

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Audit Practice Division

Faribault County
(Including the Faribault County
Economic Development Authority)
Blue Earth, Minnesota

Annual Financial Report and
Management and Compliance Report

Year Ended December 31, 2024

Faribault County Blue Earth, Minnesota

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**Faribault County
Blue Earth, Minnesota**

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Introductory Section

Faribault County Blue Earth, Minnesota

Organization

December 31, 2024

Position	Name	District	Term Expires
Elected			
Commissioners			
Vice Chair	John Roper	District 1	January 2025
Board Member	Greg Young	District 2	January 2027
Chair	William Groskreutz, Jr.	District 3	January 2029
Board Member	Tom Loveall	District 4	January 2027
Board Member	Bruce Anderson	District 5	January 2029
Attorney	Cameron Davis		January 2027
Judge	Troy Timmerman		January 2027
County Recorder	Sheryl Asmus		December 2024
Registrar of Titles	Sheryl Asmus		December 2024
County Sheriff	Mike Gormley		January 2025
Appointed			
Assessor	Brady Rauenhorst		December 2028
Auditor/Treasurer	Kari Jacobson		March 2025
Coordinator	Brian Hov		Indefinite
County Engineer	April Wellman		May 1, 2029
Veterans Service Officer	Jenna Schmidtke		Indefinite
Medical Examiner	Aaron Johnson, M.D.		December 31, 2025
Economic Development Authority Board			
Commissioner	Greg Young		December 31, 2024
Commissioner	William Groskreutz, Jr.		December 31, 2024
Chair	John Herman	Wells	December 31, 2025
Vice Chair	Lars Bierly	Blue Earth	December 31, 2025
Secretary/Treasurer	David Roper	Blue Earth	December 31, 2025
Board Member	Gloria Pederson	Kiester	December 31, 2029
Board Member	Joel Sonnek	Easton	December 31, 2028

Financial Section



Independent Auditor's Report

Board of County Commissioners
Faribault County
Blue Earth, Minnesota

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Faribault 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.

We did not audit the financial statements of the Faribault County Housing and Redevelopment Authority (HRA), which is a discretely presented component unit and represents 2 percent, 2 percent, and 98 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Faribault County HRA, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and 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 Faribault County's basic financial statements. The Budgetary Comparison Schedule – Debt Service Fund, combining nonmajor enterprise fund financial statements, combining fiduciary fund financial statements, Faribault County Economic Development Authority (EDA) component unit 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 reports dated December 22, 2025, on our consideration of Faribault County's and the Faribault County EDA component unit'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 these reports 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 Faribault County's or the Faribault County EDA component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Faribault County's and the Faribault County EDA component unit's internal control over financial reporting and compliance.

/s/Julie Blaha

Julie Blaha
State Auditor

December 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Management's Discussion and Analysis

Faribault County Blue Earth, Minnesota

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

Faribault 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 financial statements.

Financial Highlights

- Governmental activities' total net position is \$94,943,225, of which \$74,980,568 is the net investment in capital assets, and \$11,752,185 is restricted to specific purposes.
- Business-type activities' total net position is \$468,440, of which \$426,987 is the net investment in capital assets.
- Faribault County's governmental activities' net position increased by \$5,250,288, after restatement, for the year ended December 31, 2024. The net position of the County's business-type activities decreased by \$24,392.
- The net cost of governmental activities was \$13,247,450 for the current fiscal year. The net cost was funded by general revenues and transfers totaling \$18,497,738. The net cost of business-type activities was \$47,574.
- Governmental funds' fund balances decreased by \$3,226,451, after restatement.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the basic financial statements. Faribault County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

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

Our analysis of the County as a whole begins on Exhibit 1. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities.

These statements include all assets, deferred outflows/inflows of resources, and liabilities using the full accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in it. You can think of the County's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into three kinds of activities:

- **Governmental activities**—Most of the County's basic services are reported here, including general government, public safety, highways and streets, sanitation, human services, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.
- **Business-type activities**—The County charges a fee to customers to help it cover all or most of the cost of the services it provides. The Huntley and Riverside Heights Service District activities are reported here.
- **Component units**—The County includes two separate legal entities in its report. The Faribault County Housing and Redevelopment Authority and the Faribault County Economic Development Authority are presented in separate columns. Although legally separate, these component units are important because the County is financially accountable for them.

Fund Financial Statements

Our analysis of the County's major funds begins on Exhibit 3 and provides detailed information about the significant funds—not the County as a whole. Some funds are required to be established by state law and 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. The County's two kinds of funds—governmental and proprietary—use different accounting methods.

- **Governmental funds**—Most of the County's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end available for spending. These funds are reported using an accounting method called modified accrual accounting. The modified accrual basis of accounting is used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways: (1) revenues are not recognized until they are measurable and available, and (2) expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier). The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.
- **Proprietary funds**—When the County charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds present the same information as the business-type activities in the government-wide statements but

provides more detail and additional information, such as cash flows.

Reporting the County's Fiduciary Responsibilities

The County is the fiduciary over assets that can be used only for beneficiaries based on specific arrangement. All of the County's fiduciary activities are reported in separate statements. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The County as a Whole

The County's combined net position increased from \$90,185,769 to \$95,411,665, after restatement. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental activities and business-type activities.

Table 1
Statement of Net Position

Condensed Statement of Net Position	Governmental Activities – 2024	Governmental Activities – 2023	Business-Type Activities – 2024	Business-Type Activities – 2023	Total Primary Government – 2024	Total Primary Government – 2023
Assets						
Current and other assets	\$ 38,960,425	\$ 43,454,034	\$ 41,453	\$ 21,868	\$ 39,001,878	\$ 43,475,902
Capital assets	95,498,477	88,721,268*	716,987	769,964	96,215,464	89,491,232*
Total Assets	\$ 134,458,902	\$ 132,175,302	\$ 758,440	\$ 791,832	\$ 135,217,342	\$ 132,967,134
Deferred Outflows of Resources	\$ 3,420,567	\$ 4,895,920	\$ -	\$ -	\$ 3,420,567	\$ 4,895,920
Liabilities						
Long-term liabilities	\$ 35,708,595	\$ 37,095,372	\$ 290,000	\$ 299,000	\$ 35,998,595	\$ 37,394,372
Other liabilities	1,879,541	4,487,435*	-	-	1,879,541	4,487,435*
Total Liabilities	\$ 37,588,136	\$ 41,582,807	\$ 290,000	\$ 299,000	\$ 37,878,136	\$ 41,881,807
Deferred Inflows of Resources	\$ 5,348,108	\$ 5,795,478	\$ -	\$ -	\$ 5,348,108	\$ 5,795,478
Net Position						
Net investment in capital assets	\$ 74,980,568	\$ 65,996,847*	\$ 426,987	\$ 470,964	\$ 75,407,555	\$ 66,467,811*
Restricted	11,752,185	19,436,872	-	-	11,752,185	19,436,872
Unrestricted	8,210,472	4,259,218*	41,453	21,868	8,251,925	4,281,086*
Total Net Position	\$ 94,943,225	\$ 89,692,937	\$ 468,440	\$ 492,832	\$ 95,411,665	\$ 90,185,769

*Amounts restated for correction of errors. See Note 1 in the Notes to the Financial Statements.

The net position of the County's governmental activities increased by \$5,250,288, after restatement, or 5.9 percent. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—changed from \$4,259,218 at December 31, 2023, after restatement, to \$8,210,472 at the end of this year. Net position of the business-type activities decreased by \$24,392, or 4.9 percent.

Table 2
Changes in Net Position

Condensed Statement of Activities	Governmental Activities – 2024	Governmental Activities – 2023	Business-Type Activities – 2024	Business-Type Activities – 2023	Total Primary Government – 2024	Total Primary Government – 2023
Revenues						
Program revenues						
Fees, charges, fines, and other	\$ 5,387,125	\$ 5,566,700	\$ 14,795	\$ 14,098	\$ 5,401,920	\$ 5,580,798
Operating grants and contributions	10,686,450	10,312,860	-	-	10,686,450	10,312,860
Capital grants and contributions	1,366,974	464,332	-	-	1,366,974	464,332
General revenues						
Property taxes	14,979,989	12,905,797	-	-	14,979,989	12,905,797
Grants and contributions not restricted to specific programs	1,561,621	2,712,051*	-	-	1,561,621	2,712,051*
Unrestricted investment earnings	1,553,503	1,776,746	-	-	1,553,503	1,776,746
Miscellaneous and other	425,807	355,798	-	-	425,807	355,798
Total Revenues	\$ 35,961,469	\$ 34,094,284	\$ 14,795	\$ 14,098	\$ 35,976,264	\$ 34,108,382
Expenses						
General government	\$ 6,472,441	\$ 5,169,672	\$ -	\$ -	\$ 6,472,441	\$ 5,169,672
Public safety	5,272,421	4,818,508*	-	-	5,272,421	4,818,508*
Highways and streets	9,370,007	10,072,588*	-	-	9,370,007	10,072,588*
Sanitation	312,451	713,434	62,369	74,672	374,820	788,106
Human services	3,215,067	2,352,224	-	-	3,215,067	2,352,224
Culture and recreation	359,049	346,668	-	-	359,049	346,668
Conservation of natural resources	5,030,124	3,537,886	-	-	5,030,124	3,537,886
Economic development	122,569	125,999	-	-	122,569	125,999
Interest	533,870	596,144	-	-	533,870	596,144
Total Expenses	\$ 30,687,999	\$ 27,733,123	\$ 62,369	\$ 74,672	\$ 30,750,368	\$ 27,807,795
Transfers	\$ (23,182)	\$ -	\$ 23,182	\$ -	\$ -	\$ -
Changes in Net Position	\$ 5,250,288	\$ 6,361,161	\$ (24,392)	\$ (60,574)	\$ 5,225,896	\$ 6,300,587
Net Position – January 1, as restated	89,692,937	83,331,776	492,832	553,406	90,185,769	83,885,182
Net Position – December 31	\$ 94,943,225	\$ 89,692,937	\$ 468,440	\$ 492,832	\$ 95,411,665	\$ 90,185,769

*Amounts restated for correction of errors. See Note 1 in the Notes to the Financial Statements.

Governmental Activities

Revenues for the County’s governmental activities were \$35,961,469, while total expenses were \$30,687,999, and transfers out were \$23,182. However, as shown in the Statement of Activities (Exhibit 2), the amount that taxpayers ultimately financed for these activities through County taxes and other general revenues and transfers was \$18,497,738, because some of the cost was paid by those who directly benefited from the programs (\$5,387,125) or by other governments and organizations that subsidized certain programs with grants and contributions (\$12,053,424). Overall, the County’s governmental program revenues, including intergovernmental aid and fees for services, totaled \$17,440,549. The County paid for the remaining “public benefit” portion of governmental activities with \$18,497,738 in general revenues and transfers, which consisted primarily of taxes (some of which could be used only for certain programs) and other revenues, such as interest and general entitlements.

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

Table 3
Governmental Activities
Total Cost of Services

Expenses	2024	2023
Highways and streets	\$ 9,370,007	\$ 10,072,588*
General government	6,472,441	5,169,672
Public safety	5,272,421	4,818,508*
Conservation of natural resources	5,030,124	3,537,886
Human services	3,215,067	2,352,224
All others	1,327,939	1,782,245
Total Expenses	\$ 30,687,999	\$ 27,733,123

*Amounts restated for correction of errors. See Note 1 in the Notes to the Financial Statements.

