

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

Audit Practice Division

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### **Chippewa County Montevideo, Minnesota**

Annual Financial Report and  
Management and Compliance Report

Year Ended December 31, 2024

# Chippewa County Montevideo, Minnesota

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## **Introductory Section**

# Chippewa County Montevideo, Minnesota

## Organization

Office	Name	Term Expires
<b>Commissioners</b>		
1st District	Matt Gilbertson	January 2027
2nd District	Candice Jaenisch*	January 2025
3rd District	David Nordaune	January 2025
4th District	Bill Pauling	January 2025
5th District	David Lieser	January 2027
<b>Officers</b>		
<b>Elected</b>		
Attorney	Matthew Haugen	January 2027
Sheriff	Derek Olson	January 2027
<b>Appointed</b>		
Assessor	Kerri Heim**	Indefinite
Auditor/Treasurer/Coordinator	Michelle May	Indefinite
Coroner	Dr. A. Quinn Strobel and Anoka County	Indefinite
County Recorder and Registrar of Titles	Amy Rodeberg	Indefinite
Deputy Registrar	Linda DeGrote	Indefinite
Highway Engineer	Jeremy Gilb	Indefinite
Land and Resource Management	Scott Williams	Indefinite
Veterans' Service Officer	Tim Kolhei	Indefinite
Family Services Director	Lisa Schultz	Indefinite
Information Technology	Aaron Steinbach	Indefinite

\*Chair 2024

\*\*Bonnie Crosby resigned effective March 1, 2024, and Kari Heim was appointed to fill the position.

## **Financial Section**

## Independent Auditor's Report

Board of County Commissioners  
Chippewa County  
Montevideo, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and each major special revenue fund, Schedule of Changes in Total OPEB Liability and Related Ratios – Other Postemployment Benefits, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chippewa County's basic financial statements. The combining fiduciary fund financial statements, Schedule of Intergovernmental Revenue, and Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and



relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2025, on our consideration of Chippewa 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 Chippewa 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 Chippewa County's internal control over financial reporting and compliance.

*/s/Julie Blaha*

Julie Blaha  
State Auditor

July 28, 2025

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor

## **Management's Discussion and Analysis**

# **Chippewa County Montevideo, Minnesota**

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

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

### **Financial Highlights**

- The assets and deferred outflows of resources of Chippewa County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (December 31, 2024) by \$94,532,804 (net position). Of this amount, \$14,751,415 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.
- Chippewa County's total net position increased by \$4,321,725. The increase is primarily due to an increase in Construction in Progress for open road projects, as well as a reduction in Unearned Revenue.
- As of the close of the 2024 fiscal year, Chippewa County's governmental funds' ending fund balances were \$26,362,437, compared to \$26,721,244 in 2023. Approximately 27 percent of the amount, \$6,990,410, is available for spending at Chippewa County's discretion (unassigned fund balance).

### **Overview of the Financial Statements**

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements. Chippewa County's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other required supplementary information.

### **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

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

Within the governmental funds, Chippewa County maintains two fund types: General and special revenue. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, Road and Bridge Special Revenue Fund, Family Services Special Revenue Fund, and Ditch Revenue Special Revenue Fund, all of which are considered to be major funds.

Chippewa County adopts an annual appropriated budget for its major governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budgets.

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

The General Fund is used to account for all financial resources not accounted for in another fund.

Special revenue governmental funds account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include:

- Road and Bridge Fund,
- Family Services Fund, and
- Ditch Fund.

A proprietary fund is maintained by Chippewa County. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses the Internal Service Fund to account for its self-insurance. The service benefits the governmental functions and has been allocated to the governmental activities in the government-wide financial statements.

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

Fiduciary funds (private-purpose trust and custodial funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Chippewa County’s own programs. The

accounting used for fiduciary funds is much like that used for the government-wide statements. The basic fiduciary fund financial statements are Exhibits 10 and 11 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 28 through 63 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and supplementary information. The budgetary statements referred to earlier in connection with the major governmental funds are presented immediately following the notes to the financial statements. Combining custodial fund statements can be found on Exhibits B-1 and B-2 of this report.

### **Government-Wide Financial Analysis**

Over time, net position serves as a useful indicator of the County's financial position. In the case of Chippewa County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$94,532,804 on December 31, 2024.

The largest portion of net position (72.8 percent) reflects the County's net investment in capital assets (for example: land; buildings; machinery and equipment; infrastructure; improvements to land; and construction in progress, net of accumulated depreciation and amortization). Chippewa County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Of Chippewa County's net position, 11.6 percent represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,751,415 may be used to meet the government's ongoing obligations to citizens and creditors. Comparative data with 2023 is presented.

### Statement of Net Position

	2024	2023*
Assets		
Current and other assets	\$ 38,046,096	\$ 38,563,171
Capital assets	69,167,506	66,230,436
Total Assets	\$ 107,213,602	\$ 104,793,607
Deferred Outflows of Resources		
Deferred OPEB outflows	\$ 79,315	\$ 95,653
Deferred pension outflows	2,633,818	3,923,924
Total Deferred Outflows of Resources	\$ 2,713,133	\$ 4,019,577
Liabilities		
Other liabilities	\$ 3,193,572	\$ 5,227,619
Long-term liabilities	7,386,480	8,660,452
Total Liabilities	\$ 10,580,052	\$ 13,888,071
Deferred Inflows of Resources		
Deferred OPEB inflows	\$ 194,717	\$ 229,669
Deferred pension inflows	4,411,617	4,047,474
Deferred lease inflows	207,545	-
Total Deferred Inflows of Resources	\$ 4,813,879	\$ 4,277,143
Net Position		
Net investment in capital assets	\$ 68,834,839	\$ 65,922,060
Restricted	10,946,550	8,415,462
Unrestricted	14,751,415	16,310,448
Total Net Position	\$ 94,532,804	\$ 90,647,970

\*2023 amounts were not restated for GASB Statement No. 101, *Compensated Absences*, as such the statements may not be comparable. See Note 1 in the Notes to the Financial Statements.

Unrestricted net position at December 31, 2024—the part of net position that may be used to meet the County’s ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements—is 15.6 percent of the net position.

### Governmental Activities

The County’s activities increased net position by 4.8 percent to \$94,532,804 for 2024, compared to \$90,211,079 for 2023, after restatement. Key elements in this increase in net position are as follows for 2024, with comparative data for 2023.

### Changes in Net Position

	2024	2023*
Revenues		
Program revenues		
Fees, charges, fines, and other	\$ 4,021,095	\$ 5,561,006
Operating grants and contributions	11,396,339	11,025,591
Capital grants and contributions	735,129	403,460
General revenues		
Property taxes	14,094,479	12,506,562
Other	5,718,060	3,395,986
Total Revenues	<u>\$ 35,965,102</u>	<u>\$ 32,892,605</u>
Expenses		
General government	\$ 5,094,232	\$ 5,077,655
Public safety	5,357,714	5,944,398
Highways and streets	6,247,123	7,091,829
Sanitation	351,799	379,574
Human services	8,305,974	7,473,599
Health	339,986	281,017
Culture and recreation	542,334	415,784
Conservation of natural resources	2,760,661	1,476,705
Economic development	2,629,496	62,175
Interest	14,058	10,784
Total Expenses	<u>\$ 31,643,377</u>	<u>\$ 28,213,520</u>
Special Item		
PrimeWest Health Buy In	\$ -	\$ (318,447)
Change in Net Position	\$ 4,321,725	\$ 4,360,638
Net Position – January 1, as restated	<u>90,211,079</u>	<u>86,287,332</u>
Net Position – December 31	<u>\$ 94,532,804</u>	<u>\$ 90,647,970</u>

\*2023 amounts were not restated for GASB Statement No. 101, *Compensated Absences*, as such the statements may not be comparable. See Note 1 in the Notes to the Financial Statements.

### Financial Analysis of the Government's Funds

#### Governmental Funds

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

As of the end of the current fiscal year, Chippewa County's governmental funds reported combined ending fund balances of \$26,362,437, a decrease of \$358,807, or 1.3 percent, in comparison with the prior year. Of the combined ending fund balances, \$20,295,059 represents unrestricted fund balance, which is available for spending at the County Board's discretion. The remainder of the fund balance, \$6,067,378, is either nonspendable or is restricted to indicate that it is not available for new spending because it has already been restricted for various reasons either by state law or grant agreements.

The General Fund is the main operating fund for the County. At the end of 2024, it had an unrestricted fund balance of \$8,466,458. As a measure of the General Fund's liquidity, it may be useful to compare unrestricted fund balance to total expenditures. The General Fund's unrestricted fund balance represents 56.5 percent of total

General Fund expenditures. During 2024, the ending fund balance increased by \$1,747,586. The contributing factor to this is an increase in Property Taxes collected.

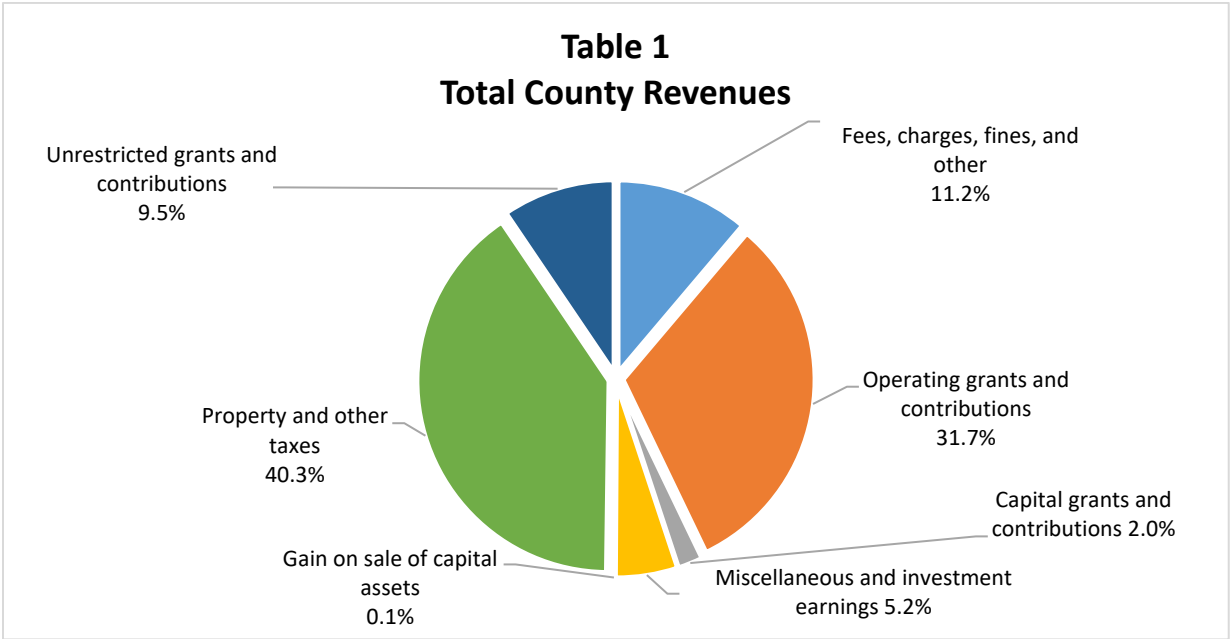
The Road and Bridge Special Revenue Fund had an unrestricted fund balance of \$10,189,344 at the end of 2024, representing 111.5 percent of its annual expenditures. The ending fund balance decreased by \$2,382,824 during 2024, primarily due to a reduction in Intergovernmental Revenue from the State of Minnesota while maintaining a consistent use of funds for road projects.

The Family Services Special Revenue Fund had an unrestricted fund balance of \$3,115,305 at the end of 2024, representing 34.2 percent of its annual expenditures. The ending fund balance increased by \$293,782 during 2024. The ending fund balance increase is due largely to the increase in Property Tax collections and Intergovernmental Revenue.

The Ditch Revenue Special Revenue Fund has a fund balance of \$2,316,946 at the end of 2024. The ending fund balance decreased by \$17,351 during 2024; the decrease is due to increased drainage repair and maintenance expenses.

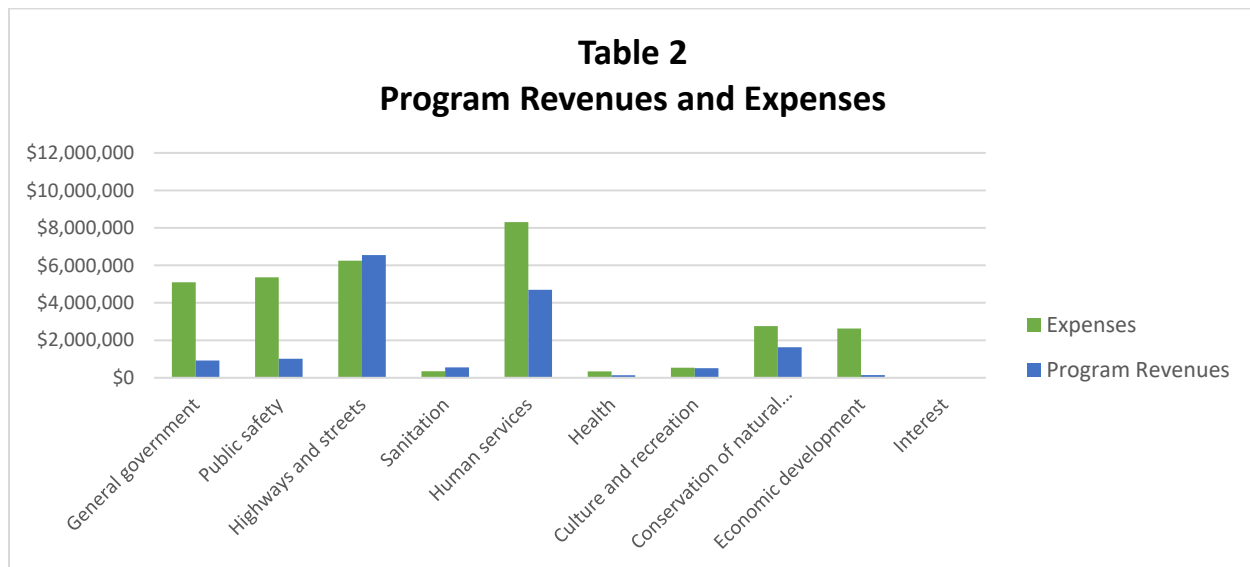
**Governmental Activities**

The County’s total revenues were \$35,965,102. Table 1 presents the percent of total County revenues by source for the year ended December 31, 2024.





The expenses and program revenues (Table 2) show the expenditures for each area on the left-hand bar and revenues received on the right-hand bar. The difference between the two bars is primarily made up by real, personal, and mobile home taxes levied on County property owners.



The cost of all governmental activities in 2024 was \$31,643,377. However, as shown on the Statement of Activities, Exhibit 2, the amount that Chippewa County taxpayers ultimately financed for these activities through County taxes and non-program revenues was only \$15,490,814, because some of the cost was paid by those who directly benefited from the programs, \$4,021,095, or by other governments and organizations that subsidized certain programs with grants and contributions, \$12,131,468. The County paid for the remaining “public benefit” portion of governmental activities with \$19,812,539 in general revenues, primarily taxes (some of which could be used only for certain programs) and other revenues, such as grants and contributions not restricted to specific programs, and investment income.

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

**Table 3**  
**Governmental Activities**

	2024	
	Total Cost of Services	Net (Cost) Revenue of Services
General government	\$ 5,094,232	\$ (4,175,478)
Public safety	5,357,714	(4,345,072)
Highways and streets	6,247,123	300,900
Sanitation	351,799	200,608
Human services	8,305,974	(3,609,697)
Health	339,986	(202,704)
Culture and recreation	542,334	(27,847)
Conservation of natural resources	2,760,661	(1,129,704)
Economic development	2,629,496	(2,487,762)
Interest	14,058	(14,058)
Totals	<u>\$ 31,643,377</u>	<u>\$ (15,490,814)</u>

## General Fund Budgetary Highlights

Over the course of the year, the County Board increased the General Fund expenditure budget by \$897,512.

The actual charges to appropriations (expenditures) were \$474,507 more than final budget amounts. These additional expenditures are primarily attributed to administering AgBMP septic and well loans requested by County residents, and increased costs for civil commitments and law enforcement services.

