STANDARDS*
AND SINGLE AUDIT**



**INDEPENDENT AUDITORS' 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***

Board of County Commissioners
Mower County
Austin, 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 Mower County (the County), 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 July 23, 2025.

The County's financial statements include the operations of the Mower County Housing and Redevelopment Authority (HRA) for the year ended September 30, 2024. Our reporting, described below, did not include the operations of the HRA because the HRA (component unit) engaged for its own separate audit in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mower County's internal control over financial reporting (internal control) 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 Mower County's internal control. Accordingly, we do not express an opinion on the effectiveness of Mower County's internal control.

A *deficiency in internal control* 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, 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 through 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mower 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*.

Mower County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Mower County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



CliftonLarsonAllen LLP

Austin, Minnesota
July 23, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners
Mower County
Austin, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mower County's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mower County's major federal programs for the year ended December 31, 2024. Mower County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Other Matters – Federal Expenditures Not Included in the Compliance Audit

Mower County's basic financial statements include the operations of the Mower County Housing and Redevelopment Authority (HRA), a component unit, which expended \$582,496 in federal awards during the year ended September 30, 2024. The federal awards for the HRA are not included in the accompanying schedule of expenditures of federal awards for Mower County. Our audit, described below, did not include the operations of the HRA because the HRA engaged for its own separate audit.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



CliftonLarsonAllen LLP

Austin, Minnesota
July 23, 2025

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of Major Federal Programs

Assistance Listing Numbers

20.205
93.563
93.778

Name of Federal Program or Cluster

Highway Planning and Construction
Child Support Services
Medical Assistance Program
(Medicaid Cluster)

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

Auditee qualified as low-risk auditee? yes X no

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2024**

Section II – Financial Statement Findings

2024-001 SEGREGATION OF DUTIES – VARIOUS DEPARTMENTS

Type of Finding: Material Weakness in Internal Control over Financial Reporting.

Condition: Adequate segregation of the accounting functions necessary to ensure adequate internal accounting control, is not in place for County departments.

Criteria or Specific Requirement: County management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the County. In addition, County management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Effect: The design of the internal controls over financial reporting could affect the ability of the County to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the County's inability to prevent/detect misappropriation of County assets.

Cause: The County has a limited number of personnel within several County departments.

Repeat Finding: Yes – Finding 2023-001.

Recommendation: We recommend County management be aware of the lack of segregation of duties within the accounting functions and assess whether additional segregation of duties is cost beneficial. If additional segregation is not possible, we recommend County management implement oversight procedures to ensure the internal control policies and procedures are being implemented by County staff.

View of Responsible Officials: There is no disagreement with the audit finding. The County will review the accounting functions and segregate them if deemed cost-beneficial.

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2024**

Section II – Financial Statement Findings (Continued)

2024-002 FINANCIAL REPORTING PROCESS

Type of Finding: Material Weakness in Internal Control over Financial Reporting.

Condition: As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. The County does not have an internal control policy in place over preparation or review of the annual financial statements that would enable management to prepare the financial statements and related note disclosures in accordance with applicable accounting and reporting standards. Management reviews and accepts responsibility for the financial statements.

Criteria or Specific Requirement: County management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with applicable accounting and reporting standards.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the County's internal controls.

Cause: The County has a limited number of personnel.

Repeat Finding: Yes – Finding 2023-003.

Recommendation: We recommend the County continue to evaluate its internal staff capacity to determine if an internal control policy over the preparation of the financial statements and other areas is beneficial.

View of Responsible Officials: There is no disagreement with the audit finding. The County will review the controls over financial reporting and undertake them if deemed cost beneficial.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2024**

Section IV – Other Items for Consideration – Minnesota Legal Compliance

2024-03 EFT Transactions

Type of Finding: Minnesota Legal Compliance

Condition: The County did not provide a list of all electronic funds transfer (EFT) transactions to the County board in 2024.

Criteria or Specific Requirement: Minnesota State Statute § 471.38, states that a list of all transactions made by electronic funds transfer shall be submitted to the governing body at its next regular meeting after the transaction.