Net Cost of Services

Expenses	2024	2023
Highways and streets	\$ (1,300,915)	\$ 821,075*
General government	5,112,543	3,866,237
Public safety	4,414,302	3,711,063*
Conservation of natural resources	1,223,462	(549,563)
Human services	3,064,889	2,323,667
All others	733,169	1,216,752
Total Expenses	\$ 13,247,450	\$ 11,389,231

*Amounts restated for correction of errors. See Note 1 in the Notes to the Financial Statements.

The County's Funds

As the County completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit 3) reported a combined fund balance of \$24,607,713, which is below last year's restated total of \$27,834,164.

The General Fund showed an increase of \$3,363,169, after restatement. The increase was driven by higher investment revenue resulting from increased interest rates, greater recognized intergovernmental revenue, and additional charges for services.

The Public Works Special Revenue Fund showed a decrease of \$4,949,223, mostly due to less highway turnback intergovernmental revenue received than expected in 2024.

The Human Services Special Revenue Fund decreased by \$356,585 caused by more than anticipated payments to the Faribault-Martin County Human Services Board.

The Ditch Special Revenue Fund showed a decrease of \$1,379,452. The decrease is primarily due to increased expenditures, particularly higher costs for ditch maintenance compared to the previous year.

The Debt Service Fund increased by \$95,640. The increase is due to debt service expenditures coming in lower than budgeted, as both principal and interest payments were less than expected.

The General Fund's fund balance is 94.9 percent of the total governmental funds, compared to 71.7 percent at the end of 2023.

General Fund Budgetary Highlights

At year-end 2024, revenues exceeded budgeted amounts by \$2,553,789. The majority of the positive variance in revenues was driven by increased investment income due to higher interest rates, greater recognized intergovernmental revenue, and additional charges for services. Public safety expenditures were \$711,501 over budget, due to a purchase that was not figured into the budget. General government capital outlay expenditures were over budget by \$153,431 due to a purchase that was not figured into the budget. Positive expenditure variances were seen in general government in the amount of \$1,969,574, conservation of natural resources in the amount of \$148,904, sanitation in the amount of \$135,189, culture and recreation in the amount of \$10,598, economic development in the amount of \$11,176, and sanitation intergovernmental in the amount of \$45,500.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the County had \$96,215,464 invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. (See Table 4.) This amount represents a net increase (including additions, deductions, and restatement) of \$6,724,232, or 7.5 percent, from last year.

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

Capital Assets – Governmental Activities	2024	2023
Land	\$ 2,919,580	\$ 2,919,580*
Construction in progress	12,852	-
Buildings and improvements	8,107,132	8,497,458*
Other improvements	13,932	14,904*
Machinery and equipment	7,439,423	7,507,295*
Infrastructure	76,937,754	69,687,980
Software subscriptions	67,804	94,051
Total	<u>\$ 95,498,477</u>	<u>\$ 88,721,268</u>

*Amounts restated for correction of errors. See Note 1 in the Notes to the Financial Statements.

Capital Assets – Business-Type Activities	2024	2023
Land	\$ 27,643	\$ 27,643
Machinery and equipment	20,526	22,055
Infrastructure	668,818	720,266
Total	<u>\$ 716,987</u>	<u>\$ 769,964</u>

There is more detailed information on capital assets in the notes to the financial statements.

Debt

At year-end, the County had \$24,615,000 in governmental activities bonds outstanding, versus \$26,620,000 for last year. Table 5 shows the outstanding debt.

Table 5
Outstanding Debt at Year-End

Debt – Governmental Activities	2024	2023
Bonds payable	\$ 24,615,000	\$ 26,620,000
Debt – Business-Type Activities	2024	2023
Bonds payable	\$ 290,000	\$ 299,000

The County’s general obligation bond rating was set at an Aa3 rating by Moody’s Investors Service as rated in 2024. The state limits the amount of net debt that the County can issue to three percent of the market value of all taxable property in the County. The County’s outstanding net debt is significantly below this state-imposed limit. More detailed information about the County’s long-term liabilities is presented in the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

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

- The County’s General Fund expenditures for 2025 are budgeted at \$14,446,087.
- In the last few years, agricultural land in Faribault County has seen a steady increase, but for the 2025 assessment/ taxes payable in 2026, we actually saw a five percent decrease in tillable land value. While County assessment values were projected to remain steady for taxes payable in 2025, they are expected to adjust accordingly in future years. Agricultural land remains a substantial component of the County’s tax base and continues to be a reliable source of property tax revenue.
- The County’s net property tax levy for 2025 increased \$679,474 from \$15,221,662 to \$15,901,136.

Contacting the County’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County’s finances and to show the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact County Auditor/Treasurer Chuck Schrader, Faribault County Courthouse, 415 North Main Street, PO Box 130, Blue Earth, Minnesota 56013.

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1

**Faribault County
Blue Earth, Minnesota**

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

	Primary Government			Discretely Presented Component Units	
	Governmental	Business-Type	Total	Housing and	Economic
	Activities	Activities		Redevelopment	Development
				Authority	Authority
Assets					
Cash and pooled investments	\$ 25,368,915	\$ 40,358	\$ 25,409,273	\$ 100	\$ 516,765
Petty cash and change funds	2,562	-	2,562	-	-
Cash with fiscal agent	-	-	-	7,855	-
Taxes receivable – delinquent	185,832	-	185,832	-	-
Special assessments receivable					
Delinquent	72,198	1,095	73,293	-	-
Noncurrent	8,378,722	-	8,378,722	-	-
Accounts receivable	6,961	-	6,961	2,472	-
Accrued interest receivable	80,937	-	80,937	-	-
Due from other governments	4,297,585	-	4,297,585	-	-
Advance to other governments	175,000	-	175,000	-	-
Loans receivable	12,862	-	12,862	-	84,046
Inventories	281,092	-	281,092	-	-
Prepaid items	97,759	-	97,759	-	-
Capital assets					
Non-depreciable or amortizable	2,932,432	27,643	2,960,075	-	-
Depreciable – net of accumulated depreciation and amortization	92,566,045	689,344	93,255,389	-	-
Total Assets	\$ 134,458,902	\$ 758,440	\$ 135,217,342	\$ 10,427	\$ 600,811
Deferred Outflows of Resources					
Deferred other postemployment benefits outflows	\$ 894,846	\$ -	\$ 894,846	\$ -	\$ -
Deferred pension outflows	2,525,721	-	2,525,721	-	-
Total Deferred Outflows of Resources	\$ 3,420,567	\$ -	\$ 3,420,567	\$ -	\$ -

Exhibit 1
(Continued)

Faribault County
Blue Earth, Minnesota

Statement of Net Position
December 31, 2024

	Primary Government			Discretely Presented Component Units	
	Governmental	Business-Type	Total	Housing and	Economic
	Activities	Activities		Redevelopment	Development
			Authority	Authority	
Liabilities					
Accounts payable	\$ 119,224	\$ -	\$ 119,224	\$ -	\$ -
Salaries payable	303,060	-	303,060	-	-
Contracts payable	327,473	-	327,473	-	-
Due to other governments	266,243	-	266,243	-	-
Accrued interest payable	271,916	-	271,916	-	-
Unearned revenue	591,625	-	591,625	-	-
Long-term liabilities					
Due within one year	2,590,816	-	2,590,816	-	-
Due in more than one year	23,964,488	290,000	24,254,488	-	-
Other postemployment benefits liability due within one year	404,435	-	404,435	-	-
Other postemployment benefits liability due in more than one year	5,865,274	-	5,865,274	-	-
Net pension liability	2,883,582	-	2,883,582	-	-
Total Liabilities	\$ 37,588,136	\$ 290,000	\$ 37,878,136	\$ -	\$ -
Deferred Inflows of Resources					
Deferred other postemployment benefits inflows	\$ 1,364,839	\$ -	\$ 1,364,839	\$ -	\$ -
Deferred pension inflows	3,983,269	-	3,983,269	-	-
Total Deferred Inflows of Resources	\$ 5,348,108	\$ -	\$ 5,348,108	\$ -	\$ -
Net Position					
Net investment in capital assets	\$ 74,980,568	\$ 426,987	\$ 75,407,555	\$ -	\$ -
Restricted for					
General government	1,028,719	-	1,028,719	-	-
Public safety	1,324,851	-	1,324,851	-	-
Highways and streets	2,879,390	-	2,879,390	-	-
Sanitation	1,466,687	-	1,466,687	-	-
Conservation of natural resources	2,567,628	-	2,567,628	-	-
Debt service	2,234,061	-	2,234,061	-	-
Opioid remediation activities	250,849	-	250,849	-	-
Housing assistance payments	-	-	-	27	-
Commercial rehabilitation loans	-	-	-	-	270,580
Unrestricted	8,210,472	41,453	8,251,925	10,400	330,231
Total Net Position	\$ 94,943,225	\$ 468,440	\$ 95,411,665	\$ 10,427	\$ 600,811

Exhibit 2

**Faribault County
Blue Earth, Minnesota**

Statement of Activities
For the Year Ended December 31, 2024

	Program Revenues			
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government	\$ 6,472,441	\$ 698,695	\$ 661,203	\$ -
Public safety	5,272,421	477,745	380,374	-
Highways and streets	9,370,007	134,351	9,169,597	1,366,974
Sanitation	312,451	375,663	86,753	-
Human services	3,215,067	-	150,178	-
Culture and recreation	359,049	92,527	39,417	-
Conservation of natural resources	5,030,124	3,607,734	198,928	-
Economic development	122,569	410	-	-
Interest	533,870	-	-	-
Total governmental activities	\$ 30,687,999	\$ 5,387,125	\$ 10,686,450	\$ 1,366,974
Business-type activities				
Huntley Service District	\$ 62,369	\$ 14,795	\$ -	\$ -
Total Primary Government	\$ 30,750,368	\$ 5,401,920	\$ 10,686,450	\$ 1,366,974
Component units				
Housing and Redevelopment Authority	\$ 333,946	\$ -	\$ 318,805	\$ -
Economic Development Authority	36,318	6,549	-	-
Total Component Units	\$ 370,264	\$ 6,549	\$ 318,805	\$ -

General Revenues

Property taxes
Mortgage registry and deed tax
Payments in lieu of tax
Wheelage tax
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position – January 1, as previously reported
Restatement (Note 1)

Net Position – Beginning, as restated

Net Position – Ending

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Discretely Presented Component		
Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority	
\$ (5,112,543)	\$ -	\$ (5,112,543)			
(4,414,302)	-	(4,414,302)			
1,300,915	-	1,300,915			
149,965	-	149,965			
(3,064,889)	-	(3,064,889)			
(227,105)	-	(227,105)			
(1,223,462)	-	(1,223,462)			
(122,159)	-	(122,159)			
(533,870)	-	(533,870)			
\$ (13,247,450)	\$ -	\$ (13,247,450)			
\$ -	\$ (47,574)	\$ (47,574)			
\$ (13,247,450)	\$ (47,574)	\$ (13,295,024)			
			\$ (15,141)	\$ -	
			-	(29,769)	
			\$ (15,141)	\$ (29,769)	
\$ 14,979,989	\$ -	\$ 14,979,989	\$ -	\$ -	
13,211	-	13,211	-	-	
74,870	-	74,870	-	-	
171,024	-	171,024	-	-	
1,561,621	-	1,561,621	-	-	
1,553,503	-	1,553,503	-	-	
166,702	-	166,702	-	-	
(23,182)	23,182	-	-	-	
\$ 18,497,738	\$ 23,182	\$ 18,520,920	\$ -	\$ -	
\$ 5,250,288	\$ (24,392)	\$ 5,225,896	\$ (15,141)	\$ (29,769)	
\$ 89,867,115	\$ 492,832	\$ 90,359,947	\$ 25,568	\$ 630,580	
(174,178)	-	(174,178)	-	-	
\$ 89,692,937	\$ 492,832	\$ 90,185,769	\$ 25,568	\$ 630,580	
\$ 94,943,225	\$ 468,440	\$ 95,411,665	\$ 10,427	\$ 600,811	