## Capital Assets and Debt Administration

### Capital Assets

The County's capital assets for its governmental activities at December 31, 2024, totaled \$69,167,506 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, infrastructure, and lease equipment. The investment in capital assets increased \$2,937,070, or 4.4 percent, from the previous year.

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

	2024	2023
Land and right-of-way	\$ 2,235,105	\$ 2,235,105
Infrastructure	56,079,218	57,846,973
Buildings	3,064,676	3,053,244
Improvements other than buildings	56,965	60,699
Machinery and equipment	3,292,654	2,473,928
Construction in progress	4,338,152	447,807
Lease equipment	100,736	112,680
Total	<u>\$ 69,167,506</u>	<u>\$ 66,230,436</u>

### Long-Term Debt

At the end of the current fiscal year, the County had no outstanding bonded debt. Information on the County's other long-term obligations can be found in the notes to the financial statements of this report.

### Economic Factors and Next Year's Budgets

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

- The unemployment rate for Chippewa County at the end of 2024 was 2.9 percent. This compares with the state unemployment rate of 2.6 percent and national unemployment rate of 3.8 percent. The lack of sustainable jobs and housing in the area places increased pressure on the need for services administered by the County. In addition, the County continues to evaluate its ability to attract and retain businesses and residents with offerings such as broadband, recreation, education, housing, and jobs.
- Chippewa County's economic development growth is slow and thus levy increases place more pressure on residents and agriculture.
- The fluctuation of market values between agriculture, residential, and commercial property in Chippewa County play a factor in setting the 2024 levy and tax rates.

- Chippewa County has a strong agricultural base and thus, fluctuations in commodity markets, tariffs, and costs can influence residents who fund many County services.
- Inflation has placed additional pressure on the County's ability to manage budgets and higher qualified workforce.
- Significant legislative changes from the State and Federal government resulting in unfunded mandates to the County have a huge impact to the budget and levy.
- The 2024 property tax levy for the County increased 12.0 percent, \$1,535,617, from 2023. This is due to the increase of personnel costs and anticipated program services expenditures, primarily in Family Services.

### **Requests for Information**

This financial report is designed to provide a general overview of Chippewa County's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Chippewa County Auditor/Treasurer/Coordinator Michelle May, 629 North 11th Street, Montevideo, Minnesota 56265.

## **Basic Financial Statements**

## **Government-Wide Financial Statements**

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 1**

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

**Assets**

Cash and pooled investments	\$ 16,699,170
Investments	12,095,212
Receivables – net	8,881,230
Inventories	254,212
Prepaid items	116,272
Capital assets	
Non-depreciable	6,573,257
Depreciable – net of accumulated depreciation and amortization	62,594,249
	<hr/>
<b>Total Assets</b>	<b>\$ 107,213,602</b>

**Deferred Outflows of Resources**

Deferred other postemployment benefits outflows	\$ 79,315
Deferred pension outflows	2,633,818
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>\$ 2,713,133</b>

**Liabilities**

Accounts payable and other current liabilities	\$ 1,925,566
Unearned revenue	963,874
Advance from other governments	304,132
Long-term liabilities	
Due within one year	282,731
Due in more than one year	2,581,778
Other postemployment benefits liability due within one year	47,112
Other postemployment benefits liability due in more than one year	678,775
Net pension liability	3,796,084
	<hr/>
<b>Total Liabilities</b>	<b>\$ 10,580,052</b>

**Deferred Inflows of Resources**

Deferred other postemployment benefits inflows	\$ 194,717
Deferred pension inflows	4,411,617
Deferred lease inflows	207,545
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>\$ 4,813,879</b>

**Net Position**

Net investment in capital assets	\$ 68,834,839
Restricted for	
General government	282,825
Public safety	215,428
Highways and streets	4,015,426
Human services	80,649
Conservation of natural resources	6,352,222
Unrestricted	14,751,415
	<hr/>
<b>Total Net Position</b>	<b>\$ 94,532,804</b>

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

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 2**

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses					
<b>Functions/Programs</b>					
<b>Governmental activities</b>					
General government	\$ 5,094,232	\$ 491,663	\$ 422,163	\$ 4,928	\$ (4,175,478)
Public safety	5,357,714	436,887	575,755	-	(4,345,072)
Highways and streets	6,247,123	379,703	5,438,119	730,201	300,900
Sanitation	351,799	465,654	86,753	-	200,608
Human services	8,305,974	604,611	4,091,666	-	(3,609,697)
Health	339,986	-	137,282	-	(202,704)
Culture and recreation	542,334	474,074	40,413	-	(27,847)
Conservation of natural resources	2,760,661	1,168,503	462,454	-	(1,129,704)
Economic development	2,629,496	-	141,734	-	(2,487,762)
Interest	14,058	-	-	-	(14,058)
<b>Total Governmental Activities</b>	<b>\$ 31,643,377</b>	<b>\$ 4,021,095</b>	<b>\$ 11,396,339</b>	<b>\$ 735,129</b>	<b>\$ (15,490,814)</b>
<b>General Revenues</b>					
Property taxes					\$ 14,094,479
Mortgage registry and deed tax					11,256
Payments in lieu of tax					159,042
Solar and wind production tax					143,704
Powerline tax					86,014
Wheelage tax					5,988
Grants and contributions not restricted to specific programs					3,405,519
Miscellaneous					84,593
Unrestricted investment earnings					1,780,999
Gain on sale of capital assets					40,945
<b>Total general revenues</b>					<b>\$ 19,812,539</b>
<b>Change in net position</b>					<b>\$ 4,321,725</b>
Net Position – January 1, as previously reported					\$ 90,647,970
Restatement (Note 1)					(436,891)
<b>Net Position – January 1, as restated</b>					<b>\$ 90,211,079</b>
<b>Net Position – December 31</b>					<b>\$ 94,532,804</b>

## **Fund Financial Statements**



## **Governmental Funds**

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 3**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
<b><u>Assets</u></b>					
Cash and pooled investments	\$ 10,381,585	\$ 425,665	\$ 3,397,306	\$ 1,287,665	\$ 15,492,221
Petty cash and change funds	1,950	-	100	-	2,050
Investments	203	10,330,347	-	1,764,662	12,095,212
Taxes receivable					
Delinquent	77,149	16,908	34,138	-	128,195
Special assessments receivable					
Delinquent	25,441	-	-	2,055	27,496
Noncurrent	1,096,774	-	-	1,546,477	2,643,251
Accounts receivable – net	60,825	500	58,270	17,956	137,551
Accrued interest receivable	57,531	75,226	-	-	132,757
Due from other funds	-	15,329	-	-	15,329
Due from other governments	175,222	3,862,435	946,356	60,269	5,044,282
Inventories	1,473	252,739	-	-	254,212
Prepaid items	86,221	2,902	27,149	-	116,272
Leases receivable	207,545	-	-	-	207,545
Loans receivable	330,456	197,080	-	-	527,536
<b>Total Assets</b>	<b><u>\$ 12,502,375</u></b>	<b><u>\$ 15,179,131</u></b>	<b><u>\$ 4,463,319</u></b>	<b><u>\$ 4,679,084</u></b>	<b><u>\$ 36,823,909</u></b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 196,459	\$ 24,162	\$ 224,684	\$ 42,773	\$ 488,078
Salaries payable	244,163	57,133	147,092	3,788	452,176
Contracts payable	-	239,629	-	5,500	245,129
Due to other funds	-	-	-	15,329	15,329
Due to other governments	33,362	749	408,605	16,173	458,889
Unearned revenue	165,234	45,321	86,000	667,319	963,874
Advance from other governments	-	-	304,132	-	304,132
<b>Total Liabilities</b>	<b><u>\$ 639,218</u></b>	<b><u>\$ 366,994</u></b>	<b><u>\$ 1,170,513</u></b>	<b><u>\$ 750,882</u></b>	<b><u>\$ 2,927,607</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	\$ 1,595,881	\$ 4,049,480	\$ 69,703	\$ 1,611,256	\$ 7,326,320
Deferred lease inflows	207,545	-	-	-	207,545
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 1,803,426</u></b>	<b><u>\$ 4,049,480</u></b>	<b><u>\$ 69,703</u></b>	<b><u>\$ 1,611,256</u></b>	<b><u>\$ 7,533,865</u></b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 3**  
*(Continued)*

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b> <b>(Continued)</b>					
<b>Fund Balances</b>					
Nonspendable					
Prepaid items	\$ 86,221	\$ 2,902	\$ 27,149	\$ -	\$ 116,272
Inventories	1,473	252,739	-	-	254,212
Missing heirs	7,262	-	-	-	7,262
Unclaimed property	49	-	-	-	49
Restricted for					
Law library	43,545	-	-	-	43,545
Enhanced 911	50,369	-	-	-	50,369
Sheriff's contingency	6,235	-	-	-	6,235
Permit to carry	154,530	-	-	-	154,530
Recorder's technology fund	53,669	-	-	-	53,669
Recorder's compliance fund	185,611	-	-	-	185,611
Law enforcement – drug task force	4,294	-	-	-	4,294
Highway allotments	-	317,672	-	-	317,672
Septic/sewer loans	242,833	-	-	-	242,833
Buffer administration	516,609	-	-	-	516,609
Ditch maintenance and repairs	-	-	-	3,792,994	3,792,994
Aquatic invasive species aid	240,573	-	-	-	240,573
Medical assistance eligibility renewal	-	-	80,649	-	80,649
Assigned for					
Road and bridge	-	8,211,950	-	-	8,211,950
Capital equipment	-	1,229,361	-	-	1,229,361
Human services	-	-	1,187,295	-	1,187,295
Future building	-	-	1,103,010	-	1,103,010
Land and building capital outlay	-	748,033	-	-	748,033
Out-of-home placements	-	-	500,000	-	500,000
Out-of-home prevention services	-	-	125,000	-	125,000
Children's mental health	-	-	100,000	-	100,000
Mental health contingencies	-	-	100,000	-	100,000
Unassigned	8,466,458	-	-	(1,476,048)	6,990,410
<b>Total Fund Balances</b>	<b>\$ 10,059,731</b>	<b>\$ 10,762,657</b>	<b>\$ 3,223,103</b>	<b>\$ 2,316,946</b>	<b>\$ 26,362,437</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,502,375</b>	<b>\$ 15,179,131</b>	<b>\$ 4,463,319</b>	<b>\$ 4,679,084</b>	<b>\$ 36,823,909</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 4**

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

<b>Fund balance – total governmental funds (Exhibit 3)</b>	<b>\$ 26,362,437</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	69,167,506
Deferred outflows of resources resulting from the other postemployment benefits liability are not available resources and, therefore, are not reported in governmental funds.	79,315
Deferred outflows of resources resulting from pension obligations are not available resources and, therefore, are not reported in governmental funds.	2,633,818
An internal service fund is used by Chippewa County to charge the cost of the self-funded insurance programs to functions. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.	956,222
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources—unavailable revenue in the governmental funds.	7,326,320
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Loans payable	\$ (1,339,607)
Leases payable	(145,545)
Compensated absences	(1,379,357)
Other postemployment benefits liability	(725,887)
Net pension liability	<u>(3,796,084)</u>
	(7,386,480)
Deferred inflows of resources resulting from the other postemployment benefits liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(194,717)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(4,411,617)</u>
<b>Net Position of Governmental Activities (Exhibit 1)</b>	<b><u>\$ 94,532,804</u></b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 5**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
<b>Revenues</b>					
Taxes	\$ 8,614,857	\$ 1,856,669	\$ 3,867,724	\$ -	\$ 14,339,250
Special assessments	351,287	255	-	1,338,021	1,689,563
Licenses and permits	29,871	23,475	-	-	53,346
Intergovernmental	4,509,325	3,983,756	4,799,792	369,780	13,662,653
Charges for services	1,179,629	92,495	354,504	-	1,626,628
Gifts and contributions	4,850	-	495	-	5,345
Investment earnings	1,095,392	644,091	-	77,012	1,816,495
Settlements	-	-	137,282	-	137,282
Miscellaneous	586,839	87,863	233,571	15,692	923,965
<b>Total Revenues</b>	<b>\$ 16,372,050</b>	<b>\$ 6,688,604</b>	<b>\$ 9,393,368</b>	<b>\$ 1,800,505</b>	<b>\$ 34,254,527</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	\$ 5,135,664	\$ -	\$ -	\$ -	\$ 5,135,664
Public safety	4,800,733	-	-	-	4,800,733
Highways and streets	-	8,615,892	-	-	8,615,892
Sanitation	349,951	-	-	-	349,951
Human services	-	-	8,746,378	-	8,746,378
Culture and recreation	338,810	-	-	-	338,810
Conservation of natural resources	921,991	-	-	1,817,262	2,739,253
Economic development	2,629,496	-	-	-	2,629,496
<b>Intergovernmental</b>					
Public safety	442,489	-	-	-	442,489
Highways and streets	-	518,459	-	-	518,459
Health	-	-	339,986	-	339,986
Culture and recreation	226,795	-	-	-	226,795
<b>Debt service</b>					
Principal	130,504	2,209	10,603	475	143,791
Interest	13,981	552	2,619	119	17,271
<b>Total Expenditures</b>	<b>\$ 14,990,414</b>	<b>\$ 9,137,112</b>	<b>\$ 9,099,586</b>	<b>\$ 1,817,856</b>	<b>\$ 35,044,968</b>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<b>\$ 1,381,636</b>	<b>\$ (2,448,508)</b>	<b>\$ 293,782</b>	<b>\$ (17,351)</b>	<b>\$ (790,441)</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 5**  
*(Continued)*

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Family Services</u>	<u>Ditch</u>	<u>Total</u>
<b>Other Financing Sources (Uses)</b>					
Loans issued	\$ 257,828	\$ -	\$ -	\$ -	\$ 257,828
Proceeds from sale of capital assets	40,945	-	-	-	40,945
Insurance recoveries	67,177	66,310	-	-	133,487
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 365,950</u>	<u>\$ 66,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 432,260</u>
<b>Net Change in Fund Balance</b>	<b>\$ 1,747,586</b>	<b>\$ (2,382,198)</b>	<b>\$ 293,782</b>	<b>\$ (17,351)</b>	<b>\$ (358,181)</b>
<b>Fund Balance – January 1</b>	<b>8,312,145</b>	<b>13,145,481</b>	<b>2,929,321</b>	<b>2,334,297</b>	<b>26,721,244</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>(626)</b>	<b>-</b>	<b>-</b>	<b>(626)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balance – December 31</b>	<u><u>\$ 10,059,731</u></u>	<u><u>\$ 10,762,657</u></u>	<u><u>\$ 3,223,103</u></u>	<u><u>\$ 2,316,946</u></u>	<u><u>\$ 26,362,437</u></u>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 6**

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

<b>Net change in fund balance – total governmental funds (Exhibit 5)</b>	<b>\$</b>	<b>(358,181)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

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

Unavailable revenue – December 31	\$	7,326,320	
Unavailable revenue – January 1		<u>(5,513,177)</u>	1,813,143

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. In the statement of activities, only the gain or loss on the disposal of capital assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. The difference is the net book value of the assets disposed of.

Expenditures for general capital assets and infrastructure	\$	5,663,837	
Net book value of assets disposed of		(77,543)	
Current year depreciation and amortization		<u>(2,649,224)</u>	2,937,070

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

Proceeds of new debt – Loans issued	\$	(257,828)	
Repayment of debt principal		<u>107,302</u>	(150,526)

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

Principal payments on leases			36,489
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**Chippewa County  
Montevideo, Minnesota**

**Exhibit 6**  
**(Continued)**

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

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

Change in inventories	\$ (626)	
Change in deferred other postemployment benefits outflows	(16,338)	
Change in deferred pension outflows	(1,290,106)	
Change in compensated absences	(102,627)	
Change in other postemployment benefits liability	(43,224)	
Change in net pension liability	1,970,751	
Change in deferred other postemployment benefits inflows	34,952	
Change in deferred pension inflows	<u>(364,143)</u>	188,639

An internal service fund is used by Chippewa County to charge the cost of the self-funded insurance programs to functions. The increase or decrease in net position of the internal service fund is reported in the government-wide statement of activities.