Effect: The County is not in compliance with the Minnesota State Statutes noted above.

Cause: County procedures did not follow requirements of state statutes.

Repeat Finding: No.

Recommendation: We recommend that the County modify their processes so that a listing of EFT transactions are formally presented to the board at its next regular meeting after the transaction is processed.

Views of responsible officials: There is no disagreement with the finding.

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Grant Program Title or Cluster Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	242MN101S2514	\$ 509,827	\$ -
Passed Through Minnesota Department of Health WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	222MN004W1003	315,561	-
Total U.S. Department of Agriculture			<u>825,388</u>	<u>-</u>
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	04152024	692	-
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	050-646-006	2,307,680	-
Passed Through City of Austin State and Community Highway Safety (Part of Highway Safety Cluster Total \$57,958)	20.600	P079224402	7,613	-
National Priority Safety Programs (Part of Highway Safety Cluster Total \$57,958)	20.616	P079224405D	50,345	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	P079224AL164	17,277	-
Total U.S. Department of Transportation			<u>2,382,915</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	NU90TP922026	34,909	-
Early Hearing Detection and Intervention	93.251	H61MC00035	575	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	NU50DD00096	225	-
COVID-19 Immunization Cooperative Agreements	93.268	NH23IP922628	78,423	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NH23IP922628	207,718	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	NH75OT000032	68,642	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$691,725)	93.558	2401MNTANF	38,226	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	NE11OE000048	24,788	-
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	32,696	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MOWER COUNTY
AUSTIN, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Grant Program Title or Cluster Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPS	\$ 8,123	\$ -
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$691,725)	93.558	2401MNTANF	653,499	-
Child Support Services	93.563	2301MNCES, 2301MNCSES	1,180,232	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	2401MNRCA	3,732	-
Child Care and Development Block Grant (CCDF Cluster)	93.575	2401MNCDF	21,526	-
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	22,411	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	3,474	-
Foster Care Title IV-E	93.658	2401MNFOS	240,504	-
Social Services Block Grant	93.667	2401MNSOSR	246,806	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	2301MNCILP	2,388	-
Children's Health Insurance Program	93.767	2305MN5021	874	-
Medical Assistance Program (Part of Medicaid Cluster)	93.778	2405MN5ADM, 2405MN5MAP	1,705,983	-
Total U.S. Department of Health and Human Services			<u>4,575,754</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	P07204797	8,596	-
Homeland Security Grant Program	97.067	P072021HSGP	240,000	-
Total U.S. Department of Homeland Security			<u>248,596</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 8,033,345</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**MOWER COUNTY
AUSTIN, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

NOTE 1 REPORTING ENTITY

The schedule of expenditures of federal awards (the Schedule) presents the activities of federal award programs expended by Mower County. The County's reporting entity is defined in Note 1 to the financial statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying Schedule includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principal contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal Grant Revenue Per Schedule of Intergovernmental Revenue	\$	8,230,055
Revenues included on the Schedule of Intergovernmental Revenue that are not considered Federal Grant Expenditures (Prior Year Deferred Inflows of Resources)		(204,991)
Expenditures above, not included as revenues on the Schedule of Intergovernmental Revenues (Current Year Deferred Inflows of Resources)		<u>8,281</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$</u>	<u>8,033,345</u>



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of County Commissioners
Mower County
Austin, Minnesota

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Mower County (the County) 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 July 23, 2025.

The County's financial statements include the operations of the Mower County Housing and Redevelopment Authority (HRA), for the year ended September 30, 2024. Our audit, described below, did not include the operations of the HRA because the HRA (component unit) engaged for its own separate audit that included provisions of the *Minnesota Legal Compliance Audit Guide for Counties*.

In connection with our audit, we noted that Mower County failed to comply with 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 questioned costs as item 2024-003. Also, in connection with our audit, nothing came to our attention that caused us to believe that Mower County failed to comply with provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, and miscellaneous sections of the *Minnesota Legal Compliance Audit Guide for Counties*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the legal compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Board of County Commissioners
Mower County

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Counties* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Austin, Minnesota
July 23, 2025



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