Fund Financial Statements

Governmental Funds

Exhibit 3

**Faribault County
Blue Earth, Minnesota**

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

	General	Public Works	Human Services	Ditch	Debt Service	Total Governmental Funds
<u>Assets</u>						
Cash and pooled investments	\$ 14,494,179	\$ 5,304,213	\$ 2,366,014	\$ -	\$ 3,204,509	\$ 25,368,915
Petty cash and change funds	2,265	297	-	-	-	2,562
Taxes receivable						
Delinquent	123,755	15,398	33,124	-	13,555	185,832
Special assessments receivable						
Delinquent	52,289	-	-	19,909	-	72,198
Noncurrent	407,117	-	-	7,971,605	-	8,378,722
Accounts receivable	-	-	-	6,961	-	6,961
Accrued interest receivable	80,937	-	-	-	-	80,937
Due from other funds	9,516,884	768,161	-	266,238	-	10,551,283
Due from other governments	-	3,306,111	-	991,474	-	4,297,585
Prepaid items	92,374	5,385	-	-	-	97,759
Advance to other governments	175,000	-	-	-	-	175,000
Inventories	-	281,092	-	-	-	281,092
Loans receivable	12,862	-	-	-	-	12,862
Total Assets	\$ 24,957,662	\$ 9,680,657	\$ 2,399,138	\$ 9,256,187	\$ 3,218,064	\$ 49,511,708
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
Liabilities						
Accounts payable	\$ -	\$ 119,224	\$ -	\$ -	\$ -	\$ 119,224
Salaries payable	237,210	65,850	-	-	-	303,060
Contracts payable	-	178,839	-	148,634	-	327,473
Due to other funds	-	298,898	-	9,484,224	768,161	10,551,283
Due to other governments	266,243	-	-	-	-	266,243
Unearned revenue	591,625	-	-	-	-	591,625
Total Liabilities	\$ 1,095,078	\$ 662,811	\$ -	\$ 9,632,858	\$ 768,161	\$ 12,158,908
Deferred Inflows of Resources						
Unavailable revenue	\$ 515,872	\$ 3,312,576	\$ 22,907	\$ 8,885,010	\$ 8,722	\$ 12,745,087

Exhibit 3

(Continued)

**Faribault County
Blue Earth, Minnesota**

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

	General	Public Works	Human Services	Ditch	Debt Service	Total Governmental Funds
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>						
(Continued)						
Fund Balances						
Nonspendable						
Prepaid items	\$ 92,374	\$ 5,385	\$ -	\$ -	\$ -	\$ 97,759
Advances	175,000	-	-	-	-	175,000
Inventories	-	281,092	-	-	-	281,092
Restricted for						
Recorder's technology equipment	538,648	-	-	-	-	538,648
Recorder's compliance	246,441	-	-	-	-	246,441
Attorney's forfeitures	25,366	-	-	-	-	25,366
Statewide affordable housing aid	181,054	-	-	-	-	181,054
Local homeless protection aid	37,210	-	-	-	-	37,210
E-911	635,358	-	-	-	-	635,358
Sheriff NG911	43,538	-	-	-	-	43,538
Public safety aid	248,906	-	-	-	-	248,906
Drug abuse resistance education (DARE)	84,623	-	-	-	-	84,623
Permit to carry	225,710	-	-	-	-	225,710
Sheriff's contingency	5,000	-	-	-	-	5,000
Sheriff's forfeitures	9,026	-	-	-	-	9,026
Probation	72,690	-	-	-	-	72,690
Solid waste projects	1,466,687	-	-	-	-	1,466,687
Aquatic invasive species	177,388	-	-	-	-	177,388
Riparian aid	443,397	-	-	-	-	443,397
Highway projects	-	23,721	-	-	-	23,721
State aid highway improvements	-	768,161	-	-	-	768,161
Opioid remediation activities	-	-	250,849	-	-	250,849
Ditch maintenance and repairs	-	-	-	1,073,051	-	1,073,051
Debt service	-	-	-	-	2,441,181	2,441,181
Committed for						
Human services	-	-	2,125,382	-	-	2,125,382
Assigned to						
Public works	-	4,626,911	-	-	-	4,626,911
Unassigned	18,638,296	-	-	(10,334,732)	-	8,303,564
Total Fund Balances	\$ 23,346,712	\$ 5,705,270	\$ 2,376,231	\$ (9,261,681)	\$ 2,441,181	\$ 24,607,713
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,957,662	\$ 9,680,657	\$ 2,399,138	\$ 9,256,187	\$ 3,218,064	\$ 49,511,708

Exhibit 4

**Faribault County
Blue Earth, Minnesota**

**Reconciliation of Fund Balances of Governmental
Funds to Net Position—Governmental Activities
December 31, 2024**

Fund balances – total governmental funds (Exhibit 3)	\$ 24,607,713
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.	\$ 95,498,477
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.	\$ 12,745,087
Governmental funds do not report a liability for accrued interest on long-term liabilities until due and payable.	\$ (271,916)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
General obligation bonds	\$ (20,180,000)
Special assessment bonds	(4,435,000)
Bond premium	(1,215,586)
Compensated absences payable	(724,718)
Other postemployment benefits liability	(6,269,709)
Net pension liability	(2,883,582)
Long-term liabilities not reported in the governmental funds	\$ (35,708,595)
Deferred outflows of resources and deferred inflows of resources resulting from changes in the components of the other postemployment benefits liability are not reported in the governmental funds.	
Deferred other postemployment benefits outflows	\$ 894,846
Deferred other postemployment benefits inflows	(1,364,839)
Deferred other postemployment benefits outflows and inflows not reported in governmental funds	\$ (469,993)
Deferred outflows of resources and deferred inflows of resources resulting from changes in the components of the net pension liability are not reported in the governmental funds.	
Deferred pension outflows	\$ 2,525,721
Deferred pension inflows	(3,983,269)
Deferred pension outflows and inflows not reported in governmental funds	\$ (1,457,548)
Net Position of Governmental Activities (Exhibit 1)	\$ 94,943,225

Exhibit 5

**Faribault County
Blue Earth, Minnesota**

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

	General	Public Works	Human Services	Ditch	Debt Service	Total Governmental Funds
Revenues						
Taxes	\$ 10,375,050	\$ 1,293,837	\$ 2,439,276	\$ -	\$ 1,063,898	\$ 15,172,061
Special assessments	451,266	-	-	3,166,127	-	3,617,393
Licenses and permits	3,340	-	-	-	-	3,340
Intergovernmental	2,424,234	10,229,752	276,886	-	1,223,112	14,153,984
Settlements	-	-	142,320	-	-	142,320
Charges for services	1,240,122	99,551	-	-	-	1,339,673
Fines and forfeits	25,144	-	-	-	-	25,144
Gifts and contributions	13,707	-	-	-	-	13,707
Investment earnings	1,551,104	-	-	-	-	1,551,104
Miscellaneous	325,337	127,327	-	67,760	-	520,424
Total Revenues	\$ 16,409,304	\$ 11,750,467	\$ 2,858,482	\$ 3,233,887	\$ 2,287,010	\$ 36,539,150
Expenditures						
Current						
General government	\$ 5,659,008	\$ -	\$ -	\$ -	\$ -	\$ 5,659,008
Public safety	5,443,771	-	-	-	-	5,443,771
Highways and streets	-	16,058,099	-	-	-	16,058,099
Sanitation	312,451	-	-	-	-	312,451
Culture and recreation	180,013	179,913	-	-	-	359,926
Conservation of natural resources	831,688	-	-	4,204,281	-	5,035,969
Economic development	125,644	-	-	-	-	125,644
Intergovernmental						
Highways and streets	-	578,139	-	-	-	578,139
Human services	-	-	3,215,067	-	-	3,215,067
Capital outlay						
General government	153,431	-	-	-	-	153,431
Debt service						
Principal	-	-	-	360,000	1,645,000	2,005,000
Interest	-	-	-	139,753	543,820	683,573
Administrative charges	-	-	-	-	2,550	2,550
Total Expenditures	\$ 12,706,006	\$ 16,816,151	\$ 3,215,067	\$ 4,704,034	\$ 2,191,370	\$ 39,632,628
Excess of Revenues Over (Under)						
Expenditures	\$ 3,703,298	\$ (5,065,684)	\$ (356,585)	\$ (1,470,147)	\$ 95,640	\$ (3,093,478)
Other Financing Sources (Uses)						
Transfers in	\$ -	\$ 226,252	\$ -	\$ 90,695	\$ -	\$ 316,947
Transfers out	(340,129)	-	-	-	-	(340,129)
Total Other Financing Sources (Uses)	\$ (340,129)	\$ 226,252	\$ -	\$ 90,695	\$ -	\$ (23,182)
Net Change in Fund Balances	\$ 3,363,169	\$ (4,839,432)	\$ (356,585)	\$ (1,379,452)	\$ 95,640	\$ (3,116,660)
Fund Balances – January 1, as previously reported	\$ 19,920,671	\$ 10,654,493	\$ 2,732,816	\$ (7,882,229)	\$ 2,345,541	\$ 27,771,292
Restatement (Note 1)	62,872	-	-	-	-	62,872
Fund Balances – January 1, as restated	\$ 19,983,543	\$ 10,654,493	\$ 2,732,816	\$ (7,882,229)	\$ 2,345,541	\$ 27,834,164
Increase (decrease) in inventories	\$ -	\$ (109,791)	\$ -	\$ -	\$ -	\$ (109,791)
Fund Balances – December 31	\$ 23,346,712	\$ 5,705,270	\$ 2,376,231	\$ (9,261,681)	\$ 2,441,181	\$ 24,607,713

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

Exhibit 6

**Faribault County
Blue Earth, Minnesota**

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

Net change in fund balances – total governmental funds (Exhibit 5) \$ (3,116,660)

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

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

Unavailable revenue – December 31	\$ 12,745,087
Unavailable revenue – January 1	<u>(13,444,347)</u>
 Total adjustment to revenue in the government-wide statements for current and prior year unavailable revenue	 \$ <u>(699,260)</u>

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for general capital assets and infrastructure	\$ 11,952,996
Current year depreciation and amortization expense	<u>(5,175,787)</u>
 Total adjustment to the government-wide statements for current year capital asset activity	 \$ <u>6,777,209</u>

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

Principal repayments	
General obligation bonds	\$ 1,645,000
Special assessment bonds	<u>360,000</u>
 Total adjustment to the government-wide statements for principal repayments	 \$ <u>2,005,000</u>