(144,909)

**Change in Net Position of Governmental Activities (Exhibit 2)**

**\$ 4,321,725**



## **Proprietary Fund**

**Chippewa County  
Montevideo, Minnesota**

***Exhibit 7***

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

	<u>Governmental Activities Internal Service Fund</u>
<b><u>Assets</u></b>	
Current assets	
Cash and pooled investments	\$ 1,204,899
Accounts receivable	<u>32,617</u>
<b>Total Assets</b>	<b><u>\$ 1,237,516</u></b>
<b><u>Liabilities</u></b>	
Current liabilities	
Claims payable	<u>\$ 281,294</u>
<b><u>Net Position</u></b>	
Unrestricted	<b><u><u>\$ 956,222</u></u></b>

**Chippewa County  
Montevideo, Minnesota**

***Exhibit 8***

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

	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues</b>	
Charges for services	\$ 2,877,986
<b>Operating Expenses</b>	
Cost of service	<u>3,022,895</u>
<b>Operating Income (Loss)</b>	\$ (144,909)
<b>Net Position – January 1</b>	<u>1,101,131</u>
<b>Net Position – December 31</b>	<u><u>\$ 956,222</u></u>

**Chippewa County  
Montevideo, Minnesota**

***Exhibit 9***

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

	<b>Governmental Activities Internal Service Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from internal services provided	\$ 2,845,474
Payments to suppliers	<u>(2,908,664)</u>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (63,190)</b>
<b>Cash and Cash Equivalents at January 1</b>	<b><u>1,268,089</u></b>
<b>Cash and Cash Equivalents at December 31</b>	<b><u>\$ 1,204,899</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
Operating income (loss)	<u>\$ (144,909)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
(Increase) decrease in accounts receivable	\$ (32,512)
Increase (decrease) in claims payable	<u>114,231</u>
<b>Total adjustments</b>	<b><u>\$ 81,719</u></b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>\$ (63,190)</u></b>

## **Fiduciary Funds**

**Chippewa County  
Montevideo, Minnesota**

***Exhibit 10***

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

		<b>Custodial Funds</b>	
	<b>Social Welfare Private-Purpose Trust Fund</b>	<b>Other</b>	<b>External Investment Pool</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 24,778	\$ 8,641,866	\$ -
Investments	-	639,470	11,870,496
Taxes and special assessments receivable for other governments	-	328,621	-
Accrued interest receivable	-	-	12,991
<b>Total Assets</b>	<b>\$ 24,778</b>	<b>\$ 9,609,957</b>	<b>\$ 11,883,487</b>
<b><u>Liabilities</u></b>			
Due to others	\$ -	\$ 155	\$ -
Due to other governments	-	648,468	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 648,623</b>	<b>\$ -</b>
<b><u>Net Position</u></b>			
Restricted for individuals, organizations, and other governments	<b>\$ 24,778</b>	<b>\$ 8,961,334</b>	<b>\$ 11,883,487</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit 11**

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

	Social Welfare Private-Purpose Trust Fund	Custodial Funds Other	External Investment Pool
<b><u>Additions</u></b>			
Contributions from individuals	\$ 224,063	\$ -	\$ -
Interest earnings	-	20,631	638,036
Property tax collections for other governments	-	15,060,482	-
Fees collected for state	-	1,262,542	-
Payments from state	-	1,547,186	-
Refunds collected for other entities	-	34,588	-
Payments from other entities	-	78,649,106	2,173,895
<b>Total Additions</b>	<b>\$ 224,063</b>	<b>\$ 96,574,535</b>	<b>\$ 2,811,931</b>
<b><u>Deductions</u></b>			
Beneficiary payments to individuals	\$ 255,131	\$ 2,083,578	\$ -
Payments of property tax to other governments	-	15,053,636	-
Payments to state	-	1,262,209	-
Administrative expense	-	7,500	-
Payments to other entities	-	74,258,650	2,382,737
<b>Total Deductions</b>	<b>\$ 255,131</b>	<b>\$ 92,665,573</b>	<b>\$ 2,382,737</b>
<b>Change in Net Position</b>	<b>\$ (31,068)</b>	<b>\$ 3,908,962</b>	<b>\$ 429,194</b>
<b>Net Position – January 1</b>	<b>55,846</b>	<b>5,052,372</b>	<b>11,454,293</b>
<b>Net Position – December 31</b>	<b>\$ 24,778</b>	<b>\$ 8,961,334</b>	<b>\$ 11,883,487</b>

# **Chippewa County Montevideo, Minnesota**

## **Notes to the Financial Statements As of and for the Year Ended December 31, 2024**

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### **Note 1 – Summary of Significant Accounting Policies**

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

#### **Financial Reporting Entity**

Chippewa County was established February 20, 1862, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Chippewa County. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Auditor/Treasurer/Coordinator serves as the clerk of the Board of Commissioners but has no vote.

#### **Joint Ventures**

The County participates in several joint ventures described in Note 5 – Summary of Significant Contingencies and Other Items.

#### **Basic Financial Statements**

##### **Government-Wide Statements**

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

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

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



# Chippewa County

## Montevideo, Minnesota

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### Fund Financial Statements

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

The County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state governments, as well as assigned property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.
- The Family Services Special Revenue Fund accounts for restricted revenue resources from federal, state, and other oversight agencies, as well as assigned property tax revenues used for economic assistance and community social services programs.
- The Ditch Special Revenue Fund accounts for special assessment revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

Additionally, the County reports the following fund types:

- The Internal Service Fund accounts for health insurance premiums and payments.
- The Social Welfare Private-Purpose Trust Fund accounts for funds held in trust that Chippewa County is holding on behalf of individuals receiving social welfare assistance.
- Custodial funds are safekeeping in nature. These funds account for monies held in a fiduciary capacity.
  - Other custodial funds are used to account for money on behalf of special districts that use the County as a depository, property taxes collected on behalf of other governments, and individual inmate accounts from the County jail.
  - The External Investment Pool is used to account for investments held by the County for CCM Health, a legally separate entity that is not part of the County's financial reporting entity. CCM Health was formerly known as Chippewa County-Montevideo Hospital, and it is referred to as the Hospital in this report.

### Measurement Focus and Basis of Accounting

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

# **Chippewa County**

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

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

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

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

#### **Cash and Cash Equivalents**

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

#### **Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer/Coordinator for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools and certain money market mutual funds, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2024 were \$1,095,392.

Chippewa County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

#### **Receivables and Payables**

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/

## Chippewa County Montevideo, Minnesota

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from other funds" (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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

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

Accounts receivable are shown net of an allowance for uncollectibles.

### Inventories and Prepaid Items

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

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

### Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (such as roads, bridges, sidewalks, and similar items), and right-to-use assets acquired under leasing arrangements are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (entry price) at the date of donation.

Additions, improvements, and other capital outlays that significantly extend the useful life or increase capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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### Estimated Useful Lives of Capital Assets

Assets	Years
Buildings	20-50
Improvements other than buildings	20-35
Public domain infrastructure	15-75
Machinery and equipment	3-15
Right-to-use equipment	3-15

### Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of vacation leave, sick leave, and compensatory time that is attributable to services already rendered, it accumulates, and it is more likely than not to be used or settled through cash or noncash means. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of compensatory time and an amount based on a trend analysis of current usage of vacation and sick leave. The noncurrent portion consists of the remaining amount of vacation and sick leave.

### 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.

In the fund financial statements, acquisitions under leases are reported as an other financing source at the present value of the future minimum lease payments as of the inception date.

At December 31, 2024, Chippewa County reported no bonded debt.

### Pension Plan

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

### Deferred Outflows/Inflows of Resources

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

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In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenue associated with receivables not collected within the period of availability. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. This unavailable revenue amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Deferred inflows for leases represent the lease revenues per lease agreements the County expects to recognize in future periods. These amounts arise under both the modified and the full accrual basis of accounting and are reported in both the governmental funds balance sheet and the statement of net position. The County also reports deferred inflows of resources associated with defined benefit pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

### Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned. At December 31, 2024, all unearned revenue was the result of receiving grants prior to the revenue recognition criteria being met.

### Classification of Net Position

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

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

### Classification of Fund Balances

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

- Nonspendable – amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- Restricted – amounts in which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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- Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board or the County Auditor/Treasurer/Coordinator, who has been delegated that authority by Board resolution.
- Unassigned – the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

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

### Minimum Fund Balance

Chippewa County has adopted a minimum fund balance policy for its governmental funds. The General Fund, the Road and Bridge Special Revenue Fund, and the Family Services Special Revenue Fund all are heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined it needs to maintain a minimum unrestricted fund balance (committed, assigned, and unassigned) of no less than five months of operating expenditures. At December 31, 2024, the County's unrestricted fund balance was at or above the minimum fund balance level, except for the Family Services Special Revenue Fund.

### Use of Estimates

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

### Change in Accounting Principle

During the year ended December 31, 2024, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, which provides clarification on the categories and prescribed accounting for changes in accounting principles, changes in accounting estimates, changes to or within the financial reporting entity, and

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corrections of errors in previously issued financial statements. Additional disclosures are included for the current year restatements as a result of GASB Statement 100.

The County also adopted new accounting guidance by implementing the provisions of GASB Statement No. 101, *Compensated Absences*, which establishes new criteria for accounting and financial reporting for the compensated absences liability. The implementation of GASB Statement 101 resulted in changing the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements. Beginning net position was decreased by \$436,891 for the implementation of this standard.

## Note 2 – Stewardship, Compliance, and Accountability

### Deficit Fund Equity

The Ditch Special Revenue Fund has a positive fund balance of \$2,316,946 as of December 31, 2024, although the County reported individual ditches with deficit balances. The deficits will be eliminated with future special assessment levies against the benefited properties.

#### **Ditch System Fund Balance Summary**

123 ditches with positive fund balances	\$ 3,792,994
20 ditches with deficit fund balances	(1,476,048)
Total Fund Balance	<u>\$ 2,316,946</u>

## Note 3 – Detailed Notes

### Assets and Deferred Outflows of Resources

#### Deposits and Investments

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

Government-wide statement of net position	
Governmental activities	
Cash and pooled investments	\$ 16,699,170
Investments	12,095,212
Statement of fiduciary net position	
Cash and pooled investments	8,666,644
Investments	<u>12,509,966</u>
Total Cash and Investments	<u>\$ 49,970,992</u>

#### Deposits

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

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

#### Custodial Credit Risk

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

#### Investments

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

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

#### Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.



# Chippewa County Montevideo, Minnesota

## Credit Risk

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

## Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities in the possession of an outside party. The County's policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available, and that they qualify under Minn. Stat. § 118A.06 to hold investments. At December 31, 2024, the County's investments were not exposed to custodial credit risk.

## Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. It is the County's policy that U.S. Treasury securities, U.S. agency securities, and obligations backed by U.S. Treasury and/or U.S. agency securities may be held without limit.

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

Investment Type	Credit Risk		Concentration of Credit Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
U.S. agency securities					
U.S. Treasury Bills	N/R	N/A		02/13/2025	\$ 97,516
U.S. Treasury Bills	N/R	N/A		07/10/2025	674,166
Total U.S. Treasury Bills			<5%		\$ 771,682
Federal Farm Credit Bank Bond	Aaa/AA+	Moody's/S&P	<5%	11/19/2025	\$ 500,050
Total U.S. agency securities					\$ 1,271,732
Municipal bonds					
Rusk County, WI	AA-	S&P	<5%	03/01/2025	\$ 139,114
West Fargo, ND	Aa3	Moody's	<5%	05/01/2025	247,135
Oklahoma County, OK Metro Technology	AA-	S&P	<5%	06/01/2025	114,242
Oregon Education District	Aa2/ AA	Moody's/S&P	<5%	06/30/2025	103,253
Gilroy, CA Unified School District	Aa3/AA-	Moody's/S&P	<5%	08/01/2025	245,150
Henrico County, VA	Aaa/AAA	Moody's/S&P	<5%	08/01/2025	254,735
Huntington Beach, CA Union High School	AA-	S&P	<5%	08/01/2025	196,104
Mount San Antonio, CA	Aa1/AA	Moody's/S&P	<5%	08/01/2025	172,743
Oceanside, CA Unified School District	Aa3/AA	Moody's/S&P	<5%	08/01/2025	122,539
Rowland, CA Unified School District	Aa2	Moody's	<5%	08/01/2025	132,324
South Dakota Housing Development Authority	Aaa/AAA	Moody's/S&P	<5%	11/01/2025	164,790
Altoona, PA Area School District	AA	Moody's	<5%	12/01/2025	145,506
Port Marrow, OR	BBB	S&P	<5%	12/01/2025	179,765
Texas Housing & Community	Aaa/AA+	Moody's/S&P	<5%	10/01/2026	135,559
Florence Township, NJ School District	AA-	S&P	<5%	03/01/2026	361,898

# Chippewa County Montevideo, Minnesota

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

Investment Type	Credit Risk		Concentration of	Interest Rate	Carrying (Fair)
	Credit Rating	Rating Agency	Credit Risk	Risk	
			Over 5 Percent of	Maturity Date	Value
			Portfolio		
Municipal bonds (Continued)					
Greensboro, NC	Aa2/AA+	Moody's/S&P	<5%	04/01/2026	19,250
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	05/01/2026	402,996
Haverstraw Stony Point, NY	Aa3/AA	Moody's/S&P	<5%	05/01/2026	125,056
Wixom, MI	Aa2	Moody's	<5%	05/01/2026	14,817
Alabama State Public School & College Authority	Aa1/AA	Moody's/S&P	<5%	06/01/2026	28,728
Hanover, PA Area School District	Aa3/AA	Moody's/S&P	<5%	06/01/2026	109,238
Bexar County, TX	Aaa/AAA	Moody's/S&P	<5%	06/15/2026	124,656
Mount Vernon, IN	AA+	S&P	<5%	07/15/2026	9,649
Liberty, CA Union High School District	Aa2	Moody's	<5%	08/01/2026	214,146
Bonita, CA Unified School District	AA-	S&P	<5%	08/01/2026	4,759
San Dieguito, CA Union High School	Aa1/AA	Moody's/S&P	<5%	08/01/2026	182,968
San Marcos, CA Union School District	Aa3/AA	Moody's/S&P	<5%	08/01/2026	169,328
Santa Monica, CA Union High School District	Aa1/AA+	Moody's/S&P	<5%	08/01/2026	173,918
Sierra, CA College District	Aaa/AA+	Moody's/S&P	<5%	08/01/2026	151,627
Sonoma County, CA Junior College	Aa2/AA	Moody's/S&P	<5%	08/01/2026	437,004
William S. Hart, CA Union High School	Aa2	Moody's	<5%	08/01/2026	132,884
Yosemite, CA	Aa2	Moody's	<5%	08/01/2026	192,756
Canyon County, ID School District No. 139	Aaa	Moody's	<5%	09/15/2026	139,219
Hatboro Horsham, PA School District	Aa1	Moody's	<5%	09/15/2026	142,433
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	11/01/2026	30,264
Lake County, IL School District	Aa2/AA+	Moody's/S&P	<5%	11/01/2026	202,403
Scarborough, ME	Aa3/AA+	Moody's/S&P	<5%	11/01/2026	223,204
Hazleton, PA Area School District	A1/AA	Moody's/S&P	<5%	03/01/2027	328,062
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	05/01/2027	244,109
Lane County, OR School District No. 52	Aa1	Moody's	<5%	06/15/2027	184,706
Sierra, CA Joint Community College District	Aaa/AA+	Moody's/S&P	<5%	08/01/2027	350,265
Santa Monica, CA Community College District	Aa2/AA+	Moody's/S&P	<5%	08/01/2027	92,338
San Bernardino, CA Community College	Aa1/AA	Moody's/S&P	<5%	08/01/2027	102,671
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	11/01/2027	196,525
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	11/01/2027	239,730
Duluth, MN Independent School No. 709	Aa1	Moody's	<5%	03/01/2028	346,980
Rowland, CA Unified School District	Aa2	Moody's	<5%	08/01/2028	91,144
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	11/01/2028	246,653
Colorado Housing and Finance Authority	Aaa/AAA	Moody's/S&P	<5%	11/01/2028	292,765
Pennsylvania Housing and Finance Agency	Aa1/Aa+	Moody's/S&P	<5%	04/01/2029	125,154
PIMA County, AZ Industrial Development	Aa1	Moody's	<5%	07/01/2029	136,049
Antelope Valley, CA Community College District	Aa2/AA	Moody's/S&P	<5%	08/01/2029	85,392
Rhode Island Housing and Mortgage Finance Corp.	Aa1/AA+	Moody's/S&P	<5%	10/01/2029	9,693
Missouri Housing Development	AA+	S&P	<5%	11/01/2029	117,260
Spring Lake, MI Public Schools	AA	S&P	<5%	11/01/2029	18,071
Altoona, PA Area School District	AA	S&P	<5%	12/01/2029	51,889
Columbus, OH State Community College	Aa1/AA	Moody's/S&P	<5%	12/01/2029	8,605
Greeley County Kansas State University	AA-	S&P	<5%	12/01/2029	85,845
Aurora Ill	AA	S&P	<5%	12/30/2029	50,041
PIMA County, AZ Industrial Development	Aa1	Moody's	<5%	07/01/2030	140,011
Pennsylvania Housing and Finance Agency	Aa1/AA+	Moody's/S&P	<5%	10/01/2030	298,887
Mechanicsburg PA	AA+	S&P	<5%	12/01/2030	47,955
Total municipal bonds					\$ 9,836,960
Money market mutual funds	N/R	N/A	>5%	N/A	\$ 3,881,048
Negotiable certificates of deposit with brokers	N/R	N/A	>5%	Varies	\$ 3,231,964
MAGIC Portfolio	N/R	N/A	>5%	N/A	\$ 12,350,112
Total investments					\$ 30,571,816

# Chippewa County Montevideo, Minnesota

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

Investment Type	Credit Risk		Concentration of Credit Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	
Checking					11,631,052
Savings					5,411,871
Non-negotiable certificates of deposit					2,354,203
Petty cash and change funds					2,050
Total Cash and Investments					<u>\$ 49,970,992</u>

N/A – Not Applicable

N/R – Not Rated

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

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

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

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

## Recurring Fair Value Measurements as of December 31, 2024

	December 31, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. agency securities	\$ 1,271,732	\$ -	\$ 1,271,732	\$ -
Municipal bonds	9,836,960	-	9,836,960	-
Negotiable certificates of deposit	3,231,964	-	3,231,964	-
Money market mutual fund	3,964	-	3,964	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 14,344,620</u>	<u>\$ -</u>	<u>\$ 14,344,620</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 12,350,112			
Money market mutual fund	3,877,084			
Total investments measured at the NAV	<u>\$ 16,227,196</u>			

Debt securities classified in Level 2 are valued using a market approach based on various market and industry inputs.