Amortization of premium on bonds	\$ <u>126,441</u>
----------------------------------	-------------------

Exhibit 6

(Continued)

**Faribault County
Blue Earth, Minnesota**

**Reconciliation of the Changes in Fund Balances 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	\$ (109,791)
Change in deferred other postemployment benefits outflows	(229,884)
Change in deferred pension outflows	(1,245,469)
Change in accrued interest payable	25,812
Change in compensated absences	(18,309)
Change in other postemployment benefits liability	(66,558)
Change in net pension liability	1,354,387
Change in deferred other postemployment benefits inflows	369,410
Change in deferred pension inflows	<u>77,960</u>
Total adjustment to the government-wide statements for other activities not reported in governmental funds	<u>\$ 157,558</u>
Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 5,250,288</u>

Proprietary Funds

Exhibit 7

**Faribault County
Blue Earth, Minnesota**

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

	<u>Nonmajor Enterprise Funds</u>
<u>Assets</u>	
Current assets	
Cash and pooled investments	\$ 40,358
Special assessments	
Delinquent	1,095
Total current assets	<u>\$ 41,453</u>
Noncurrent assets	
Capital assets	
Nondepreciable	\$ 27,643
Depreciable – net of accumulated depreciation	689,344
Total noncurrent assets	<u>\$ 716,987</u>
Total Assets	<u>\$ 758,440</u>
<u>Liabilities</u>	
Noncurrent liabilities	
General obligation bonds payable – long-term	<u>\$ 290,000</u>
<u>Net Position</u>	
Net investment in capital assets	\$ 426,987
Unrestricted	41,453
Total Net Position	<u>\$ 468,440</u>

Exhibit 8**Faribault County
Blue Earth, Minnesota****Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2024**

	<u>Nonmajor Enterprise Funds</u>
Operating Revenues	
Charges for services	\$ 14,217
Special assessments	578
Total Operating Revenues	<u>\$ 14,795</u>
Operating Expenses	
Administration and fiscal services	\$ 452
Depreciation expense	52,977
Total Operating Expenses	<u>\$ 53,429</u>
Operating Income (Loss)	<u>\$ (38,634)</u>
Nonoperating Revenues (Expenses)	
Interest expense	(8,940)
Income (Loss) Before Transfers	<u>\$ (47,574)</u>
Transfers in	23,182
Change in net position	<u>\$ (24,392)</u>
Net Position – January 1	<u>492,832</u>
Net Position – December 31	<u><u>\$ 468,440</u></u>

Exhibit 9**Faribault County
Blue Earth, Minnesota****Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024**

	Nonmajor Enterprise Funds
Cash Flows from Operating Activities	
Receipts from customers	\$ 17,257
Payments to board members	(120)
Payments to suppliers	(332)
	<hr/>
Net cash provided by (used in) operating activities	\$ 16,805
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (9,000)
Interest paid on long-term debt	(8,940)
	<hr/>
Net cash provided by (used in) capital and related financing activities	\$ (17,940)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,135)
Cash and Cash Equivalents at January 1	41,493
	<hr/>
Cash and Cash Equivalents at December 31	\$ 40,358
	<hr/> <hr/>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (38,634)
	<hr/>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 52,977
(Increase) decrease in special assessments – delinquent	452
(Increase) decrease in special assessments – noncurrent	2,010
	<hr/>
Total adjustments	\$ 55,439
	<hr/>
Net Cash Provided by (Used in) Operating Activities	\$ 16,805
	<hr/> <hr/>

Noncash Transactions

An interfund liability of \$23,182 was forgiven and recorded as a transfer in during 2024.

Fiduciary Funds

Exhibit 10

**Faribault County
Blue Earth, Minnesota**

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

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and pooled investments	\$ 344,455
Taxes receivable for other governments	655,340
Special assessments receivable for other governments	<u>128,523</u>
Total Assets	\$ 1,128,318
<u>Liabilities</u>	
Due to other governments	<u>\$ 351,660</u>
<u>Net Position</u>	
Restricted for individuals, organizations, and other governments	<u><u>\$ 776,658</u></u>

Exhibit 11

**Faribault County
Blue Earth, Minnesota**

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

	<u>Custodial Funds</u>
<u>Additions</u>	
Contributions from individuals	\$ 69,273
Property tax collections for other governments	17,243,508
Other tax collections for the state	432,030
Licenses and fees collected for the state	49,574
Total Additions	<u>\$ 17,794,385</u>
<u>Deductions</u>	
Payments of property tax to other governments	\$ 17,207,583
Payments to the state	481,604
Payments to other entities	66,957
Total Deductions	<u>\$ 17,756,144</u>
Change in Net Position	\$ 38,241
Net Position – Beginning	<u>738,417</u>
Net Position – Ending	<u><u>\$ 776,658</u></u>

Faribault County Blue Earth, Minnesota

Notes to the Financial Statements

As of and for the Year Ended December 31, 2024

Note 1 – Summary of Significant Accounting Policies

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

Financial Reporting Entity

Faribault County was established February 20, 1855, 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 Faribault County (primary government) and its component units for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year.

Discretely Presented Component Units

While part of the reporting entity, discretely presented component units are presented in separate columns in the government-wide financial statements to emphasize that they are legally separate from the County. The following component units of Faribault County are discretely presented:

Component Units of the County

Component Unit	Included in Reporting Entity Because	Separate Financial Statements
Faribault County Economic Development Authority (EDA) provides services pursuant to Minn. Stat. §§ 469.090-469.1081.	County appoints all members, and there is a financial benefit or burden relationship with the County.	Separate financial statements are not prepared.
Faribault County Housing and Redevelopment Authority (HRA) provides services pursuant to Minn. Stat. §§ 469.001-469.047.	County appoints the Board members, must approve debt, and can impose its will.	Faribault County HRA Minnesota Valley Action Council 706 North Victory Drive Mankato, Minnesota 56001

Joint Ventures and Jointly-Governed Organizations

The County participates in joint ventures and jointly-governed organizations as described in Note 5 – Summary of Significant Contingencies and Other Items.

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Basic Financial Statements

Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government and its component units. 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) 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, and (3) unrestricted. 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 and the business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The County does not allocate indirect expenses to functions within the financial statements.

Fund Financial Statements

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the enterprise fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 Public Works Special Revenue Fund is used to account for restricted revenues from the federal and state government, as well as assigned property tax revenues used for the establishment, location, vacation, construction, reconstruction, improvement, and maintenance of roads, bridges, and other projects affecting County roadways and parks.

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Blue Earth, Minnesota

- The Human Services Special Revenue Fund is used to account for committed property tax revenues and the transfer of Faribault County's share of the Faribault-Martin County Human Services Board.
- The Ditch Special Revenue Fund is used to account for the cost of constructing and maintaining an agricultural drainage ditch system. Financing is provided by special assessments levied against benefited property.
- The Debt Service Fund is used to account for financial resources restricted for the payment of principal, interest, and related costs of County debt.

The County considers all governmental funds to be major.

Additionally, the County reports the following fund types:

- Enterprise funds are proprietary funds used to account for those operations that are financed and operated in a manner similar to a private business or where the County Board has decided that determination of the revenues earned, costs incurred, and/or net income is necessary for management accountability.
- Custodial funds are safekeeping in nature. These funds account for monies the County holds for others in a fiduciary capacity.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Faribault County considers all revenues as available if collected within 60 days after the end of the current period. Property taxes are recognized as revenues in the year for which they are levied.

Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property and other taxes, shared revenues, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under software subscriptions are reported as other financing sources.

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

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

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

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Investments are reported at their fair value at December 31, 2024. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value (NAV). 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 \$1,177,620.

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

Cash and Cash Equivalents

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.

Receivables and Payables

Activities between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the noncurrent portion of interfund loans). The County reports "interfund receivables/payables" for cash overdraws. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

No allowance for accounts receivable and uncollectible taxes/special assessments has been provided because such amounts are not expected to be material.

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

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

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Inventories and Prepaid Items

All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased. Inventories at the government-wide level are reported as expenses when consumed.

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

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (for example, roads, bridges, sidewalks, and similar items), and right-to-use assets under software subscription arrangements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and the proprietary fund financial statements. Capital assets have initial useful lives extending beyond two years and a dollar amount for capitalization per asset category as follows: all land and construction in progress are capitalized regardless of cost; machinery and equipment when the cost of individual items exceeds \$5,000; other improvements and buildings and improvements when the cost exceeds \$25,000; and infrastructure when the cost of projects exceeds \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives, while software subscription assets are amortized over the shorter of the underlying asset's estimated useful life or the subscription term:

Estimated Useful Lives of Capital Assets

Assets	Years
Buildings and improvements	7-40
Other improvements	15-25
Machinery and equipment	3-20
Infrastructure	5-50
Software subscriptions	3-20

Compensated Absences

The liability for compensated absences is reported in the government-wide financial statements. The leave consists of unpaid, accumulated Paid Time Off (PTO) leave and compensatory time balances 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.

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The government-wide statement of net position reports both current and noncurrent portions of compensated absences. The current portion consists of hours accrued in the current year. The noncurrent portion consists of the remaining amount of PTO leave and compensatory time.

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Pension Plan

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

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Unearned Revenue

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

Classification of Net Position

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

- Net investment in capital assets – the amount of net position representing capital assets, net of accumulated depreciation and amortization, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- Restricted – 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 – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

Classification of Fund Balances

The County's fund balance policy established a minimum unassigned fund balance equal to 35 to 50 percent of total General Fund operating expenditures. Should the actual amount of fund balance fall below the desired range, the Board shall create a plan to restore the appropriate levels.

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

- Nonspendable – amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- Restricted – amounts for which constraints have been placed on the use of resources either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- Assigned – amounts the County intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board, or the County Auditor/Treasurer, who

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has been delegated that authority by Board resolution.

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

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

Use of Estimates

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

Change in Accounting Principle

During the year ended December 31, 2024, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 101, *Compensated Absences*, which establishes new criteria for accounting and financial reporting for the compensated absences liability. The implementation of this statement resulted in no change to the calculation of the compensated absences liability recorded in the long-term liabilities of the government-wide financial statements.

Correction of Errors

Capital Assets

The January 1, 2024, net position and capital assets of the governmental activities were restated by \$237,050 to correct an overstatement of capital assets recorded through December 31, 2023.

Revenues

During the current year, Faribault County identified \$62,872 of 2023 expenditures to be applied to the Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing Number 21.027. Had these expenditures been identified during 2023, intergovernmental revenue would have increased. Beginning net position/fund balance has been restated in the current year to reflect this subsequent change.

Faribault County Blue Earth, Minnesota

Correction of Errors

Net Position/Fund Balance Adjustments	Governmental Activities	General Fund
Net Position/Fund Balance, January 1, 2024, as previously reported	\$ 89,867,115	\$ 19,920,671
Correction of errors	(174,178)	62,872
Net Position/Fund Balance, January 1, 2024, as restated	\$ 89,692,937	\$ 19,983,543

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Equity – Ditch Special Revenue Fund

The Ditch Special Revenue Fund has a deficit fund balance of \$9,261,681 at December 31, 2024. The deficit will be eliminated with future special assessments against benefited properties. The following is a summary of the individual ditch systems:

Individual Ditch System Fund Balances

Count of Individual Ditches	Amount
40 ditches with positive fund balances	\$ 1,073,051
75 ditches with deficit fund balances	(10,334,732)
Total Fund Balance	\$ (9,261,681)

Note 3 – Detailed Notes

Assets

Deposits and Investments

The County's (and EDA's) total cash and investments are reported as follows:

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

Basic Financial Statement Accounts	Governmental Activities	Business- Type Activities	EDA Component Unit	Fiduciary Funds	Total
Cash and pooled investments	\$ 25,368,915	\$ 40,358	\$ 516,765	\$ 344,455	\$ 26,270,493
Petty cash and change funds	2,562	-	-	-	2,562
Total	\$ 25,371,477	\$ 40,358	\$ 516,765	\$ 344,455	\$ 26,273,055

The HRA component unit's cash is held by its fiscal agent (see Note 7).

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Deposits

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. As of December 31, 2024, \$1,238,120 of the County's deposits were exposed to custodial credit risk. The County will obtain additional collateral in subsequent periods.

Investments

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

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

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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 limiting long-term investments. County policy states that approximately 30 percent of the County’s total portfolio balance as of May 31 of the year reporting may be invested in items that mature in more than one year.

Investment Maturity Dates as of December 31, 2024

Investment Type	Carrying (Fair) Value	Maturity Dates 0-1 Year	Maturity Dates Over 1 Year
U.S. government securities	\$ 144,309	\$ -	\$ 144,309
Negotiable certificates of deposit	575,470	148,987	426,483
Total	<u>\$ 719,779</u>	<u>\$ 148,987</u>	<u>\$ 570,792</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County’s policy to invest only in securities that meet the ratings requirements set by state statute. Investments in negotiable certificates of deposit and the MAGIC Fund held by the County are unrated. The County’s other exposure to credit risk as of December 31, 2024, is as follows:

Credit Risk of Investments

S&P Rating	Fair Value
AA+	\$ 144,309
AAAm	6,753
Total	<u>\$ 151,062</u>

Custodial Credit Risk

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

Concentration of Credit Risk

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

Faribault County Blue Earth, Minnesota

Investments in any one issuer that represent five percent or more of the County's investments are as follows:

Concentration of Credit Risk of Investments

Issuer	Maturity Date	Market Value
Morgan Stanley Pvt Bank	03/20/2025	\$ 148,987
BMO Harris Bank	04/13/2026	235,553
Sallie Mae Bank	07/14/2026	190,930

Fair Value Measurement

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

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

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

Recurring Fair Value Measurements as of December 31, 2024

Debt Securities Investments by Fair Value Type	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. agencies	\$ 144,309	\$ -	\$ 144,309	\$ -
Negotiable certificates of deposit	575,470	-	575,470	-
Total Investments Included in the Fair Value Hierarchy	\$ 719,779	\$ -	\$ 719,779	\$ -
Investments Measured at the NAV				
	December 31, 2024			
MAGIC Portfolio	\$ 692			
Money Market Mutual Fund	6,753			
Total Investments Measured at the NAV	\$ 7,445			

Debt securities classified in Level 2 are valued using a yield-based matrix system based on the securities' relationship to benchmark quoted prices.

MAGIC is a local government investment pool which is quoted at a NAV. The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each

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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 MAGIC Fund’s Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio’s securities or determination of its NAV not reasonably practical.

Receivables

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

Governmental Activities’ Receivables as of December 31, 2024

Receivables – Governmental Activities	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Taxes – delinquent	\$ 185,832	\$ -
Special assessments – delinquent	72,198	-
Special assessments – noncurrent	8,378,722	6,849,404
Accounts receivable	6,961	-
Accrued interest receivable	80,937	-
Due from other governments	4,297,585	-
Advance to other governments	175,000	75,000
Loans receivable	12,862	-
Total Governmental Activities	\$ 13,210,097	\$ 6,924,404

In July 2015, the County loaned \$100,000 to the City of Walters for street overlay. The loan is to be paid back in semi-annual installments of \$6,722 until paid in full on July 1, 2025. The ending loan balance at December 31, 2024, was \$12,862.

Business-Type Activities’ Receivables as of December 31, 2024

Receivables – Business-Type Activities	Total Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Special assessments – delinquent	\$ 1,095	\$ -

Faribault County Blue Earth, Minnesota

Capital Assets

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

Governmental Activities

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

Capital Assets – Governmental Activities	Beginning Balance, as Restated*	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 2,919,580	\$ -	\$ -	\$ 2,919,580
Construction in progress	-	12,852	-	12,852
Total capital assets not depreciated	\$ 2,919,580	\$ 12,852	\$ -	\$ 2,932,432
Capital assets depreciated and amortized				
Buildings and improvements	\$ 15,494,781	\$ -	\$ -	\$ 15,494,781
Other improvements	181,595	-	-	181,595
Machinery and equipment	16,182,326	841,675	(162,017)	16,861,984
Infrastructure	141,092,692	11,098,469	-	152,191,161
Software subscriptions	118,110	-	-	118,110
Total capital assets depreciated and amortized	\$ 173,069,504	\$ 11,940,144	\$ (162,017)	\$ 184,847,631
Less: accumulated depreciation and amortization for				
Buildings and improvements	\$ 6,997,323	\$ 390,326	\$ -	\$ 7,387,649
Other improvements	166,691	972	-	167,663
Machinery and equipment	8,675,031	909,547	(162,017)	9,422,561
Infrastructure	71,404,712	3,848,695	-	75,253,407
Software subscriptions	24,059	26,247	-	50,306
Total accumulated depreciation and amortization	\$ 87,267,816	\$ 5,175,787	\$ (162,017)	\$ 92,281,586
Total capital assets depreciated and amortized, net	\$ 85,801,688	\$ 6,764,357	\$ -	\$ 92,566,045
Governmental Activities Capital Assets, Net	\$ 88,721,268	\$ 6,777,209	\$ -	\$ 95,498,477

*See Correction of Errors in Note 1.

Faribault County Blue Earth, Minnesota

Business-Type Activities

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

Capital Assets – Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 27,643	\$ -	\$ -	\$ 27,643
Capital assets depreciated				
Machinery and equipment	\$ 92,948	\$ -	\$ -	\$ 92,948
Infrastructure	1,543,420	-	-	1,543,420
Total capital assets depreciated	\$ 1,636,368	\$ -	\$ -	\$ 1,636,368
Less: accumulated depreciation for				
Machinery and equipment	\$ 70,893	\$ 1,529	\$ -	\$ 72,422
Infrastructure	823,154	51,448	-	874,602
Total accumulated depreciation	\$ 894,047	\$ 52,977	\$ -	\$ 947,024
Total capital assets depreciated, net	\$ 742,321	\$ (52,977)	\$ -	\$ 689,344
Business-Type Activities Capital Assets, Net	\$ 769,964	\$ (52,977)	\$ -	\$ 716,987

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

Depreciation and Amortization Expense Charged to Functions/Programs

Governmental Activities – Depreciation and Amortization	Amount
General government	\$ 851,454
Public safety	102,898
Highways and streets, including depreciation of infrastructure assets	4,219,239
Conservation of natural resources	2,196
Total Depreciation and Amortization Expense – Governmental Activities	<u>\$ 5,175,787</u>
Business-Type Activities – Depreciation	Amount
Huntley Sewer District	<u>\$ 52,977</u>

Faribault County Blue Earth, Minnesota

Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

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

Receivable Fund	Payable Fund	Amount	Purpose
Public Works Special Revenue	Debt Service	\$ 768,161	Bond proceeds
Ditch Special Revenue	Public Works Special Revenue	266,238	Road billings
General	Public Works Special Revenue	32,660	Interest
General	Ditch Special Revenue	9,484,224	Cash deficit
Total Due To/From Other Funds		<u>\$ 10,551,283</u>	

The interfund receivables and payables, with the exception of the cash deficit activity, are expected to be paid within one year of December 31, 2024. The interfund receivable/payable balance related to the cash deficit is due to the Ditch Special Revenue Fund overdrawing cash from the pooled cash and investments. This will be paid back with future special assessments.

Transfers In/Out

Interfund Transfers for the Year Ended December 31, 2024

Transfer In	Transfer Out	Amount	Purpose
Public Works Special Revenue	General	\$ 226,252	Interest
Ditch Special Revenue	General	90,695	Ditch closeouts
Riverside Heights Enterprise	General	23,182	Project costs
Total Transfers In/Out		<u>\$ 340,129</u>	

During 2024, the City of Blue Earth approved a resolution to take over the Riverside Heights Sewer District project. Funds from the General Fund were transferred to the enterprise fund to eliminate deficit net position, and the Riverside Heights Service District Enterprise Fund will be closed in 2024.

Faribault County Blue Earth, Minnesota

Liabilities

Long-Term Debt

Governmental Activities

Bonds Payable

Bonds Payable as of December 31, 2024 General Obligation Bonds

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2018 G.O. Courthouse Bonds	2032	\$75,000- \$180,000	3.00	\$ 1,370,000	\$ 785,000
2020 G.O. Jail Refunding Bonds	2028	\$540,000- \$650,000	2.00	4,200,000	2,500,000
2021 G.O. Capital Improvement Bonds	2042	\$160,000- \$235,000	1.05-3.00	4,000,000	3,675,000
2021 G.O. State & Highway Bonds	2037	\$295,000- \$420,000	1.70-4.00	5,355,000	4,755,000
2022 G.O. State & Highway Bonds	2037	\$460,000- \$750,000	2.00-4.00	9,435,000	8,465,000
Total General Obligation Bonds				<u>\$ 24,360,000</u>	<u>\$ 20,180,000</u>

Bonds Payable as of December 31, 2024 General Obligation Special Assessment Bonds

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2018 G.O. Ditch Bonds – County Ditch 21	2038	\$145,000- \$260,000	3.00-3.30	\$ 4,015,000	\$ 3,045,000
2018 G.O. Ditch Bonds – County Ditch 41	2033	\$30,000- \$50,000	3.00	600,000	390,000
2018 G.O. Ditch Bonds – Judicial County Ditches 202, 314, 414, and 514	2033	\$80,000- \$130,000	3.00	1,530,000	1,000,000
Total General Obligation Special Assessment Bonds				<u>\$ 6,145,000</u>	<u>\$ 4,435,000</u>

Faribault County Blue Earth, Minnesota

Business-Type Activities

Bonds Payable

Bonds Payable as of December 31, 2024

Type of Indebtedness	Final Maturity	Installment Amount	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2024
2020 G.O. Revenue Refunding Bonds	2049	\$8,000- \$16,000	2.99	\$ 339,000	\$ 290,000

Debt Service Requirements

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

Governmental Activities

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

Year Ending December 31	Principal	Interest
2025	\$ 1,685,000	\$ 491,620
2026	1,740,000	437,895
2027	1,800,000	382,295
2028	1,860,000	324,720
2029	1,250,000	271,870
2030-2034	6,625,000	829,675
2035-2039	4,530,000	220,963
2040-2042	690,000	20,900
Total	\$ 20,180,000	\$ 2,979,938

**Debt Service Requirements as of December 31, 2024
Special Assessment Bonds**

Year Ending December 31	Principal	Interest
2025	\$ 320,000	\$ 129,777
2026	325,000	120,102
2027	335,000	110,202
2028	345,000	100,002
2029	355,000	89,503
2030-2034	1,755,000	282,363
2035-2038	1,000,000	65,164
Total	\$ 4,435,000	\$ 897,113

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Debt service payments on general obligation bonds are made from the Debt Service Fund, and debt service payments on special assessment bonds are made from the Ditch Special Revenue Fund.