## Chippewa County Montevideo, Minnesota

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

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

The County invests in money market mutual funds for the benefit of liquid investments. Money market funds held by the County seek a constant NAV of \$1.00 per share. In addition to being a part of the County's portfolio, the County also holds money market funds as part of the Investment Trust fund and may only use these funds to redeem Gross Revenue Hospital Bonds, Series 2016.

### External Investment Pool

Chippewa County sponsors an external investment pool where cash belonging to CCM Health (Hospital) is pooled and invested by the County Auditor/Treasurer/Coordinator. The pool is reported as a fiduciary fund of the County. The fund is not registered with the Securities and Exchange Commission.

### Receivables

#### Governmental Activities' Receivables as of December 31, 2024

	Receivable	Less: Allowance for Uncollectible Accounts	Net Receivables	Amount Not Schedule for Collection During the Subsequent Year
Taxes	\$ 128,195	\$ -	\$ 128,195	\$ -
Special assessments	2,670,747	-	2,670,747	1,745,295
Accounts receivable	940,467	(770,299)	170,168	-
Interest	132,757	-	132,757	-
Loans receivable	527,536	-	527,536	468,326
Due from other governments	5,044,282	-	5,044,282	-
Leases receivable	207,545	-	207,545	-
Total Receivables	<u>\$ 9,651,529</u>	<u>\$ (770,299)</u>	<u>\$ 8,881,230</u>	<u>\$ 2,213,621</u>

The County has entered into lease agreements as a lessor, and as of December 31, 2024, there are two active lease receivable agreements for land and buildings as different lessees. Fixed annual lease receipts range between \$14,000 and \$53,256 and extend to periods August 30 and December 31, 2027. During 2024, the General Fund received total principal and interest payments of \$57,856.

# Chippewa County

## Montevideo, Minnesota

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### Loans Receivable

On February 6, 2018, the County Board approved a \$325,000 loan to the Chippewa County Fair Board for the construction of a garage at the Chippewa County Fairgrounds to house buses. The loan is to be repaid at three percent annual interest over 14 years beginning in 2019, with provisions to review the terms of the agreement every three years.

On November 15, 2011, the County Board approved a \$348,072 loan to the City of Clara City for the construction of a highway maintenance shop in Clara City. Chippewa County issued a loan for one-half of the construction costs to be repaid at 1.5 percent interest over 25 years, with repayments beginning in 2013.

On October 18, 2022, the County Board approved sharing the costs of the demolition of the Clara City Junior High School with the City of Clara City. The demolition of the school was completed during 2024, and Chippewa County approved a loan to Clara City in the amount of \$115,282 to be repaid with no interest over ten years, with repayments beginning in 2025.

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

	Beginning Balance	Increase	Decrease	Ending Balance
Chippewa County Fair Board	\$ 236,825	\$ -	\$ (21,651)	\$ 215,174
City of Clara City shop	210,718	-	(13,638)	197,080
City of Clara City School Demolition	-	115,282	-	115,282
Total	\$ 447,543	\$ 115,282	\$ (35,289)	\$ 527,536

# Chippewa County Montevideo, Minnesota

## Capital Assets

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

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 1,299,829	\$ -	\$ -	\$ 1,299,829
Right-of-way	935,276	-	-	935,276
Construction in progress	447,807	3,939,411	(49,066)	4,338,152
Total capital assets not depreciated	\$ 2,682,912	\$ 3,939,411	\$ (49,066)	\$ 6,573,257
Capital assets depreciated and amortized				
Buildings	\$ 11,868,900	\$ 262,996	\$ -	\$ 12,131,896
Improvements other than buildings	82,642	-	-	82,642
Machinery and equipment	8,532,738	1,510,496	(797,744)	9,245,490
Infrastructure	90,836,382	-	-	90,836,382
Lease equipment	126,967	-	-	126,967
Total capital assets depreciated and amortized	\$ 111,447,629	\$ 1,773,492	\$ (797,744)	\$ 112,423,377
Less: accumulated depreciation and amortization for				
Buildings	\$ 8,815,656	\$ 251,564	\$ -	\$ 9,067,220
Improvements other than buildings	21,943	3,734	-	25,677
Machinery and equipment	6,058,810	614,227	(720,201)	5,952,836
Infrastructure	32,989,409	1,767,755	-	34,757,164
Lease equipment	14,287	11,944	-	26,231
Total accumulated depreciation and amortization	\$ 47,900,105	\$ 2,649,224	\$ (720,201)	\$ 49,829,128
Total capital assets depreciated and amortized, net	\$ 63,547,524	\$ (875,732)	\$ (77,543)	\$ 62,594,249
Capital Assets, Net	\$ 66,230,436	\$ 3,063,679	\$ (126,609)	\$ 69,167,506

Construction in progress consists of amounts completed on open road projects.

### Depreciation and Amortization Expense Charged to Functions/Programs

General government	\$ 218,012
Public safety	242,592
Highways and streets, including depreciation of infrastructure assets	2,122,884
Sanitation	1,848
Human services	16,380
Culture and recreation	16,186
Conservation of natural resources	31,322
Total Depreciation and Amortization Expense – Governmental Activities	<u>\$ 2,649,224</u>

# Chippewa County Montevideo, Minnesota

## Liabilities and Deferred Inflows of Resources

### Due To/From Other Funds

#### Interfund Balances as of December 31, 2024

Receivable Fund	Payable Fund	Amount
Road and Bridge Special Revenue Fund	Ditch Special Revenue Fund	\$ 15,329

The outstanding balances between funds result from the time lag between the dates the interfund goods and services were provided and when the funds are repaid. All balances are expected to be liquidated in the subsequent year.

### Accounts Payable

#### Governmental Activities' Payables as of December 31, 2024

Accounts payable	\$ 488,078
Salaries payable	452,176
Contracts payable	245,129
Claims payable	281,294
Due to other governments	458,889
Total Payables	<u>\$ 1,925,566</u>

### Construction Commitments

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

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

	Spent-to-Date	Remaining Commitment
SAP 012-596-001 Engineering	\$ 29,390	\$ 43,110
SAP 012-599-104, SAP 012-599-106, SAP 012-599-118 and SAP 012-599-121	39,787	171,077
SP 012-090-008	14,036	11,364

### Advances From Other Governments

Chippewa County is the designated fiscal host for the Southwest Minnesota Regional Minnesota Family Investment Program/Divisionary Work Program (MFIP/DWP) Partnership. This is a 14-county partnership created to administer MFIP/DWP funds. The participating counties previously advanced \$273,742 to Chippewa County for cash flow purposes. During 2019, an additional \$30,390 was advanced to Chippewa County from the participating entities. The outstanding balance at December 31, 2024, was \$304,132. The funds will be returned when the partnership is dissolved.

# Chippewa County Montevideo, Minnesota

## Long-Term Debt

### Loans Payable

The County entered into loan agreements with the Minnesota Pollution Control Agency for the financing of clean water projects. The loans are secured by special assessments placed on the individual parcels requesting funding of a project. Loan payments are reported in the General Fund.

#### Loans Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
Hawk Creek Watershed Loan (SRF277)	2026	\$ 11,851	2.0	\$ 106,929	\$ 23,121
Chippewa River Watershed Loan (SRF295)	2028	17,268	2.0	155,802	58,090
Hawk Creek Watershed Loan (SRF300)	2029	18,114	2.0	163,441	77,461
Chippewa Countywide Septic System Upgrades Loan (SRF310)	2031	18,328	2.0	330,737	222,387
Chippewa County Septic System Upgrade II (SRF344)	2035	-	-	501,513	501,513
AG BMP Well loans	2035	1,502-27,386	-	541,027	457,035
Total				\$ 1,799,449	\$ 1,339,607

### Leases

The County has entered into lease agreements as lessee for financing the acquisition of copiers for various departments, a folding machine, and two postage machines. Leases range from three to five years and have been recorded at the present value of their future minimum lease payments as of the inception date. Lease payments are paid from the General Fund, the Road and Bridge Special Revenue Fund, and the Family Services Special Revenue Fund.

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

Year Ending December 31	Principal	Interest
2025	\$ 38,433	\$ 6,398
2026	36,520	4,496
2027	37,498	2,658
2028	33,094	805
Total governmental activities lease payments	\$ 145,545	\$ 14,357



# Chippewa County Montevideo, Minnesota

## Changes in Long-Term Liabilities

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

	Beginning Balance, as restated*	Additions	Reductions	Ending Balance	Due Within One Year
Loans payable	\$ 1,189,081	\$ 257,828	\$ (107,302)	\$ 1,339,607	\$ 88,845
Leases	182,034	-	(36,489)	145,545	38,433
Compensated absences	1,276,730	1,209,729	(1,107,102)	1,379,357	155,453
Total Long-Term Liabilities	\$ 2,647,845	\$ 1,467,557	\$ (1,250,893)	\$ 2,864,509	\$ 282,731

\*See Change in Accounting Principle in Note 1

## Debt Service Requirements

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

### Debt Service Requirements as of December 31, 2024

Year Ending December 31	Loans Payable	
	Principal	Interest
2025	\$ 88,845	\$ 7,240
2026	113,767	5,699
2027	121,187	4,187
2028	115,527	2,823
2029	100,492	1,693
2030-2034	290,973	1,081
2035	7,303	-
Total	\$ 838,094	\$ 22,723

Loans of \$501,513 for Chippewa County Septic System Upgrades II (SRF344) are not included in the debt service requirements because a fixed repayment schedule is not available.

## Conduit Debt

In 2007, Chippewa County issued \$36,565,000 of Gross Revenue Hospital Bonds, Series 2007, to provide financial assistance to the Hospital for the acquisition, construction, and equipping of a new hospital located in the City of Montevideo. The bonds are secured by the property. They are financed and payable solely from revenues of the Hospital. Neither the County, the state, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. In 2016, Chippewa County issued \$31,600,000 of Gross Revenue Hospital Refunding Bonds, Series 2016, to refund the Gross Revenue Bonds, Series 2007, which were redeemed on March 1, 2017. The outstanding principal payable at December 31, 2024, was \$23,010,000.

## Deferred Inflows of Resources – Unavailable Revenue/Leases

Unavailable revenue consists of special assessments, taxes, state grants, interest, and other receivables not

# Chippewa County Montevideo, Minnesota

collected soon enough after year-end to pay liabilities of the current period.

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

	Special Assessments	Taxes	Grants	Interest	Loan Receivable	Other	Total
Governmental funds							
General Fund	\$ 1,122,215	\$ 77,149	\$ -	\$ 47,534	\$ 318,928	\$ 237,600	\$ 1,803,426
Special Revenue Funds							
Road and Bridge	-	16,908	3,691,980	47,511	197,079	96,002	4,049,480
Family Services	-	34,138	-	-	-	35,565	69,703
Ditch	1,548,532	-	-	-	-	62,724	1,611,256
Total	\$ 2,670,747	\$ 128,195	\$ 3,691,980	\$ 95,045	\$ 516,007	\$ 431,891	\$ 7,533,865
Deferred inflows of resources							
Unavailable revenue	\$ 2,670,747	\$ 128,195	\$ 3,691,980	\$ 95,045	\$ 516,007	\$ 224,346	\$ 7,326,320
Leases	-	-	-	-	-	207,545	207,545
Total	\$ 2,670,747	\$ 128,195	\$ 3,691,980	\$ 95,045	\$ 516,007	\$ 431,891	\$ 7,533,865

## Other Postemployment Benefits (OPEB)

### Plan Description

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

### Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the Chippewa County Board of Commissioners. Retirees are required to pay 100 percent of the premium costs. Since the premium is determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB Statement 75. The OPEB plan does not issue a stand-alone financial report.

As of the January 1, 2023, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active plan participants	120
Total	125

### Total OPEB Liability

The County's total OPEB liability of \$725,887 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2023. The OPEB liability is liquidated through the General Fund, Road and Bridge Special Revenue Fund, and Family Services Special Revenue Fund.

## Chippewa County Montevideo, Minnesota

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

Actuarial cost method	Entry Age, level percentage of pay
Inflation	2.50 percent
Salary increases	Service graded table
Health care cost trend	6.25 percent as of January 1, 2024, decreasing to 5.00 percent over five years and then to 4.00 percent over the next 48 years.

The salary scale used to value OPEB liabilities is similar to the table used to value pension liabilities for Minnesota public employees. The rates are based on the four-year experience study for the Public Employees Retirement Association of Minnesota Police and Fire Plan completed in 2020 and the four-year experience study for the Public Employees Retirement Association of Minnesota General Employees Plan completed in 2019 and the inflation assumption.

The current year discount rate is 4.00 percent. For the current valuation, the discount rate is the 20-year municipal bond yield. The municipal bond rate assumption was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of January 1, 2023.

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

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

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

### Changes in the Total OPEB Liability

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

Balance at January 1, 2024	<u>\$ 682,663</u>
Changes for the year	
Service cost	\$ 51,765
Interest	28,641
Benefit payments	<u>(37,182)</u>
Net change	<u>\$ 43,224</u>
Balance at December 31, 2024	<u><u>\$ 725,887</u></u>

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## OPEB Liability Sensitivity

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

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate as of December 31, 2024

	Discount Rate	Total OPEB Liability
1% Decrease	3.00%	\$ 785,041
Current	4.00%	725,887
1% Increase	5.00%	670,851

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

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

	Health Care Trend Rates	Total OPEB Liability
1% Decrease	5.25% Decreasing to 4.00%	\$ 641,337
Current	6.25% Decreasing to 5.00%	725,887
1% Increase	7.25% Decreasing to 6.00%	826,115

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

For the year ended December 31, 2024, the County recognized OPEB expense of \$60,710.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience of the plan	\$ 17,805	\$ 120,636
Changes in actuarial assumptions	25,410	74,081
Contributions subsequent to the measurement date	36,100	-
Total	\$ 79,315	\$ 194,717

The \$36,100 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

# Chippewa County

## Montevideo, Minnesota

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

Year Ended December 31	OPEB Expense Amount
2025	\$ (19,696)
2026	(19,694)
2027	(26,248)
2028	(26,248)
2029	(29,809)
Thereafter	(29,807)

#### Changes in Actuarial Assumptions

There were no changes in actuarial assumptions for 2024.