Business-Type Activities

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

Year Ending December 31	Principal	Interest
2025	\$ -	\$ -
2026	9,000	8,671
2027	9,000	8,402
2028	9,000	8,133
2029	9,000	7,864
2030-2034	50,000	35,102
2035-2039	59,000	27,029
2040-2044	68,000	17,701
2045-2049	77,000	7,056
Total	\$ 290,000	\$ 119,958

Changes in Long-Term Liabilities

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

Governmental Activities

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

Governmental Activities – Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 21,825,000	\$ -	\$ (1,645,000)	\$ 20,180,000	\$ 1,685,000
General obligation special assessment bonds	4,795,000	-	(360,000)	4,435,000	320,000
Plus: unamortized premiums	1,342,027	-	(126,441)	1,215,586	-
Total bonds payable	\$ 27,962,027	\$ -	\$ (2,131,441)	\$ 25,830,586	\$ 2,005,000
Compensated absences	706,409	18,309*	-	724,718	585,816
Total Governmental Activities – Long-Term Liabilities	\$ 28,668,436	\$ 18,309	\$ (2,131,441)	\$ 26,555,304	\$ 2,590,816

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

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Business-Type Activities

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

Business-Type Activities – Long-Term Liabilities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 299,000	\$ -	\$ (9,000)	\$ 290,000	\$ -

Construction Commitments

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

Active Construction Commitments as of December 31, 2024

Project Description	Spent-to-Date	Remaining Commitment
Ditch projects	\$ 1,130,381	\$ 1,317,517

Deferred Inflows of Resources – Unavailable Revenue

Unavailable revenue as of December 31, 2024, for the County’s governmental funds is as follows:

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

Sources of Unavailable Revenue	Amount
Delinquent property taxes	\$ 117,553
Special assessments delinquent, noncurrent, and due from other governments	8,404,033
Highway allotments that do not provide current financial resources	3,301,828
Grants	519,397
Interest	2,399
Miscellaneous	399,877
Total Governmental Funds	<u>\$ 12,745,087</u>

Other Postemployment Benefits (OPEB)

Plan Description and Funding Policy

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

Under this plan, for employees and officers employed before January 1, 2002, the County pays up to 100 percent of the single or family health insurance premiums for life. The County’s specific contributions depend on a variety of factors including which bargaining unit the employee was a member of, the plan chosen at retirement, and Medicare eligibility. The County finances these benefits on a pay-as-you-go basis.

The County also provides health insurance benefits for certain retired employees as required by Minn. Stat. § 471.61, subd. 2b. Active employees, who retire from the County when eligible to receive a retirement benefit

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from PERA (or a similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, are eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County’s health benefits program. Retirees are required to pay 100 percent of the total group rate. Since the premium is a blended rate determined on the entire active and retiree population, the retirees, whose costs are statistically higher than the group average, are receiving an implicit rate subsidy. For 2024, the implicit rate subsidy amount was determined by an actuarial study to be \$103,538.

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 December 31, 2022, actuarial valuation, the following employees were covered by the benefit terms:

Employees Covered by the OPEB Benefit Terms As of the December 31, 2022, Actuarial Valuation

Type of Participant Covered by the OPEB Benefit Terms	Number of Participants
Inactive employees or beneficiaries currently receiving benefit payments	53
Active plan participants	86
Total	139

Total OPEB Liability

The County’s total OPEB liability of \$6,269,709 was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to a measurement date of December 31, 2023. The OPEB liability is liquidated through the General Fund and the Public Works Special Revenue Fund.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- The actuarial cost method is the entry age normal, level percent of pay.
- The current year inflation is 2.50 percent.
- The salary increases are based on the most recently disclosed assumption for the pension plan in which the employee participates.
- The healthcare cost trend is 7.60 percent, gradually decreasing over several decades to an ultimate rate of 3.90 percent in fiscal year 2075 and later years.
- The current year discount rate is 3.77 percent. The discount rate is equal to the 20-year municipal bond yield using the Fidelity 20-Year Municipal GO AA Index.
- The mortality rates used are those used by the Public Employees Retirement Association (PERA). PERA General Employees Plan mortality rates are based on the Pub-2010 General mortality tables with projected mortality improvements based on Scale MP-2021 and other adjustments. PERA Police and Fire Plan and PERA

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Correctional Plan mortality rates were based on the Pub-2010 Public Safety mortality tables with projected mortality improvements based on Scale MP-2021 and other adjustments.

The actuarial assumptions are currently based on a combination of historical information and the actuarial valuation for PERA as of July 1, 2022.

Changes in the Total OPEB Liability

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

Total OPEB Changes for the Year	Total OPEB Liability
Balance at January 1, 2024	\$ 6,203,151
Service cost	\$ 61,326
Interest	246,503
Differences between expected and actual experience	(74,924)
Changes in assumptions or other inputs	189,631
Benefit payments	(355,978)
Net change	\$ 66,558
Balance at December 31, 2024	\$ 6,269,709

OPEB Liability Sensitivity

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

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

Change in Discount Rate	1% Decrease (2.77%)	Discount Rate (3.77%)	1% Increase (4.77%)
Total OPEB liability	\$ 7,031,707	\$ 6,269,709	\$ 5,633,471

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

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

Change in Health Care Trend Rate	1% Decrease (6.60% Decreasing to 2.90%)	Health Care Cost Trend Rate (7.60% Decreasing to 3.90%)	1% Increase (8.60% Decreasing to 4.90%)
Total OPEB liability	\$ 5,562,253	\$ 6,269,709	\$ 7,123,100

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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 \$272,285. The County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 469,818	\$ 1,190,950
Difference between actual and expected results	40,930	173,889
Contributions made subsequent to the measurement date	384,098	-
Total	\$ 894,846	\$ 1,364,839

The \$384,098 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ended December 31	OPEB Expense Amount
2025	\$ (99,344)
2026	(269,247)
2027	(336,283)
2028	(152,344)
2029	3,127

Changes in Actuarial Methods and Assumptions

The following change in actuarial methods and assumptions occurred in 2024:

- The discount rate was changed from 4.05 percent to 3.77 percent based on updated 20-year municipal bond rates.

Pension Plans

Defined Benefit Pension Plans

Plan Description

All full-time and certain part-time employees of Faribault County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General

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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 Faribault County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

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

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

Benefits Provided

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

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

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funding status declines to 85 percent or below for two consecutive years, or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. If on January 1, after the year of the 1.50 percent increase, the funding level increases above the applicable 85 percent or 80 percent funding status, the increase returns to 2.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

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

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

Contributions

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

Member and Employer Required Contribution Rates

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

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Employer Contributions for the Year Ended December 31, 2024

Pension Plan	Contribution
General Employees Plan	\$ 283,086
Police and Fire Plan	262,661
Correctional Plan	90,215

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

Pension Costs

General Employees Plan

At December 31, 2024, the County reported a liability of \$1,517,606 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 0.0411 percent. It was 0.0431 percent measured as of June 30, 2023. The County recognized pension expense of \$133,878 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 \$69,824 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. This contribution meets the definition of a special funding situation. The County recognized an additional \$1,052 as grant revenue and pension expense for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

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

Total General Employees Plan Net Pension Liability Associated with the County	Amount
The County's proportionate share of the net pension liability	\$ 1,517,606
State of Minnesota's proportionate share of the net pension liability associated with the County	39,242
Total	\$ 1,556,848

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 144,833	\$ -
Changes in actuarial assumptions	7,599	595,330
Difference between projected and actual investment earnings	-	444,719
Changes in proportion	39,600	87,025
Contributions paid to PERA subsequent to the measurement date	146,691	-
Total	\$ 338,723	\$ 1,127,074

The \$146,691 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	\$ (505,760)
2026	(95,887)
2027	(217,079)
2028	(116,316)

Police and Fire Plan

At December 31, 2024, the County reported a liability of \$1,249,898 for its proportionate share of the Police and Fire Plan’s net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2024, the County’s proportion was 0.0950 percent. It was 0.0946 percent measured as of June 30, 2023. The County recognized pension expense of \$271,764 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

**Faribault County
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\$9 million to the Police and Fire Plan each year, until the Police and Fire Plan and the State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier. This contribution also does not meet the definition of a special funding situation. The County recognized \$26,979 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Plan.

Legislation also requires the State of Minnesota to pay direct state aid of \$9 million on October 1 each year until full funding is reached for three consecutive years, or July 1, 2048, whichever is earlier. This contribution meets the definition of a special funding situation. The County recognized an additional \$5,329 as grant revenue and pension expense for its proportionate share of the State of Minnesota’s pension expense related to the special funding situation.

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

Total Police and Fire Plan Net Pension Liability Associated with the County	Amount
The County’s proportionate share of the net pension liability	\$ 1,249,898
State of Minnesota’s proportionate share of the net pension liability associated with the County	47,646
Total	\$ 1,297,544

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

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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 481,477	\$ -
Changes in actuarial assumptions	1,324,910	1,832,598
Difference between projected and actual investment earnings	-	392,941
Changes in proportion	85,900	19,332
Contributions paid to PERA subsequent to the measurement date	139,307	-
Total	\$ 2,031,594	\$ 2,244,871

The \$139,307 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:

Faribault County Blue Earth, Minnesota

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	\$ (39,056)
2026	301,977
2027	(175,090)
2028	(470,384)
2029	29,969

Correctional Plan

At December 31, 2024, the County reported a liability of \$116,078 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 0.3809 percent. It was 0.4297 percent measured as of June 30, 2023. The County recognized pension expense of \$166,644 for its proportionate share of the Correctional Plan's pension expense.

The State of Minnesota contributed \$5.3 million to the Correctional Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The County recognized \$20,018 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

Individual Deferred Outflows of Resources and Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 86,535	\$ -
Changes in actuarial assumptions	-	443,088
Difference between projected and actual investment earnings	-	153,517
Changes in proportion	22,271	14,719
Contributions paid to PERA subsequent to the measurement date	46,598	-
Total	\$ 155,404	\$ 611,324

The \$46,598 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

Faribault County Blue Earth, Minnesota

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	\$ (457,945)
2026	62,698
2027	(63,885)
2028	(43,386)

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2024, was \$572,286.

Actuarial Assumptions

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

Actuarial Assumptions for the Year Ended June 30, 2024

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

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

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

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

Faribault County Blue Earth, Minnesota

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.

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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

Change in Discount Rate	General Employees Plan Discount Rate	General Employees Plan Net Pension Liability	Police and Fire Plan Discount Rate	Police and Fire Plan Net Pension Liability (Asset)	Correctional Plan Discount Rate	Correctional Plan Net Pension Liability (Asset)
1% Decrease	6.00%	\$ 3,314,695	6.00%	\$ 2,953,753	6.00%	\$ 943,276
Current	7.00%	1,517,606	7.00%	1,249,898	7.00%	116,078
1% Increase	8.00%	39,336	8.00%	(149,324)	8.00%	(542,914)

Pension Plan Fiduciary Net Position

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

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Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually. For the year ended December 31, 2024, the total employee and employer contributions were each \$15,728, which represents five percent of covered payroll.

Note 4 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions.

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

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

The County participates in the health insurance program through the Minnesota Public Employees Insurance Program (PEIP). PEIP was created by special legislation under Minn. Stat. § 43A.316. PEIP provides financial risk management services that embody the concept of pooling risk for the purpose of stabilizing and/or reducing costs. Group employee benefits shall include, but not be limited to, health benefits coverage and other services as directed by the County. Members do not pay for deficiencies that arise in the current year.

Note 5 – Summary of Significant Contingencies and Other Items

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a

Faribault County

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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.

Joint Ventures

Faribault-Martin County Human Services Board

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

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

Faribault/Martin County Transit Board

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

During 2024, Faribault County did not contribute to the Board. Financial information can be obtained by contacting the Faribault/Martin Transit Director at PO Box 996, Fairmont, Minnesota 56031.

PrairieLand Solid Waste Board (PrairieLand)

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

The PrairieLand Solid Waste Board reported a change in net position of \$385,147 in 2024. The full faith and credit and taxing power of Faribault and Martin Counties is pledged to the payment of each county's proportional share of the principal and interest when due.

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

Rural Minnesota Energy Board

The Rural Minnesota Energy Board was established in 2005 under the authority of Minn. Stat. § 471.59. The Board includes Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, Lincoln, Lyon, Martin, Mower, Murray, Nicollet, Nobles, Pipestone, Redwood, Renville, Rock, and Watonwan Counties. The purpose of the Board is to

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

The governing body is comprised of one voting member and one alternate member from each participating county's Board of Commissioners. The Board remains in existence as long as two or more counties remain parties to the agreement. Should the Board cease to exist, assets are to be liquidated, after payment of liabilities, based upon the ratios set out under the equal and proportionate share articles of the agreement.

During the year, Faribault County contributed \$2,500 to the Board. Complete financial information can be obtained from the Rural Minnesota Energy Board, Slayton, Minnesota 56172.

South Central Drug Investigation Unit

The South Central Drug Investigation Unit (Drug Task Force) was established to coordinate efforts among participating local governments to apprehend and prosecute drug offenders. During the year, Faribault County paid \$11,500 to the Drug Task Force.

South Central Minnesota Emergency Communications Board

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

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

Blue Earth County acts as the fiscal agent for the Board. During the year, Faribault County contributed \$1,500 to the Board. Financial information can be obtained at the Blue Earth County Justice Center, 401 Carver Road, Mankato, Minnesota 56002.

South Central Workforce Service Area Joint Powers Board

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

Faribault County made no payments to this organization in 2024. Separate financial information can be obtained from the South Central Workforce Council, 706 North Victory Drive, Mankato, Minnesota 56001.

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Jointly-Governed Organizations

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

The Greater Blue Earth River Basin Alliance establishes goals, policies, and objectives to protect and enhance land and water resources in the Greater Blue Earth River Basin. The Board consists of County Commissioners and members of the Soil and Water Conservation Districts. During the year, Faribault County did not contribute to the Alliance.

The Minnesota Counties Computer Cooperative (MCCC) was created under Minnesota Joint Powers Law, Minn. Stat. § 471.59, to jointly provide for the establishment, operation, and maintenance of data processing systems, facilities, and management information systems. During the year, Faribault County expended \$150,231 to the MCCC.

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, Faribault County made payments of \$4,305 to the joint powers.

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

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

The Region One – Southeast Minnesota Homeland Security Emergency Management Joint Powers Board was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the region. There are 16 counties participating, with one member from each entity being represented on the Joint Powers Board. During the year, Faribault County contributed \$1,000 to the Joint Powers Board.

The Southwest Minnesota Immunization Information Connection (SW-MIIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. During the year, Faribault County did not contribute to the SW-MIIC.

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Three Rivers Resource Conservation & Development (RC&D) is a locally initiated, sponsored, and directed organization that works to enhance the quality of life by improving the economic, social, and environmental conditions within the area. The RC&D is lead locally by Soil and Water Conservation District Supervisors and County Commissioners from the nine-county area that is served by the RC&D. During the year, Faribault County did not contribute to the RC&D.

Agricultural Best Management Loan Program

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

Note 6 – Faribault County Economic Development Authority (EDA)

Summary of Significant Accounting Policies

Reporting Entity

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

The EDA was created in 2002 and began operations in 2003 to take over the operations of the Local Redevelopment Agency. The EDA is governed by a seven-member Board. A minimum of two of the members are members of the Faribault County Board of Commissioners. All members are appointed by the Chair of the County Board of Commissioners, with approval of the Board.

Basis of Presentation

The EDA does not prepare separate financial statements. The EDA presents its one fund as a governmental fund, as part of supplementary information in this report.

Basis of Accounting

The EDA General Fund is accounted for on the modified accrual basis of accounting.

Cash and Pooled Investments

Operating cash of the EDA is on deposit with the Faribault County Auditor/Treasurer and included within its pooled cash and investments.

Detailed Notes

Assets

Receivables as of December 31, 2024, consist of \$84,046 in loans made to individuals and businesses for development.

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Note 7 – Housing and Redevelopment Authority (HRA)

Summary of Significant Accounting Policies

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

Reporting Entity

The HRA is governed by a five-member Board of Commissioners who are appointed by the County Board. All programs of the HRA are administered by the Minnesota Valley Action Council, Inc. The purpose of the HRA is to promote economic development and to administer the public housing programs authorized by the U.S. Housing Act of 1937, as amended. These programs are subsidized by the federal government through the U.S. Department of Housing and Urban Development.

Basis of Presentation

The HRA prepares separate financial statements. The HRA presents its one fund as an enterprise fund.

Basis of Accounting

The HRA fund is accounted for on the full accrual basis of accounting.

Cash and Pooled Investments

All cash of the HRA is on deposit with Minnesota Valley Action Council, Inc., and included within its pooled cash and investments.

Required Supplementary Information

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 10,649,258	\$ 10,649,258	\$ 10,375,050	\$ (274,208)
Special assessments	499,529	499,529	451,266	(48,263)
Licenses and permits	2,700	2,700	3,340	640
Intergovernmental	1,449,555	1,449,555	2,424,234	974,679
Charges for services	786,470	786,470	1,240,122	453,652
Fines and forfeits	17,500	17,500	25,144	7,644
Gifts and contributions	-	-	13,707	13,707
Investment earnings	205,000	205,000	1,551,104	1,346,104
Miscellaneous	245,503	245,503	325,337	79,834
Total Revenues	\$ 13,855,515	\$ 13,855,515	\$ 16,409,304	\$ 2,553,789
Expenditures				
Current				
General government				
Commissioners	\$ 525,179	\$ 525,179	\$ 645,014	\$ (119,835)
Courts	122,500	122,500	66,754	55,746
County Auditor/Treasurer	592,415	592,415	576,225	16,190
Motor vehicle/license bureau	229,006	229,006	235,241	(6,235)
County assessor	550,070	550,070	465,291	84,779
Elections	42,185	42,185	108,151	(65,966)
Data processing	354,845	354,845	314,203	40,642
Central administration	211,117	211,117	294,072	(82,955)
Machine room	8,000	8,000	6,947	1,053
Attorney	494,759	494,759	506,494	(11,735)
Law library	20,000	20,000	23,417	(3,417)
Recorder	381,769	381,769	485,240	(103,471)
Vital statistics	26,995	26,995	21,196	5,799
Planning and zoning	225,175	225,175	200,875	24,300
Buildings and plant	727,448	727,448	794,651	(67,203)
Veterans services officer	234,715	234,715	216,406	18,309
Other general government	2,882,404	2,882,404	698,831	2,183,573
Total general government	\$ 7,628,582	\$ 7,628,582	\$ 5,659,008	\$ 1,969,574

Exhibit A-1

(Continued)

**Faribault County
Blue Earth, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures				
Current (Current)				
Public safety				
Sheriff	\$ 2,249,910	\$ 2,249,910	\$ 2,778,844	\$ (528,934)
Public safety grants	-	-	18,434	(18,434)
Special weapons and tactics	-	-	13,605	(13,605)
Aquatic invasive species	-	-	12,453	(12,453)
County jail	1,893,232	1,893,232	1,967,071	(73,839)
Sentence to serve	84,607	84,607	38,814	45,793
Fraud investigator	122,154	122,154	132,364	(10,210)
Animal control	10,000	10,000	305	9,695
Probation and parole	243,264	243,264	337,968	(94,704)
Sheriff's contingency	1,000	1,000	-	1,000
Emergency management	50,103	50,103	36,563	13,540
Enhanced 911	50,000	50,000	82,090	(32,090)
Radio project	-	-	10,047	(10,047)
Medical examiner	28,000	28,000	15,213	12,787
Total public safety	\$ 4,732,270	\$ 4,732,270	\$ 5,443,771	\$ (711,501)
Sanitation				
Recycling/education	\$ 375,200	\$ 375,200	\$ 283,475	\$ 91,725
SCORE funds	72,440	72,440	28,976	43,464
Total sanitation	\$ 447,640	\$ 447,640	\$ 312,451	\$ 135,189
Culture and recreation				
County library	\$ 190,611	\$ 190,611	\$ 180,013	\$ 10,598
Conservation of natural resources				
Cooperative extension	\$ 153,798	\$ 153,798	\$ 154,305	\$ (507)
Soil conservation	80,750	80,750	80,750	-
Predator control	500	500	-	500
Water planning	37,839	37,839	55,181	(17,342)
Drainage/septic inspection	76,423	76,423	76,423	-
Drainage administration	311,247	311,247	233,522	77,725
Septic loan program	159,000	159,000	150,739	8,261
Riparian aid	161,035	161,035	80,768	80,267
Total conservation of natural resources	\$ 980,592	\$ 980,592	\$ 831,688	\$ 148,904
Economic development				
Community development	\$ 16,000	\$ 16,000	\$ 15,768	\$ 232
Economic development	120,820	120,820	109,876	10,944
Total economic development	\$ 136,820	\$ 136,820	\$ 125,644	\$ 11,176

Exhibit A-1
(Continued)

Faribault County
Blue Earth, Minnesota

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures (Continued)				
Intergovernmental				
Sanitation	\$ 45,500	\$ 45,500	\$ -	\$ 45,500
Capital outlay				
General government	\$ -	\$ -	\$ 153,431	\$ (153,431)
Total Expenditures	\$ 14,162,015	\$ 14,162,015	\$ 12,706,006	\$ 1,456,009
Excess of Revenues Over (Under)				
Expenditures	\$ (306,500)	\$ (306,500)	\$ 3,703,298	\$ 4,009,798
Other Financing Sources (Uses)				
Transfers in	\$ 306,500	\$ 306,500	\$ -	\$ (306,500)
Transfers out	-	-	(340,129)	(340,129)
Total Other Financing Sources (Uses)	\$ 306,500	\$ 306,500	\$ (340,129)	\$ (646,629)
Net Change in Fund Balance	\$ -	\$ -	\$ 3,363,169	\$ 3,363,169
Fund Balance – January 1, as previously reported	\$ 19,920,671	\$ 19,920,671	\$ 19,920,671	\$ -
Restatement (Note 1)	62,872	62,872	62,872	-
Fund Balance – January 1, as restated	\$ 19,983,543	\$ 19,983,543	\$ 19,983,543	\$ -
Fund Balance – December 31	\$ 19,983,543	\$ 19,983,543	\$ 23,346,712	\$ 3,363,169