#### Pension Plans

##### Defined Benefit Pension Plans

##### Plan Description

All full-time and certain part-time employees of Chippewa County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, while the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members in 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service. No Chippewa County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting

## Chippewa County Montevideo, Minnesota

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with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

### Benefits Provided

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

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

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

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

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

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

# Chippewa County

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

### Contributions

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

#### **Member and Employer Required Contribution Rates**

	Member Required Contribution	Employer Required Contribution
General Employees Plan – Coordinated Plan members	6.50%	7.50%
Police and Fire Plan	11.80%	17.70%
Correctional Plan	5.83%	8.75%

#### **Employer Contributions for the Year Ended December 31, 2024**

General Employees Plan	\$ 463,931
Police and Fire Plan	204,097
Correctional Plan	79,965

The contributions are equal to the statutorily required contributions as set by state statute.

### Pension Costs

#### General Employees Plan

At December 31, 2024, the County reported a liability of \$2,650,560 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.0717 percent. It was 0.0776 percent measured as of June 30, 2023. The County recognized pension expense of \$227,953 for its proportionate share of the General Employees Plan's pension expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$121,950 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

# Chippewa County Montevideo, Minnesota

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. This contribution meets the definition of a special funding situation. The County recognized an additional \$1,837 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

The County's proportionate share of the net pension liability	\$ 2,650,560
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>68,538</u>
Total	<u>\$ 2,719,098</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 254,804	\$ -
Changes in actuarial assumptions	13,014	1,063,518
Difference between projected and actual investment earnings	-	796,536
Changes in proportion	217,800	255,071
Contributions paid to PERA subsequent to the measurement date	<u>232,794</u>	<u>-</u>
Total	<u>\$ 718,412</u>	<u>\$ 2,115,125</u>

The \$232,794 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (862,416)
2026	(149,494)
2027	(414,447)
2028	(203,150)

### Police and Fire Plan

At December 31, 2024, the County reported a liability of \$1,038,950 for its proportionate share of the Police and



# Chippewa County

## Montevideo, Minnesota

Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.0790 percent. It was 0.0732 percent measured as of June 30, 2023. The County recognized pension expense of \$211,600 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million of supplemental state aid to the Police and Fire Plan for the Plan's fiscal year ended June 30, 2024. Legislation requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$22,425 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$4,430 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

### Police and Fire Plan Employer's Share of the Net Pension Liability and the State's Related Liability As of December 31, 2024

The County's proportionate share of the net pension liability	\$ 1,038,950
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>39,604</u>
Total	<u>\$ 1,078,554</u>

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 367,381	\$ -
Changes in actuarial assumptions	888,158	1,417,629
Difference between projected and actual investment earnings	-	340,725
Changes in proportion	403,486	24,606
Contributions paid to PERA subsequent to the measurement date	<u>105,761</u>	<u>-</u>
Total	<u>\$ 1,764,786</u>	<u>\$ 1,782,960</u>

## Chippewa County Montevideo, Minnesota

The \$105,761 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (15,909)
2026	227,330
2027	(89,737)
2028	(286,170)
2029	40,551

### Correctional Plan

At December 31, 2024, the County reported a liability of \$106,574 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the County's proportion was 0.3497 percent. It was 0.3616 percent measured as of June 30, 2023. The County recognized pension expense of \$158,026 for its proportionate share of the Correctional Plan's pension expense.

The State of Minnesota contributed \$5.3 million to the Correctional Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$18,379 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the Correctional Plan.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 76,583	\$ -
Changes in actuarial assumptions	-	372,866
Difference between projected and actual investment earnings	-	137,072
Changes in proportion	32,908	3,594
Contributions paid to PERA subsequent to the measurement date	41,129	-
Total	\$ 150,620	\$ 513,532

# Chippewa County Montevideo, Minnesota

The \$41,129 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended December 31	Pension Expense Amount
2025	\$ (359,427)
2026	52,302
2027	(57,083)
2028	(39,833)

### Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$597,579.

### Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

## Actuarial Assumptions for the Year Ended June 30, 2024

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

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

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

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

## Chippewa County Montevideo, Minnesota

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an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50%	5.10%
International equity	16.50%	5.30%
Fixed income	25.00%	0.75%
Private markets	25.00%	5.90%

### Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2024, which remains consistent with 2023. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2024:

#### General Employees Plan

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

# Chippewa County

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### Police and Fire Plan

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

### Correctional Plan

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

### Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate.

#### Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate As of December 31, 2024

	Proportionate Share of the					
	General Employees Plan		Police and Fire Plan		Correctional Plan	
	Discount Rate	Net Pension Liability	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 5,789,250	6.00%	\$ 2,455,242	6.00%	\$ 866,040
Current	7.00%	2,650,560	7.00%	1,038,950	7.00%	106,574
1% Increase	8.00%	68,702	8.00%	(124,122)	8.00%	(498,460)

### Pension Plan Fiduciary Net Position

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

# Chippewa County

## Montevideo, Minnesota

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### Defined Contribution Plan

Five board members of Chippewa County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

**Total Contributions by Dollar Amount and  
Percentage of Covered Payroll Made by the Employer  
For the Year Ended December 31, 2024**

	Employee	Employer
Contribution amount	\$ 8,903	\$ 8,903
Percentage of covered payroll	5.00%	5.00%

### Note 4 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. To manage these risks, the County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). MCIT is a public entity risk pool currently operated as a common risk management and insurance program for its members. The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For all other risks, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

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

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

On October 29, 2019, Chippewa County entered into a joint powers agreement with other local counties (Benton, Lyon, Murray, Redwood, and Swift) and Southwest Health and Human Services to form the Minnesota Public

## Chippewa County Montevideo, Minnesota

Sector Collaborative to self-insure health insurance as of January 1, 2020. As of January 1, 2021, the County began self-insuring for dental insurance. Premiums will be withheld from employees and paid into an internal service fund. Claims are managed and paid by a third party, and the County will be billed weekly, in aggregate, for claims incurred.

The County established a limited risk management program for health coverage in 2020. Premiums are paid into the Internal Service Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. The County has retained risk up to a \$60,000 stop-loss per person insured (employee and eligible dependent) per year with an aggregate stop loss of 125 percent of the estimated monthly covered benefits. Liabilities of the Internal Service Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The December 31, 2024, liability is determined based on detailed reports received by the County from the third-party administrator for claims incurred, adjusted, and paid through February 28, 2025.

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

	2023	2024
Unpaid claims, January 1	\$ 287,429	\$ 167,063
Incurred claims	(2,491,719)	(2,794,433)
Claims payments	2,371,353	2,908,664
Unpaid Claims, December 31	\$ 167,063	\$ 281,294

## Note 5 – Summary of Significant Contingencies and Other Items

### Contingent Liabilities

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

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

### Joint Ventures

#### Countryside Public Health Service

The Countryside Public Health Service was established July 1, 1979, by a joint powers agreement among Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine Counties. The agreement was established to provide community health care for the residents of the five-county area. Each county's proportionate share of the total responsibility of the project is established on a per capita basis as determined by the most recent statistical estimates provided by the Minnesota Board of Health.

## **Chippewa County Montevideo, Minnesota**

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In the event of termination of the joint powers agreement, any property acquired as a result of the agreement and any surplus monies on hand at that time shall be divided among the counties in the same proportions as their respective proportionate financial responsibilities.

Control is vested in the Countryside Public Health Service Board of Health. The Board consists of 11 persons, six County Commissioners, one from each county, except the county with the largest population, which has two commissioners and five community representatives. Each member of the Board is appointed by the County Commissioners of the county represented.

Financing is provided by state and federal grants, appropriations from member counties, and charges for services. Chippewa County's contribution for 2024 was \$195,888.

Complete financial statements for the Countryside Public Health Service can be obtained from PO Box 313, Benson, Minnesota 56215.

### **Region 6W Community Corrections**

Chippewa County participates with Lac qui Parle, Swift, and Yellow Medicine Counties to provide community corrections services. Region 6W Community Corrections develops and implements humane and effective methods of prevention, control, punishment, and rehabilitation of offenders. The joint powers agreement was effective October 1, 1977.

Control is vested in the 6W Community Corrections Executive Board. The Executive Board is comprised of two County Commissioners from each county and a judicial representative chosen from one of the three judges chambered within the four counties.

Financing is provided by state and federal grants, and fees for services. Chippewa County's contribution for the year ended 2024 was \$403,675.

Complete financial statements for Region 6W Community Corrections can be obtained at 129 Nichols Avenue, PO Box 551, Montevideo, Minnesota 56265.

### **CCM Health**

Chippewa County participates with the City of Montevideo in a joint venture to provide acute inpatient and outpatient care to the Chippewa County area operating under the name CCM Health. The Hospital Commission consists of seven members—three appointed by from Chippewa County and four from the City of Montevideo.

Chippewa County presents an external investment pool fund for investments held by the County for CCM Health, presented as an other custodial fund held by the County for CCM Health. The County also has conduit debt related to the Hospital disclosed in Note 3. Chippewa County did not contribute to CCM Health during 2024.

Complete financial statements can be obtained at CCM Health, 824 North 11th Street, Montevideo, Minnesota 56265.

### **Southwest Minnesota Private Industry Council, Inc.**

The Southwest Minnesota Private Industry Council, Inc., (SW MN PIC) is a private nonprofit corporation which was



## **Chippewa County Montevideo, Minnesota**

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created through a joint powers agreement on October 1, 1983, and began operations in 1985 under the Job Training Partnership Act (JTPA) authorized by Congress to administer and operate job training programs in a 14-county area of southwestern Minnesota. These counties include Big Stone, Chippewa, Cottonwood, Jackson, Lac qui Parle, Lincoln, Lyon, Murray, Nobles, Pipestone, Redwood, Rock, Swift, and Yellow Medicine.

SW MN PIC is governed by the Board of Directors, which is composed of seven members across the 14-county workforce service area. Chippewa County, as fiscal host of the MFIP/DWP Partnership, provided \$1,158,332 to this organization in 2024.

Separate financial information can be obtained from the Lyon County Government Center, 607 West Main Street, Marshall, Minnesota 56258.

### **Kandiyohi – Region 6W Community Corrections Agencies Detention Center (Prairie Lakes Youth Programs)**

Chippewa County entered into a joint powers agreement to create and operate the Kandiyohi – Region 6W Community Corrections Agencies Detention Center (commonly referred to as the Prairie Lakes Youth Programs (PLYP)), pursuant to Minn. Stat. § 471.59. The PLYP is a children’s residential facility located in Willmar, Minnesota serving children ages 10 to 21. Through non-secure, group home, and secure environments, they provide individualized, trauma-informed, and culturally relevant care and treatment including: substance use disorder addiction recovery, pet therapy, individual therapy, group therapy, family therapy, truancy support, and CHIPS support.

Control of the PLYP is vested in a joint board composed of one County Commissioner from each participating county. An Advisory Board has also been established, composed of the directors of the Kandiyohi County Community Corrections Agency and the Region 6W Community Corrections Agency, as well as the directors of the family services or human services departments of the counties participating in the agreement.

Financing is provided by charges for services to member and nonmember counties. Chippewa County’s contribution to the PLYP for 2024 was \$221,609.

Complete financial information can be obtained from the PLYP’s office, 1808 Civic Center Drive Northeast, PO Box 894, Willmar, Minnesota 56201.

### **Chippewa CARE Collaborative**

The Chippewa CARE Collaborative is a collaboration to receive and expend grant funds on new prevention, early intervention, and services to address children’s mental health issues. Chippewa County is a member and fiscal host for the Collaborative. Chippewa County reports the Collaborative as a custodial fund in the financial statements. The County contributed \$300 to the Collaborative in 2024.

### **Pioneerland Library System**

Chippewa County, along with 18 cities and eight other counties, participates in the Pioneerland Library System in order to provide efficient and improved regional public library service. The Pioneerland Library System is governed by the Pioneerland Library System Board, composed of 27 members appointed by member cities and counties. During 2024, Chippewa County contributed \$213,029 to the System. The City of Montevideo provided \$22,880 of the amount contributed by the County.

## **Chippewa County Montevideo, Minnesota**

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Separate financial information can be obtained from Pioneerland Library System at 410 – 5th Street Southwest, Willmar, Minnesota 56201.

### **Coordinated Enforcement Effort (CEE) VI Task Force**

The Coordinated Enforcement Effort (CEE) VI Task Force was established under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes Chippewa, Kandiyohi, Meeker, Swift, and Yellow Medicine Counties; and the Cities of Appleton, Benson, Clara City, Cosmos, Granite Falls, Litchfield, Montevideo, and Willmar.

Control of the Task Force is vested in a Board of Directors comprised of 13 members. The Board consists of the department heads or a designee from each participating full-time member agency.

The Task Force was established to receive and expend federal, state, and local grants and other related funds for the purpose of investigation of burglary, theft, narcotics, stolen property, and crimes of violence. Chippewa County has no operational or financial control over the CEE VI Task Force. During 2024, Chippewa County contributed \$74,328 in funds to the Task Force. In an agent capacity, Kandiyohi County is the fiscal agent for the task force.

### **Minnesota Counties Information Systems (MCIS)**

Aitkin, Carlton, Cass, Chippewa, Cook, Itasca, Kanabec, Koochiching, Lac qui Parle, Lake, Sherburne, and St. Louis Counties entered into a joint powers agreement, pursuant to Minn. Stat. § 471.59, for the purpose of operating and maintaining data processing facilities and management information systems for use by its members.

MCIS is governed by a 12-member Board, composed of a member appointed by each of the participating county's Board of Commissioners. Financing is obtained through user charges to the members. During 2024, Chippewa County contributed \$82,980. Lake County is the fiscal agent for MCIS.

Each county's share of the assets and liabilities cannot be accurately determined since it will depend on the number of counties that are members when the agreement is dissolved.

Separate financial information can be obtained from Minnesota Counties Information Systems, 413 Southeast 7th Avenue, Grand Rapids, Minnesota 55744.

### **Port Authority of the City of Saint Paul Property Assessed Clean Energy Program (PACE) of Minnesota**

The County has entered into an agreement with the Saint Paul Port Authority to facilitate the implementation and administration of the MinnPACE loan program. Through this program, qualifying commercial building owners within the County can receive loans from the Port Authority for the purpose of financing energy efficiency and conservation building improvement projects. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. By participating, the County has agreed to: (1) levy assessments against the related properties in accordance with the loan agreements between the Port Authority and property owners, (2) collect scheduled assessment payments, and (3) transfer all collections to the Port Authority. The County has met those responsibilities for 2024. At December 31, 2024, the outstanding PACE loans to be collected by the County are \$195,200.

# Chippewa County

## Montevideo, Minnesota

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### PrimeWest Health

The PrimeWest Central County-Based Purchasing Initiative (since renamed PrimeWest Health) was established in December 1998 by a joint powers agreement with Big Stone, Douglas, Grant, McLeod, Meeker, Pipestone, Pope, Renville, Stevens, and Traverse Counties under the authority of Minn. Stat. § 471.59. In 2008, Beltrami, Clearwater, and Hubbard Counties joined the partnership. In 2023, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, Nobles, Redwood, Swift, and Yellow Medicine Counties were added to PrimeWest Health. Pipestone County has since joined Southwest Health and Human Services for public health and human services functions. The partnership is organized to directly purchase health care services for county residents who are eligible for Medical Assistance and General Assistance Medical Care as authorized by Minn. Stat. § 256B.692. County-based purchasing is the local control alternative favored for improved coordination of services to prepaid Medical Assistance programs in complying with Minnesota Department of Health requirements as set forth in Minn. Stat. chs. 62D and 62N.

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

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

Financing is provided by Medical Assistance and General Assistance Medical Care payments from the Minnesota Department of Human Services, initial start-up loans from the member counties, and by proportional contributions from member counties, if necessary, to cover operational costs. Chippewa County did not contribute to PrimeWest Health during 2024. Complete financial information can be obtained from its administrative office at PrimeWest Health, 3905 Dakota Street, Suite 101, Alexandria, Minnesota 56308.

### Subsequent Events

On May 14, 2025, the County issued Solid Waste Disposal Revenue Bonds (Riverview, LLP Project), Series 2025, in the amount of \$8,675,000 as a conduit issuer. Bond issuance costs were paid by Riverview LLP; the obligation will be the sole responsibility of Riverview LLP.

## **Required Supplementary Information**

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-1**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,518,731	\$ 8,518,731	\$ 8,614,857	\$ 96,126
Special assessments	286,000	286,000	351,287	65,287
Licenses and permits	17,300	17,300	29,871	12,571
Intergovernmental	1,379,246	1,397,996	4,509,325	3,111,329
Charges for services	993,857	993,857	1,179,629	185,772
Fines and forfeits	3,000	3,000	-	(3,000)
Gifts and contributions	1,000	1,000	4,850	3,850
Investment earnings	200,200	1,050,200	1,095,392	45,192
Miscellaneous	447,460	447,460	586,839	139,379
Total Revenues	\$ 11,846,794	\$ 12,715,544	\$ 16,372,050	\$ 3,656,506
Expenditures				
Current				
General government				
Commissioners	\$ 355,536	\$ 355,536	\$ 376,811	\$ (21,275)
Law library	7,000	7,000	7,225	(225)
Auditor/treasurer	680,985	680,985	665,933	15,052
Human resources	125,555	125,555	125,009	546
Accounting and auditing	60,000	60,000	71,482	(11,482)
Information technology	547,410	547,410	492,750	54,660
Central services	232,850	232,850	256,207	(23,357)
Elections	48,400	48,400	89,940	(41,540)
Attorney	381,392	381,392	381,309	83
Recorder	532,666	532,666	501,720	30,946
Geographic information systems	25,000	25,000	16,039	8,961
County assessor	523,209	523,209	409,943	113,266
Building and plant	919,334	1,181,330	950,117	231,213
Veterans service officer	205,585	205,585	231,460	(25,875)
Deputy registrar – license bureau	304,859	304,859	280,432	24,427
PACE clean energy	100,000	100,000	(12,116)	112,116
Other general government	208,000	208,000	291,403	(83,403)
Total general government	\$ 5,257,781	\$ 5,519,777	\$ 5,135,664	\$ 384,113

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-1**  
*(Continued)*

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 1,895,870	\$ 1,895,870	\$ 2,163,508	\$ (267,638)
Boat and water safety	2,000	2,000	5,102	(3,102)
Court-ordered assessments	250,000	250,000	364,712	(114,712)
Court security	10,765	10,765	1,777	8,988
D.A.R.E. program	1,000	1,000	1,907	(907)
Coroner	22,500	22,500	22,648	(148)
Jail	1,625,283	1,625,283	1,638,932	(13,649)
Victim witness program	81,585	81,585	82,027	(442)
Restorative justice	-	55,516	55,543	(27)
Emergency management	171,753	171,753	171,438	315
Safety management	-	-	811	(811)
Dispatch	235,000	235,000	292,328	(57,328)
Total public safety	\$ 4,295,756	\$ 4,351,272	\$ 4,800,733	\$ (449,461)
Sanitation				
Household hazardous waste	\$ 4,500	\$ 4,500	\$ 10,948	\$ (6,448)
Recycling	200,900	200,900	201,596	(696)
Solid waste	107,500	107,500	137,407	(29,907)
Total sanitation	\$ 312,900	\$ 312,900	\$ 349,951	\$ (37,051)
Culture and recreation				
Airport	\$ 65,000	\$ 65,000	\$ 8,405	\$ 56,595
Historical society	47,000	47,000	47,000	-
Regional library	61,000	61,000	141,499	(80,499)
Fairgrounds	57,500	57,500	97,525	(40,025)
Parks	24,000	24,000	41,783	(17,783)
Bike trail	5,000	5,000	2,598	2,402
Total culture and recreation	\$ 259,500	\$ 259,500	\$ 338,810	\$ (79,310)

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-1**  
*(Continued)*

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Conservation of natural resources</b>				
Extension	\$ 141,457	\$ 141,457	\$ 102,422	\$ 39,035
Soil and water conservation	89,400	89,400	82,013	7,387
Ditch inspector	32,500	32,500	-	32,500
Weed control	188,012	188,012	94,585	93,427
Water planning	-	-	105,699	(105,699)
Land resource management	272,225	272,225	504,445	(232,220)
County farm	32,500	32,500	32,827	(327)
<b>Total conservation of natural resources</b>	<b>\$ 756,094</b>	<b>\$ 756,094</b>	<b>\$ 921,991</b>	<b>\$ (165,897)</b>
<b>Economic development</b>				
Community development	\$ 2,027,768	\$ 2,607,768	\$ 2,599,449	\$ 8,319
Prairie Five	9,000	9,000	7,000	2,000
Other economic development	23,892	23,892	23,047	845
<b>Total economic development</b>	<b>\$ 2,060,660</b>	<b>\$ 2,640,660</b>	<b>\$ 2,629,496</b>	<b>\$ 11,164</b>
<b>Intergovernmental</b>				
Public safety	\$ 442,675	\$ 442,675	\$ 442,489	\$ 186
Culture and recreation	233,029	233,029	226,795	6,234
<b>Total intergovernmental</b>	<b>\$ 675,704</b>	<b>\$ 675,704</b>	<b>\$ 669,284</b>	<b>\$ 6,420</b>
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 130,504	\$ (130,504)
Interest	-	-	13,981	(13,981)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 144,485</b>	<b>\$ (144,485)</b>
<b>Total Expenditures</b>	<b>\$ 13,618,395</b>	<b>\$ 14,515,907</b>	<b>\$ 14,990,414</b>	<b>\$ (474,507)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (1,771,601)</b>	<b>\$ (1,800,363)</b>	<b>\$ 1,381,636</b>	<b>\$ 3,181,999</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-1**  
*(Continued)*

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Loans issued	\$ -	\$ -	\$ 257,828	\$ 257,828
Proceeds from sale of capital assets	12,000	12,000	40,945	28,945
Insurance recoveries	19,000	19,000	67,177	48,177
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 31,000</b>	<b>\$ 31,000</b>	<b>\$ 365,950</b>	<b>\$ 334,950</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,740,601)</b>	<b>\$ (1,769,363)</b>	<b>\$ 1,747,586</b>	<b>\$ 3,516,949</b>
<b>Fund Balance – January 1</b>	<b>8,312,145</b>	<b>8,312,145</b>	<b>8,312,145</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 6,571,544</b>	<b>\$ 6,542,782</b>	<b>\$ 10,059,731</b>	<b>\$ 3,516,949</b>



**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-2**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 1,886,618	\$ 1,886,618	\$ 1,856,669	\$ (29,949)
Special assessments	-	-	255	255
Licenses and permits	18,000	18,000	23,475	5,475
Intergovernmental	5,834,221	5,834,221	3,983,756	(1,850,465)
Charges for services	40,000	40,000	92,495	52,495
Investment earnings	150,000	150,000	644,091	494,091
Miscellaneous	100,000	100,000	87,863	(12,137)
<b>Total Revenues</b>	<b>\$ 8,028,839</b>	<b>\$ 8,028,839</b>	<b>\$ 6,688,604</b>	<b>\$ (1,340,235)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Maintenance	\$ 3,065,950	\$ 3,065,950	\$ 2,586,517	\$ 479,433
Engineering/construction	7,384,400	7,384,400	5,159,124	2,225,276
Administration	369,675	369,675	391,162	(21,487)
Equipment and shop	1,119,925	1,119,925	479,089	640,836
<b>Total highways and streets</b>	<b>\$ 11,939,950</b>	<b>\$ 11,939,950</b>	<b>\$ 8,615,892</b>	<b>\$ 3,324,058</b>
<b>Intergovernmental</b>				
Highways and streets	\$ 485,000	\$ 485,000	\$ 518,459	\$ (33,459)
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 2,209	\$ (2,209)
Interest	-	-	552	(552)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,761</b>	<b>\$ (2,761)</b>
<b>Total Expenditures</b>	<b>\$ 12,424,950</b>	<b>\$ 12,424,950</b>	<b>\$ 9,137,112</b>	<b>\$ 3,287,838</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (4,396,111)</b>	<b>\$ (4,396,111)</b>	<b>\$ (2,448,508)</b>	<b>\$ 1,947,603</b>
<b>Other Financing Sources (Uses)</b>				
Insurance recoveries	-	-	66,310	66,310
<b>Net Change in Fund Balance</b>	<b>\$ (4,396,111)</b>	<b>\$ (4,396,111)</b>	<b>\$ (2,382,198)</b>	<b>\$ 2,013,913</b>
<b>Fund Balance – January 1</b>	<b>13,145,481</b>	<b>13,145,481</b>	<b>13,145,481</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>(626)</b>	<b>(626)</b>
<b>Fund Balance – December 31</b>	<b>\$ 8,749,370</b>	<b>\$ 8,749,370</b>	<b>\$ 10,762,657</b>	<b>\$ 2,013,287</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-3**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes	\$ 4,197,311	\$ 4,197,311	\$ 3,867,724	\$ (329,587)
Intergovernmental	4,267,205	4,248,455	4,799,792	551,337
Charges for services	361,500	361,500	354,504	(6,996)
Gifts and contributions	-	-	495	495
Settlements	-	-	137,282	137,282
Miscellaneous	204,112	204,112	233,571	29,459
<b>Total Revenues</b>	<b>\$ 9,030,128</b>	<b>\$ 9,011,378</b>	<b>\$ 9,393,368</b>	<b>\$ 381,990</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Human services</b>				
Income maintenance	\$ 2,286,409	\$ 2,286,409	\$ 2,053,637	\$ 232,772
Social services	6,525,733	6,470,217	6,692,741	(222,524)
<b>Total human services</b>	<b>\$ 8,812,142</b>	<b>\$ 8,756,626</b>	<b>\$ 8,746,378</b>	<b>\$ 10,248</b>
<b>Intergovernmental</b>				
Health	\$ 195,888	\$ 195,888	\$ 339,986	\$ (144,098)
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 10,603	\$ (10,603)
Interest	-	-	2,619	(2,619)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,222</b>	<b>\$ (13,222)</b>
<b>Total Expenditures</b>	<b>\$ 9,008,030</b>	<b>\$ 8,952,514</b>	<b>\$ 9,099,586</b>	<b>\$ (147,072)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 22,098</b>	<b>\$ 58,864</b>	<b>\$ 293,782</b>	<b>\$ 234,918</b>
<b>Fund Balance – January 1</b>	<b>2,929,321</b>	<b>2,929,321</b>	<b>2,929,321</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 2,951,419</b>	<b>\$ 2,988,185</b>	<b>\$ 3,223,103</b>	<b>\$ 234,918</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-4**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Special assessments	\$ 1,001,000	\$ 1,001,000	\$ 1,338,021	\$ 337,021
Intergovernmental	50,000	50,000	369,780	319,780
Investment earnings	10,000	10,000	77,012	67,012
Miscellaneous	-	-	15,692	15,692
<b>Total Revenues</b>	<b>\$ 1,061,000</b>	<b>\$ 1,061,000</b>	<b>\$ 1,800,505</b>	<b>\$ 739,505</b>
<b>Expenditures</b>				
<b>Current</b>				
Conservation of natural resources				
Other	\$ 1,262,841	\$ 1,262,841	\$ 1,817,262	\$ (554,421)
<b>Debt service</b>				
Principal	\$ -	\$ -	\$ 475	\$ (475)
Interest	-	-	119	(119)
<b>Total debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 594</b>	<b>\$ (594)</b>
<b>Total Expenditures</b>	<b>\$ 1,262,841</b>	<b>\$ 1,262,841</b>	<b>\$ 1,817,856</b>	<b>\$ (555,015)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (201,841)</b>	<b>\$ (201,841)</b>	<b>\$ (17,351)</b>	<b>\$ 184,490</b>
<b>Fund Balance – January 1</b>	<b>2,334,297</b>	<b>2,334,297</b>	<b>2,334,297</b>	<b>-</b>
<b>Fund Balance – December 31</b>	<b>\$ 2,132,456</b>	<b>\$ 2,132,456</b>	<b>\$ 2,316,946</b>	<b>\$ 184,490</b>

**Chippewa County  
Montevideo, Minnesota**

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

	<u>2024</u>	<u>2023</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 51,765	\$ 50,257
Interest	28,641	18,613
Differences between expected and actual experience	-	(145,960)
Changes of assumption or other inputs	-	(92,510)
Benefit payments	<u>(37,182)</u>	<u>(56,007)</u>
<b>Net change in total OPEB liability</b>	<b>\$ 43,224</b>	<b>\$ (225,607)</b>
<b>Total OPEB Liability – Beginning</b>	<b><u>682,663</u></b>	<b><u>908,270</u></b>
<b>Total OPEB Liability – Ending</b>	<b><u><u>\$ 725,887</u></u></b>	<b><u><u>\$ 682,663</u></u></b>
 Covered-employee payroll	 \$ 7,456,140	 \$ 7,238,971
Total OPEB liability (asset) as a percentage of covered-employee payroll	9.74%	9.43%

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

**Exhibit A-5**

<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
\$ 67,631	\$ 65,661	\$ 43,111	\$ 41,855	\$ 39,088
18,321	31,985	30,202	23,569	22,401
-	(22,334)	-	71,223	-
-	50,822	-	(18,805)	-
(51,935)	(55,334)	(42,693)	(34,423)	(23,462)
<b>\$ 34,017</b>	<b>\$ 70,800</b>	<b>\$ 30,620</b>	<b>\$ 83,419</b>	<b>\$ 38,027</b>
<b>874,253</b>	<b>803,453</b>	<b>772,833</b>	<b>689,414</b>	<b>651,387</b>
<b>\$ 908,270</b>	<b>\$ 874,253</b>	<b>\$ 803,453</b>	<b>\$ 772,833</b>	<b>\$ 689,414</b>
\$ 6,703,423	\$ 6,508,178	\$ 6,115,660	\$ 5,937,534	\$ 5,845,864
13.55%	13.43%	13.14%	13.02%	11.79%

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-6**

**Schedule of Proportionate Share of Net Pension Liability  
PERA General Employees Retirement Plan  
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/ Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Chippewa County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0717 %	\$ 2,650,560	\$ 68,538	\$ 2,719,098	\$ 6,066,314	43.69 %	89.08 %
2023	0.0776	4,339,305	119,561	4,458,866	6,168,083	70.35	83.10
2022	0.0721	5,710,344	167,379	5,877,723	5,402,375	105.70	76.67
2021	0.0751	3,108,886	95,036	3,203,922	5,246,765	59.25	87.00
2020	0.0722	4,328,720	133,435	4,462,155	5,149,249	84.07	79.06
2019	0.0698	3,859,086	119,995	3,979,081	4,941,712	78.09	80.23
2018	0.0704	3,905,503	128,195	4,033,698	4,733,400	82.51	79.53
2017	0.0704	4,494,290	68,149	4,562,439	4,533,198	99.14	75.90
2016	0.0702	5,697,862	90,231	5,788,093	4,357,074	130.77	68.91
2015	0.0729	3,776,789	N/A	3,776,789	4,286,189	88.12	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Chippewa County  
Montevideo, Minnesota**

***Exhibit A-7***

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2024	\$ 463,931	\$ 463,931	\$ -	\$ 6,184,475	7.50 %
2023	450,035	450,035	-	6,000,465	7.50
2022	433,692	433,692	-	5,782,563	7.50
2021	411,047	411,047	-	5,480,615	7.50
2020	385,883	385,883	-	5,145,296	7.50
2019	377,390	377,390	-	5,031,833	7.50
2018	361,703	361,703	-	4,822,666	7.50
2017	349,227	349,227	-	4,656,307	7.50
2016	334,168	334,168	-	4,455,883	7.50
2015	316,550	316,550	-	4,220,639	7.50

The County's year-end is December 31.

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-8**

**Schedule of Proportionate Share of Net Pension Liability  
PERA Public Employees Police and Fire Plan  
December 31, 2024**

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Chippewa County (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0790 %	\$ 1,038,950	\$ 39,604	\$ 1,078,554	\$ 1,093,540	95.01 %	90.17 %
2023	0.0732	1,264,069	50,952	1,315,021	961,193	131.51	86.47
2022	0.0627	2,728,456	119,123	2,847,579	761,672	358.22	70.53
2021	0.0612	452,330	20,324	472,654	720,162	62.81	93.66
2020	0.0623	821,181	19,355	840,536	704,085	116.63	87.19
2019	0.0670	713,283	N/A	713,283	705,369	101.12	89.26
2018	0.0702	748,260	N/A	748,260	740,077	101.11	88.84
2017	0.0750	1,012,589	N/A	1,012,589	773,432	130.92	85.43
2016	0.0760	3,050,012	N/A	3,050,012	732,687	416.28	63.88
2015	0.0750	852,176	N/A	852,176	691,058	123.31	86.61

The measurement date for each year is June 30.

N/A – Not Applicable



**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-9**

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

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2024	\$ 204,097	\$ 204,097	\$ -	\$ 1,153,088	17.70 %
2023	179,756	179,756	-	1,015,414	17.70
2022	150,224	150,224	-	848,725	17.70
2021	131,050	131,050	-	740,391	17.70
2020	127,850	127,850	-	722,318	17.70
2019	117,206	117,206	-	691,483	16.95
2018	115,615	115,615	-	713,675	16.20
2017	126,010	126,010	-	777,841	16.20
2016	121,380	121,380	-	749,260	16.20
2015	116,654	116,654	-	720,086	16.20

The County's year-end is December 31.

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-10**

**Schedule of Proportionate Share of Net Pension Liability  
PERA Public Employees Local Government Correctional Service Retirement Plan  
December 31, 2024**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.3497 %	\$ 106,574	\$ 887,591	12.01 %	97.54 %
2023	0.3616	163,461	847,675	19.28	95.94
2022	0.3319	1,103,236	729,200	151.29	74.58
2021	0.2880	(47,313)	636,791	(7.43)	101.61
2020	0.2672	72,502	581,027	12.48	96.67
2019	0.2385	33,020	510,785	6.46	98.17
2018	0.2307	37,943	471,259	8.05	97.64
2017	0.2400	684,002	477,503	143.25	67.89
2016	0.2500	913,285	461,040	198.09	58.16
2015	0.2600	40,196	462,071	8.70	96.95

The measurement date for each year is June 30.

**Chippewa County  
Montevideo, Minnesota**

**Exhibit A-11**

**Schedule of Contributions  
PERA Public Employees Local Government Correctional Service Retirement Plan  
December 31, 2024**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2024	\$ 79,965	\$ 79,965	\$ -	\$ 913,798	8.75 %
2023	76,111	76,111	-	869,543	8.75
2022	67,039	67,039	-	766,155	8.75
2021	60,203	60,203	-	688,027	8.75
2020	55,100	55,058	(42)	629,728	8.74
2019	48,772	48,942	170	557,396	8.78
2018	41,002	41,002	-	468,595	8.75
2017	41,585	41,585	-	475,262	8.75
2016	41,341	41,341	-	472,467	8.75
2015	39,776	39,932	156	454,579	8.78

The County's year-end is December 31.

# Chippewa County Montevideo, Minnesota

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

### Note 1 – General Budget Policies

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

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

### Note 2 – Budget Basis of Accounting

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

### Note 3 – Excess of Expenditures Over Budget

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

Excess of Expenditures Over Budget					
	Expenditures		Final Budget		Excess
General Fund	\$	14,990,414	\$	14,515,907	\$ 474,507
Family Services Special Revenue Fund		9,099,586		8,952,514	147,072
Ditch Special Revenue Fund		1,817,856		1,262,841	555,015

### Note 4 – Employer Contributions to Other Postemployment Benefits

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

No changes in actuarial assumptions for 2024.

The following changes in actuarial assumptions occurred in 2023:

- The health care trend rates and mortality tables were updated.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The discount rate was changed from 2.00 percent to 4.00 percent.

## **Chippewa County Montevideo, Minnesota**

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No changes in actuarial assumptions for 2022.

The following changes in actuarial assumptions occurred in 2021:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employee to rates which vary by service and contract group.
- The retirement and withdrawal tables for non-public safety employees were updated.
- The inflation rate changed from 2.50 percent to 2.00 percent.
- The discount rate changed from 3.80 percent to 2.00 percent.

No changes in actuarial assumptions for 2020.

The following changes in actuarial assumptions occurred in 2019:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality tables with MP-2016 Generational Improvement Scale (with blue collar adjustment for police and fire personnel) to the RP-2014 White Collar Mortality tables with MP-2018 Generational Improvement Scale (with blue collar adjustment for police and fire personnel).
- The retirement and withdrawal tables for law enforcement employees were updated.
- The discount rate was changed from 3.30 percent to 3.80 percent.

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

- The discount rate used changed from 3.50 percent to 3.30 percent.
- The actuarial cost method used changed from the Projected Unit Credit to the Entry Age, level percentage of pay.

# Chippewa County

## Montevideo, Minnesota

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

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

#### General Employees Retirement Plan

##### 2024

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

##### 2023

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

## Chippewa County Montevideo, Minnesota

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### 2022

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

### 2021

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

### 2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

## **Chippewa County Montevideo, Minnesota**

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### 2019

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

### 2018

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

### 2017

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

### 2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035



## Chippewa County Montevideo, Minnesota

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and 2.50 percent per year thereafter, to 1.00 percent for all future years.

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

### Public Employees Police and Fire Plan

#### 2024

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

#### 2023

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

#### 2022

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

## Chippewa County Montevideo, Minnesota

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### 2021

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

### 2020

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

### 2019

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

### 2018

- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- Post-retirement benefit increases changed to 1.00 percent for all years with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

## **Chippewa County Montevideo, Minnesota**

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- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

### 2017

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

### 2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was

# Chippewa County

## Montevideo, Minnesota

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changed from 7.90 percent to 5.60 percent.

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

### **Public Employees Local Government Correctional Service Retirement Plan**

#### **2024**

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

#### **2023**

- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.

#### **2022**

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

#### **2021**

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from Scale MP-2019

## Chippewa County Montevideo, Minnesota

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to Scale MP-2020.

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

### 2020

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

### 2019

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

### 2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Post-retirement benefit increases were changed from 2.50 percent per year with a provision to reduce to

## Chippewa County Montevideo, Minnesota

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1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85 percent for two consecutive years, or 80 percent for one year, the maximum increase will be lowered to 1.50 percent.

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

### 2017

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

### 2016

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

## **Supplementary Information**

# **Chippewa County Montevideo, Minnesota**

## **Fiduciary Funds**

### **Other Custodial Funds**

Region 6W Community Corrections Custodial Fund – to account for the collection and payment of funds of the Community Corrections joint venture.

State Revenue Custodial Fund – to account for the collection and payment of the state’s share of fees collected by the County.

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

CARE Collaborative Custodial Fund – to account for the collection and payment of funds of the CARE Collaborative joint venture.

CCM Health Custodial Fund – to account for pooled cash held by the County for CCM Health, a legally separate entity, that is not part of the County’s financial reporting entity.

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



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

	<u>Region 6W Community Corrections</u>	<u>State Revenue</u>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 920,573	\$ 106,833
Investments	639,470	-
Taxes and special assessments receivable for other governments	-	-
<b>Total Assets</b>	<b><u>\$ 1,560,043</u></b>	<b><u>\$ 106,833</u></b>
<b><u>Liabilities</u></b>		
Due to others	\$ -	\$ -
Due to other governments	-	106,833
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 106,833</u></b>
<b><u>Net Position</u></b>		
Restricted for individuals, organizations, and other governments	<b><u>\$ 1,560,043</u></b>	<b><u>\$ -</u></b>

**Exhibit B-1**

<b>Taxes and Penalties</b>	<b>CARE Collaborative</b>	<b>CCM Health</b>	<b>Jail Canteen</b>	<b>Other Custodial Funds</b>
\$ 541,635	\$ 363,155	\$ 6,699,950	\$ 9,720	\$ 8,641,866
-	-	-	-	639,470
328,621	-	-	-	328,621
<b>\$ 870,256</b>	<b>\$ 363,155</b>	<b>\$ 6,699,950</b>	<b>\$ 9,720</b>	<b>\$ 9,609,957</b>
\$ -	\$ 155	\$ -	\$ -	\$ 155
541,635	-	-	-	648,468
<b>\$ 541,635</b>	<b>\$ 155</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 648,623</b>
<b>\$ 328,621</b>	<b>\$ 363,000</b>	<b>\$ 6,699,950</b>	<b>\$ 9,720</b>	<b>\$ 8,961,334</b>

**Chippewa County  
Montevideo, Minnesota**

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

	<u>Region 6W Community Corrections</u>	<u>State Revenue</u>
<b><u>Additions</u></b>		
Interest earnings	\$ 20,631	\$ -
Property tax collections for other governments	-	-
Fees collected for state	-	574,765
Payments from state	1,435,512	-
Refunds collected for other entities	-	-
Payments from other entities	1,505,181	-
	<hr/>	<hr/>
<b>Total Additions</b>	<b>\$ 2,961,324</b>	<b>\$ 574,765</b>
	<hr/>	<hr/>
<b><u>Deductions</u></b>		
Beneficiary payments to individuals	\$ 2,075,214	\$ -
Payments of property tax to other governments	-	-
Payments to state	-	574,765
Administrative expense	-	-
Payments to other entities	440,995	-
	<hr/>	<hr/>
<b>Total Deductions</b>	<b>\$ 2,516,209</b>	<b>\$ 574,765</b>
	<hr/>	<hr/>
<b>Change in Net Position</b>	<b>\$ 445,115</b>	<b>\$ -</b>
	<hr/>	<hr/>
<b>Net Position – January 1</b>	<b>1,114,928</b>	<b>-</b>
	<hr/>	<hr/>
<b>Net Position – December 31</b>	<b>\$ 1,560,043</b>	<b>\$ -</b>
	<hr/>	<hr/>

**Exhibit B-2**

<b>Taxes and Penalties</b>	<b>CARE Collaborative</b>	<b>CCM Health</b>	<b>Jail Canteen</b>	<b>Other Custodial Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 20,631
15,060,482	-	-	-	15,060,482
687,777	-	-	-	1,262,542
-	111,674	-	-	1,547,186
34,588	-	-	-	34,588
-	15,350	77,095,435	33,140	78,649,106
<b>\$ 15,782,847</b>	<b>\$ 127,024</b>	<b>\$ 77,095,435</b>	<b>\$ 33,140</b>	<b>\$ 96,574,535</b>
\$ -	\$ -	\$ -	\$ 8,364	\$ 2,083,578
15,053,636	-	-	-	15,053,636
687,444	-	-	-	1,262,209
-	7,500	-	-	7,500
34,588	27,827	73,730,367	24,873	74,258,650
<b>\$ 15,775,668</b>	<b>\$ 35,327</b>	<b>\$ 73,730,367</b>	<b>\$ 33,237</b>	<b>\$ 92,665,573</b>
\$ 7,179	\$ 91,697	\$ 3,365,068	\$ (97)	\$ 3,908,962
321,442	271,303	3,334,882	9,817	5,052,372
<b>\$ 328,621</b>	<b>\$ 363,000</b>	<b>\$ 6,699,950</b>	<b>\$ 9,720</b>	<b>\$ 8,961,334</b>

## **Other Schedules**

**Chippewa County  
Montevideo, Minnesota**

**Exhibit C-1**

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

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$ 3,079,296
County program aid	910,870
PERA rate reimbursement	25,692
Disparity reduction aid	67,566
Police aid	150,291
Enhanced 911	170,974
Market value credit	211,435
Select Committee on Recycling and the Environment (SCORE)	86,753
Aquatic invasive species aid	33,588
Riparian protection aid	109,817
Local Homeless Prevention Aid	31,445
Statewide affordable housing aid	91,734
Cannabis aid	2,114
Voting Operations, Technology, & Election Resources (VOTER)	18,954
	<hr/>

<b>Total appropriations and shared revenue</b>	<b>\$ 4,990,529</b>
--	---------------------

**Reimbursement for Services**

Minnesota Department of Human Services	\$ 759,231
Minnesota Secretary of State	27,794
Local	430,348
	<hr/>

<b>Total reimbursement for services</b>	<b>\$ 1,217,373</b>
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**Payments**

**State**

Payments in lieu of taxes	\$ 145,023
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**Local**

Payments in lieu of taxes	14,019
Other contributions	8,303
	<hr/>

<b>Total payments</b>	<b>\$ 167,345</b>
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**Grants**

**State**

Minnesota Department/Board/Office of	
Human Services	\$ 818,419
IT Services	131,823
Natural Resources	36,856
Public Safety	366,038
Transportation	490,249
Water and Soil Resources	79,857
Veterans Affairs	7,500
Supreme Court	4,928
	<hr/>

<b>Total state</b>	<b>\$ 1,935,670</b>
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**Chippewa County  
Montevideo, Minnesota**

***Exhibit C-1***  
***(Continued)***

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

**Grants (Continued)**

**Federal**

Department of	
Agriculture	\$ 226,228
Health and Human Services	2,697,158
Homeland Security	205,444
Justice	2,169
Treasury	2,195,956
Transportation	24,781
	<hr/>
<b>Total federal</b>	<b>\$ 5,351,736</b>
	<hr/>
<b>Total state and federal grants</b>	<b>\$ 7,287,406</b>
	<hr/>
<b>Total Intergovernmental Revenue</b>	<b>\$ 13,662,653</b>

**Chippewa County  
Montevideo, Minnesota**

**Exhibit C-2**

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2514	\$ 210,139	\$ -
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN127Q7503	15,202	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	242MN101S2520	887	-
(Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 10.561 \$226,228)				
<b>Total U.S. Department of Agriculture</b>			<b>\$ 226,228</b>	<b>\$ -</b>
<b>U.S. Department of Justice</b>				
Direct				
Bulletproof Vest Partnership Program	16.607		\$ 2,169	\$ -
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	F-ENFRC24-2024-CHIPPWSD	\$ 12,056	\$ 4,262
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	F-ENFRC24-2024-CHIPPWSD	12,725	4,294
<b>Total U.S. Department of Transportation</b>			<b>\$ 24,781</b>	<b>\$ 8,556</b>
<b>U.S. Department of the Treasury</b>				
Direct				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ 2,189,956	\$ -
COVID-19 – Local Assistance and Tribal Consistency Fund	21.032		6,000	-
<b>Total U.S. Department of the Treasury</b>			<b>\$ 2,195,956</b>	<b>\$ -</b>



**Chippewa County  
Montevideo, Minnesota**

**Exhibit C-2**  
(Continued)

**Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Human Services				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2301MNFPS	\$ 3,579	\$ -
Temporary Assistance for Needy Families	93.558	2401MNTANF	1,087,784	-
Child Support Services	93.563	2301MNCES	211,291	-
Child Support Services	93.563	2301MNCSES	74,798	-
(Total Child Support Services 93.563 \$286,089)				
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	2401MNRCA	1,562	-
CCDF Cluster				
Child Care and Development Block Grant	93.575	2401MNCCDF	2,993	-
Community-Based Child Abuse Prevention Grants	93.590	2302MNBCAP	402	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2301MNCWSS	6,326	-
Foster Care Title IV-E	93.658	2401MNFOS	156,829	-
Social Services Block Grant	93.667	2401MNSOSR	109,832	-
Children's Health Insurance Program	93.767	2305MN5021	364	-
Medicaid Cluster				
Medical Assistance Program	93.778	2405MN5ADM	711,739	-
Medical Assistance Program	93.778	2405MN5MAP	4,203	-
(Total Medical Assistance Program 93.778 \$715,942)				
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 2,371,702</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Natural Resources				
Boating Safety Financial Assistance	97.012	None Provided	\$ 3,975	\$ -
Passed Through Minnesota Department of Public Safety				
Disaster Grants – Public Assistance (Presidentially				
Declared Disasters)	97.036	4442DRMNP00000001	179,394	-
Emergency Management Performance Grants	97.042	F-EMPG-2022-CHIPPWCO	22,075	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 205,444</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 5,026,280</b>	<b>\$ 8,556</b>
<b>Totals by Cluster</b>				
Total expenditures for SNAP Cluster			\$ 226,228	
Total expenditures for Highway Safety Cluster			12,056	
Total expenditures for CCDF Cluster			2,993	
Total expenditures for Medicaid Cluster			715,942	

# Chippewa County Montevideo, Minnesota

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

### Note 1 – Summary of Significant Accounting Policies

#### Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Chippewa County. The County's reporting entity is defined in Note 1 to the financial statements.

#### Basis of Presentation

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

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### Note 2 – De Minimis Cost Rate

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

### Note 3 – Reconciliation to Schedule of Intergovernmental Revenue

Reconciliation to Schedule of Intergovernmental Revenue	
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 5,351,736
Grants received more than 60 days after year-end, considered unavailable revenue in 2024	
MaryLee Allen Promoting Safe and Stable Families Program (AL No. 93.556)	704
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (AL No. 93.566)	466
Stephanie Tubbs Jones Child Welfare Services Program (AL No. 93.645)	1,254
Foster Care Title IV-E (AL No. 93.658)	1,910
Unavailable revenue in 2023, recognized as revenue in 2024	
Temporary Assistance for Needy Families (AL No. 93.558)	(329,790)
Expenditures per Schedule of Expenditures of Federal Awards	\$ 5,026,280

## **Management and Compliance Section**



**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of County Commissioners  
Chippewa County  
Montevideo, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa County, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 28, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

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

### **Minnesota Legal Compliance**

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

### **Purpose of This Report**

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

*/s/Julie Blaha*

Julie Blaha  
State Auditor

July 28, 2025

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor



## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### Independent Auditor's Report

Board of County Commissioners  
Chippewa County  
Montevideo, Minnesota

### **Report on Compliance for Each Major Federal Program**

#### ***Qualified and Unmodified Opinions***

We have audited Chippewa County's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Chippewa County's major federal programs for the year ended December 31, 2024. Chippewa County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Qualified Opinion on Medicaid Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Chippewa County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Medicaid Cluster for the year ended December 31, 2024.

#### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, Chippewa County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2024.

#### ***Basis for Qualified and Unmodified Opinions***

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

We are required to be independent of Chippewa 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Chippewa County's compliance with the compliance requirements referred to above.

***Matter Giving Rise to Qualified Opinion on Medicaid Cluster***

As described in the accompanying Schedule of Findings and Questioned Costs, Chippewa County did not comply with requirements regarding Assistance Listing No. 93.778 Medicaid Cluster as described in finding number 2024-001 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Compliance with such requirements is necessary, in our opinion, for Chippewa County to comply with the requirements applicable to that program.

***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 Chippewa County's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

***Other Matters***

The results of our auditing procedures disclosed an other instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on Chippewa County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Chippewa County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Chippewa County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Chippewa County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*/s/Julie Blaha*

Julie Blaha  
State Auditor

July 28, 2025

*/s/Chad Struss*

Chad Struss, CPA  
Deputy State Auditor



# Chippewa County Montevideo, Minnesota

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

### Section I – Summary of Auditor’s Results

#### Financial Statements

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

Internal control over financial reporting:

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

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

#### Federal Awards

Internal control over the major federal programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for the major federal programs: **Unmodified, except for Medicaid Cluster, which is qualified.**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

Identification of the major federal programs:

Assistance Listing	
Number	Name of Federal Program or Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
93.778	Medicaid Cluster

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

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

### Section II – Financial Statement Findings

No matters were reported.

# Chippewa County

## Montevideo, Minnesota

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### Section III – Federal Award Findings and Questioned Costs

#### 2024-001 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**Prior Year Finding Number:** 2023-006

**Year of Finding Origination:** 2023

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Material Weakness and Modified Opinion

**Federal Agency:** U.S. Department of Health and Human Services

**Program:** 93.778 Medical Assistance Program

**Award Number and Year:** 2405MN5ADM; 2024

**Pass-Through Agency:** Minnesota Department of Human Services

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Administrative program costs for Medical Assistance Program are submitted to the Minnesota Department of Human Services (DHS) through the DHS Income Maintenance (DHS-2550) report and the Social Service Fund (DHS-2556) report on a quarterly basis. DHS provides reporting instructions including information regarding eligible and ineligible costs.

**Condition:** The following exceptions were noted in the sample of 40 expenditures tested for activities allowed or unallowed and allowable costs/cost principles:

- One claim was included in a DHS-2550 report as eligible expenditures but was not eligible for federal reimbursement.
- One claim included in a DHS-2556 report was reported as a reduction of Intergovernmental Federal Revenue rather than a Services and Charges expenditure.
- For eight timesheets tested, the payroll costs were allocated on an incorrect full-time equivalent (FTE) split on the DHS-2550 and DHS-2556 reports.
- One timesheet was included in the DHS-2556 reports for Social Service Time Study Random Moment Time Study (SSTS RMS) Participants Payroll Expense rather than Non SSTS RMS Participants Payroll Expense.

**Questioned Costs:** Questioned costs identified were less than \$25,000.

**Context:** DHS relies on accurate identification and reporting of program costs to ensure grant funds paid to the County are allowable and provide detailed information necessary for maintaining proper oversight over federal programs.

Total expenditures reported on the SEFA is \$715,942, consisting of 1,419 transactions. The sample of 40 transactions totaled \$88,180. The sample sizes were based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

# Chippewa County

## Montevideo, Minnesota

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**Effect:** Errors in the identification and reporting of costs on the quarterly reports can impair DHS' ability to provide required oversight over federal programs.

**Cause:** The County's controls over the identification of allowable activities and costs, preparation of the quarterly reports, and maintenance of payroll allocations in the accounting system were not sufficient to identify these errors. The County indicated the FTE split was updated during 2024 for non-payroll costs but not for the payroll costs.

**Recommendation:** We recommend the County implement controls to ensure activities allowed and allowable costs are appropriately identified and accurately reported to DHS in accordance with federal program guidance and DHS instructions. We also recommend the County correct and resubmit reports submitted with unallowable activities or costs, costs allocated incorrectly, or activity reported incorrectly.

**View of Responsible Official:** Acknowledge

**2024-002**      Eligibility

**Prior Year Finding Number:** N/A

**Year of Finding Origination:** 2024

**Type of Finding:** Internal Control Over Compliance and Compliance

**Severity of Deficiency:** Significant Deficiency and Other Matter

**Federal Agency:** U.S. Department of Health and Human Services

**Program:** 93.778 Medical Assistance Program

**Award Number and Year:** 2405MN5ADM; 2024

**Pass-Through Agency:** Minnesota Department of Human Services

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Title 42 U.S. *Code of Federal Regulations* §§ 435.911 and 435.945 require the state Medicaid agency to determine and verify eligibility of enrollees in Medicaid. The Minnesota Department of Human Services provides the Minnesota Health Care Programs Eligibility Policy Manual. The manual contains the Minnesota Department of Human Services eligibility policies for the Minnesota Health Care Programs, including the eligibility requirements of Medical Assistance. Specific eligibility requirements are included for participants' citizenship verification, income limits, and assets. Minnesota Statutes § 256B.05 requires county agencies to administer Medical Assistance.

**Condition:** The Minnesota Department of Human Services maintains the computer system, MAXIS, which is used by Chippewa County to support the eligibility determination process. In the case files tested for eligibility, not all documentation to support participant eligibility was available, updated, or input correctly. The following exceptions were noted in the sample of 40 case files tested:

- One participant's citizenship was not verified.
- Two case files did not calculate or document the participant's income correctly.

## Chippewa County Montevideo, Minnesota

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- Two case files had an asset listed in MAXIS that did not match the documentation in the case file.

**Questioned Costs:** Not applicable. The County administers the program, but the State of Minnesota pays benefits to participants in this program.

**Context:** The State of Minnesota and the County split the eligibility determination process. Pursuant to Minnesota statutes, Chippewa County performs the “intake function” needed for this program, while the State maintains the MAXIS system, which supports the eligibility determination process. Participants receive benefits from the State.

The population consisted of 824 active MAXIS case files in 2024; the sample size was 40 case files. The sample size was based on the guidance from Chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The lack of updated information in MAXIS and lack of verification of key eligibility-determining factors increase the risk that program participants will receive benefits when they are not eligible.

**Cause:** Program personnel entering case file information into MAXIS did not ensure all required information was input or updated correctly or verified.

**Recommendation:** We recommend Chippewa County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations exists, the program personnel properly input or update the documentation in MAXIS, and the program personnel follow up on issues in a timely manner. In addition, Chippewa County should consider providing further training to program personnel.

**View of Responsible Official:** Acknowledge



## AUDITOR/TREASURER

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### Representation of Chippewa County Montevideo, Minnesota

Corrective Action Plan  
For the Year Ended December 31, 2024

**Finding Number: 2024-001**

**Finding Title: Activities Allowed or Unallowed and Allowable Costs/Cost Principles**

**Program: 93.778 Medical Assistance Program**

Name of Contact Person Responsible for Corrective Action:

Jennifer Bakkellund, Fiscal & Support Services Supervisor

Corrective Action Planned:

Due to overlap of when we found the errors from 2023 and the corrections of those in 2024, this triggered other areas we knew would have to change in 2024. This included more movement in personnel expenses for programs not considered under federal financial participation. These programs were all removed from the Family Services budget by January 1, 2025. The corrections to our internal systems were corrected in 2025. Chippewa County staff will connect with DHS to review the corrections made in our system as it pertains to the quarterly reports and will adjust as they instruct.

For the Administrative split being used each year, we will use the A87 Report to determine the rate. It will be shared with the Payroll department, the County Auditor/Treasurer's department and Family Services accounting staff prior to the start of the year or prior to any mid-year change.

More oversight will be given to placement of "Other" charges that are paid in County systems and to make sure placement of those are correct in the quarterly reports.

Anticipated Completion Date:

December 2025

**Finding Number: 2024-002**

**Finding Title: Eligibility**

**Program: 93.778 Medical Assistance Program**

Name of Contact Person Responsible for Corrective Action:

Michelle Trulock, Financial Assistance Supervisor

Corrective Action Planned:

Cases where there was an income discrepancy have been reviewed and updated. Peacetime instructions used during COVID are no longer in place. MAXIS cases have reverted to pre-pandemic processing and will be reviewed and updated. Specific income calculations were reviewed with staff. Supervisor will promote annotation on documents for clarification, as well as clear and concise case noting.

Desk reviews are completed periodically for review of income, assets and citizenship and all transfer in cases are reviewed for the like. Supervisor will request that each worker review citizenship (STAT/ MEMB/MEMI and imaging) at healthcare renewal month to ensure accuracy.

Policy and procedure review for staff on reviewing forms for asset information. This also relates to the self-attestation of cash on the review forms.

Anticipated Completion Date: On 06/03/2025, Supervisor met with staff to discuss the results of the audit and train and review policy and procedure on best practices for processing and maintenance of healthcare cases. This will be an ongoing agenda item at monthly unit meetings.

**Representation of Chippewa County  
Montevideo, Minnesota**

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

**Finding Number: 2023-001**  
**Year of Finding Origination: 2023**  
**Finding Title: Audit Adjustment**

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

**Summary of Corrective Action Previously Reported:** Chippewa County will review incoming revenue beyond the 60-day accrual period to determine if they have a material impact on the financial statements. If it is determined any receipts are material, an additional accrual entry will be booked.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number: 2023-002**  
**Year of Finding Origination: 2023**  
**Finding Title: Reconciliation of Treasurer's Cash Book to the General Ledger and Broker Statements**

**Summary of Condition:** The County is not reconciling the Treasurer's cash book to the general ledger and broker statements on a regular basis resulting in an immaterial difference at December 31, 2023, after adjustments were made during the audit.

**Summary of Corrective Action Previously Reported:** All reconciliations are being performed on a timely basis and supporting schedules for cash and investment balances are reviewed and maintained.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number: 2023-003**  
**Year of Finding Origination: 2020**  
**Finding Title: Credit Card Purchases**

**Summary of Condition:** The following internal control deficiencies were noted during the testing of credit card use by the County:

- There were two instances where the receipt on file did not agree with the amount paid to the vendor.
- There was one instance where the receipt on file was not itemized. Without the proper receipts and supporting documentation, it is not possible to determine if the purchases were in accordance with the County's credit card policy.
- Both credit card claims tested had portions of the invoice that were not reviewed or were not reviewed until up to three months after the credit card claim had been paid.

**Summary of Corrective Action Previously Reported:** Chippewa County will review its policies to ensure they comply with State Auditor recommendations and will update as necessary. The Auditor/Treasurer/Coordinator will train and remind all employees to comply with policies. The Auditor/Treasurer's Office will reject all credit card payments that do not have sufficient documentation. The County will identify and consider a more robust reporting and approval process for credit cards.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number:** 2023-004

**Year of Finding Origination:** 2022

**Finding Title:** Journal Entry Approval

**Summary of Condition:** Five of the 22 journal entries tested did not include indication of review; an additional three entries were reviewed by the same individual who processed them.

**Summary of Corrective Action Previously Reported:** Chippewa County will review its policies to ensure they comply with State Auditor recommendations and will update as necessary. All journal entries will be reviewed by someone other than the preparer and documented as such.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number:** 2023-005

**Year of Finding Origination:** 2023

**Finding Title:** Incorrect Expenditures and Amounts Passed Through to Subrecipients Reported on the Schedule of Expenditures of Federal Awards

**Summary of Condition:** Chippewa County did not properly identify the amount expended and pass-through grant numbers for 16 of the 18 programs reported. Additionally, no amounts were reported as passed through to subrecipients.

**Summary of Corrective Action Previously Reported:** Chippewa County staff missed entering a number into the Schedule of Expenditures of Federal Awards workpaper. It is impossible to achieve perfection, but Chippewa County will continue to strive to do so. Chippewa County will prepare the Schedule of Expenditures of Federal Awards more thoroughly for future financial statements.

**Status:** Fully Corrected. Corrective action was taken.

**Finding Number:** 2023-006

**Year of Finding Origination:** 2023

**Finding Title:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles

**Program:** 93.778 Medical Assistance Program

**Summary of Condition:** The following exceptions were noted in the sample of 40 expenditures tested for activities allowed or unallowed and allowable costs/cost principles:

- Two claims were included in the DHS-2550 reports as eligible expenditures but were not eligible for federal reimbursement.
- For three timesheets tested, the payroll costs were allocated on an incorrect full-time equivalent (FTE) split on the DHS-2550 and DHS-2556 reports as the FTE split was updated during 2023 for non-payroll costs but not for payroll costs.



- Two timesheets were included in the DHS-2556 reports for Social Service Time Study Random Moment Time Study (SSTS RMS) Participants Payroll Expense rather than Non SSTS RMS Participants Payroll Expense.
- One timesheet was included in the DHS-2556 report as an eligible payroll expense but was not eligible for federal reimbursement.
- One claim was included in the DHS-2556 report as an eligible expenditure but was not eligible for federal reimbursement.

**Summary of Corrective Action Previously Reported:** 2556 reports are being corrected to reflect the required corrections. Worked with DHS to correct the expenditure not eligible for federal reimbursement. (corrected 9/26/2024). Auditors' office has been making corrections of payroll to move the 3 supervisors out of SSTS RMS to non SSTS RMS codes. I will then go back and correct the 2023 2556 reports. Any that are past the year cut off, I will work with DHS directly to make the corrections. Salary splits for Passport time and Director salary for supervision of Circle program will be adjusted and corrected on the 2556 as well. In the future these activities may be removed from the Family Services area.

**Status:** Not corrected. Additional staffing and allowable expense changes in 2024 resulted in further adjustments to DHS reports and thus, a repeat finding. The timing of the audit finding conflicted with the ability to resolve any errors on the DHS reports within the allowable timeframe. We are working on adjustments to DHS reporting as noted in the Corrective Action Plan.

**Finding Number:** 2023-007

**Year of Finding Origination:** 2023

**Finding Title:** Social Service Fund Reporting (DHS-2556)

**Program:** 93.778 Medical Assistance Program

**Summary of Condition:** The DHS-2556 second and fourth quarter reports overstated "Other Expenses" by \$104,180 for expenses not related to the Social Service program and, therefore, not eligible to be included in the reported balances.

**Summary of Corrective Action Previously Reported:** After speaking with State Auditors and DHS, expenses that had been listed as "other" are now part of services rendered. A change in process of backup reports will be done to make this move of costs in the future. Fiscal Year 2023 reports are being corrected to match this new requirement. Any reports that are past the year cut off I am working directly with DHS to correct.

**Status:** Fully Corrected. Corrective action was taken.