**Faribault County
Blue Earth, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 1,325,380	\$ 1,325,380	\$ 1,293,837	\$ (31,543)
Intergovernmental	21,391,487	21,391,487	10,229,752	(11,161,735)
Charges for services	65,000	65,000	99,551	34,551
Miscellaneous	-	-	127,327	127,327
Total Revenues	\$ 22,781,867	\$ 22,781,867	\$ 11,750,467	\$ (11,031,400)
Expenditures				
Current				
Highways and streets				
Administration	\$ 425,800	\$ 425,800	\$ 427,034	\$ (1,234)
Maintenance	2,060,840	2,060,840	2,762,527	(701,687)
Construction	17,590,427	17,590,427	11,202,462	6,387,965
Equipment maintenance and shop	1,672,800	1,672,800	1,530,091	142,709
Other – highways and streets	370,000	370,000	135,985	234,015
Total highways and streets	\$ 22,119,867	\$ 22,119,867	\$ 16,058,099	\$ 6,061,768
Culture and recreation				
Parks	127,000	127,000	179,913	(52,913)
Intergovernmental				
Highways and streets	535,000	535,000	578,139	(43,139)
Total Expenditures	\$ 22,781,867	\$ 22,781,867	\$ 16,816,151	\$ 5,965,716
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ (5,065,684)	\$ (5,065,684)
Other Financing Sources (Uses)				
Transfers in	-	-	226,252	226,252
Net Change in Fund Balance	\$ -	\$ -	\$ (4,839,432)	\$ (4,839,432)
Fund Balance – January 1	10,654,493	10,654,493	10,654,493	-
Increase (decrease) in inventories	-	-	(109,791)	(109,791)
Fund Balance – December 31	\$ 10,654,493	\$ 10,654,493	\$ 5,705,270	\$ (4,949,223)

**Faribault County
Blue Earth, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 2,500,000	\$ 2,500,000	\$ 2,439,276	\$ (60,724)
Intergovernmental Settlements	196,197	196,197	276,886	80,689
	-	-	142,320	142,320
Total Revenues	\$ 2,696,197	\$ 2,696,197	\$ 2,858,482	\$ 162,285
Expenditures				
Intergovernmental Human services	2,942,334	2,942,334	3,215,067	(272,733)
Net Change in Fund Balance	\$ (246,137)	\$ (246,137)	\$ (356,585)	\$ (110,448)
Fund Balance – January 1	2,732,816	2,732,816	2,732,816	-
Fund Balance – December 31	\$ 2,486,679	\$ 2,486,679	\$ 2,376,231	\$ (110,448)

**Faribault County
Blue Earth, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Special assessments	\$ 1,406,253	\$ 1,406,253	\$ 3,166,127	\$ 1,759,874
Miscellaneous	-	-	67,760	67,760
Total Revenues	\$ 1,406,253	\$ 1,406,253	\$ 3,233,887	\$ 1,827,634
Expenditures				
Current				
Conservation of natural resources				
Ditch maintenance	\$ 600,000	\$ 600,000	\$ 4,204,281	\$ (3,604,281)
Debt service				
Principal	360,000	360,000	360,000	-
Interest	139,753	139,753	139,753	-
Total Expenditures	\$ 1,099,753	\$ 1,099,753	\$ 4,704,034	\$ (3,604,281)
Excess of Revenues Over (Under)				
Expenditures	\$ 306,500	\$ 306,500	\$ (1,470,147)	\$ (1,776,647)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 90,695	\$ 90,695
Transfers out	(306,500)	(306,500)	-	306,500
Total Other Financing Sources (Uses)	\$ (306,500)	\$ (306,500)	\$ 90,695	\$ 397,195
Net Change in Fund Balance	\$ -	\$ -	\$ (1,379,452)	\$ (1,379,452)
Fund Balance – January 1	(7,882,229)	(7,882,229)	(7,882,229)	-
Fund Balance – December 31	\$ (7,882,229)	\$ (7,882,229)	\$ (9,261,681)	\$ (1,379,452)

Exhibit A-5

**Faribault County
Blue Earth, Minnesota**

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB Liability			
Service cost	\$ 61,326	\$ 100,101	\$ 92,681
Interest	246,503	152,063	164,577
Differences between expected and actual experience	(74,924)	(155,422)	(33,104)
Changes of assumption or other inputs	189,631	(1,877,378)	184,708
Benefit payments	(355,978)	(360,847)	(400,789)
Net change in total OPEB liability	\$ 66,558	\$ (2,141,483)	\$ 8,073
Total OPEB Liability – Beginning	6,203,151	8,344,634	8,336,561
Total OPEB Liability – Ending	\$ 6,269,709	\$ 6,203,151	\$ 8,344,634
Covered-employee payroll	\$ 5,902,831	\$ 5,395,472	\$ 5,216,758
Total OPEB liability (asset) as a percentage of covered-employee payroll	106.22%	114.97%	159.96%

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

	2021	2020	2019	2018
\$	85,612	\$ 62,436	\$ 89,735	\$ 73,436
	211,663	251,869	224,033	239,843
	152,306	-	518,478	-
	456,949	938,277	(440,692)	462,753
	(362,387)	(373,312)	(314,092)	(324,015)
\$	544,143	\$ 879,270	\$ 77,462	\$ 452,017
	7,792,418	6,913,148	6,835,686	6,383,669
\$	8,336,561	\$ 7,792,418	\$ 6,913,148	\$ 6,835,686
\$	5,146,443	\$ 4,950,360	\$ 4,710,000	\$ 4,500,000
	161.99%	157.41%	146.78%	151.90%

Exhibit A-6

**Faribault County
Blue Earth, Minnesota**

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

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset (%)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability with Faribault 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	0.0411	\$ 1,517,606	\$ 39,242	\$ 1,556,848	\$ 3,490,455	43.48	89.08
2023	0.0431	2,410,104	66,306	2,476,410	3,423,551	70.40	83.10
2022	0.0421	3,334,334	97,901	3,432,235	3,156,367	105.64	76.67
2021	0.0422	1,802,129	55,048	1,857,177	3,037,879	59.32	87.00
2020	0.0412	2,470,128	76,223	2,546,351	2,937,052	84.10	79.06
2019	0.0418	2,311,028	71,830	2,382,858	2,960,946	78.05	80.23
2018	0.0418	2,318,893	76,115	2,395,008	2,810,441	82.51	79.53
2017	0.0424	2,706,788	34,048	2,740,836	2,727,947	99.22	75.90
2016	0.0460	3,734,972	48,779	3,783,751	2,821,172	132.39	68.91
2015	0.0434	2,249,213	N/A	2,249,213	2,550,829	88.18	78.19

The measurement date for each year is June 30.

N/A – Not Applicable

**Faribault County
Blue Earth, Minnesota**

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

Year Ending	Statorily Required Contributions (a)	Actual Contributions in Relation to Statorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 283,086	\$ 283,086	-	\$ 3,774,480	7.50
2023	252,272	252,272	-	3,363,618	7.50
2022	238,039	238,039	-	3,173,468	7.50
2021	233,995	233,995	-	3,119,831	7.50
2020	233,958	233,958	-	3,119,430	7.50
2019	218,741	218,741	-	2,916,542	7.50
2018	217,867	217,867	-	2,904,893	7.50
2017	208,199	208,199	-	2,775,987	7.50
2016	198,024	198,024	-	2,640,314	7.50
2015	199,411	199,411	-	2,658,652	7.50

The County's year-end is December 31.

**Faribault County
Blue Earth, Minnesota**

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

Measurement Date	Employer's Proportion of the Net Pension Liability/Asset (%)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Faribault 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	0.0950	\$ 1,249,898	\$ 47,646	\$ 1,297,544	\$ 1,316,008	94.98	90.17
2023	0.0946	1,633,619	65,796	1,699,415	1,242,687	131.46	86.47
2022	0.0929	4,042,641	176,681	4,219,322	1,128,722	358.16	70.53
2021	0.0888	685,442	30,818	716,260	1,049,084	65.34	93.66
2020	0.0932	1,228,476	28,942	1,257,418	1,051,337	116.85	87.19
2019	0.0848	902,782	N/A	902,782	893,640	101.02	89.26
2018	0.0736	784,500	N/A	784,500	775,778	101.12	88.84
2017	0.0720	972,086	N/A	972,086	739,972	131.37	85.43
2016	0.0710	2,849,354	N/A	2,849,354	687,150	414.66	63.88
2015	0.0720	818,088	N/A	818,088	658,795	124.18	86.61

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

Exhibit A-9

**Faribault County
Blue Earth, Minnesota**

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

Year Ending	Statorily Required Contributions (a)	Actual Contributions in Relation to Statorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 262,661	\$ 262,661	\$ -	\$ 1,483,960	17.70
2023	216,886	216,886	-	1,225,346	17.70
2022	207,798	207,798	-	1,174,001	17.70
2021	190,895	190,895	-	1,078,502	17.70
2020	192,869	192,869	-	1,089,653	17.70
2019	167,434	167,434	-	987,813	16.95
2018	132,647	132,647	-	818,809	16.20
2017	124,564	124,564	-	768,911	16.20
2016	114,227	114,227	-	705,105	16.20
2015	108,984	108,984	-	672,736	16.20

The County's year-end is December 31.

**Faribault County
Blue Earth, Minnesota**

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

Measurement Date	Employer's Proportion of the Net Pension Liability/ Asset (%)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b) (%)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (%)
2024	0.3809	\$ 116,078	\$ 967,076	12.00	97.54
2023	0.4297	194,246	1,007,653	19.28	95.94
2022	0.4096	1,361,510	899,858	151.30	74.58
2021	0.3828	(62,886)	846,362	(7.43)	101.61
2020	0.3898	105,768	848,231	12.47	96.67
2019	0.3969	54,951	846,634	6.49	98.17
2018	0.4028	66,249	822,594	8.05	97.64
2017	0.4200	1,197,004	833,757	143.57	67.89
2016	0.4100	1,497,787	781,088	191.76	58.16
2015	0.4100	63,386	741,402	8.55	96.95

The measurement date for each year is June 30.

**Faribault County
Blue Earth, Minnesota**

Schedule of Contributions

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

Year Ending	Statorily Required Contributions (a)	Actual Contributions in Relation to Statorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c) (%)
2024	\$ 90,215	\$ 90,215	-	\$ 1,031,401	8.75
2023	84,665	84,665	-	967,592	8.75
2022	82,554	82,554	-	943,477	8.75
2021	75,049	75,049	-	857,704	8.75
2020	76,785	76,785	-	877,544	8.75
2019	75,103	75,103	-	858,325	8.75
2018	72,652	72,652	-	830,309	8.75
2017	71,947	71,947	-	822,244	8.75
2016	70,257	70,257	-	802,935	8.75
2015	67,177	67,177	-	767,720	8.75

The County's year-end is December 31.

Faribault County Blue Earth, Minnesota

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

Note 1 – Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end.

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

The appropriated budget is prepared by fund, function, and department. The budgets may be amended or modified at any time by the County Board. The County's department heads may make transfers of appropriations within a department. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

Note 2 – Budget Amendments

The revenue and expenditure budgets were not amended during the year.

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

Fund	Expenditures	Final Budget	Excess
Human Services Special Revenue Fund	\$ 3,215,067	\$ 2,942,334	\$ 272,733
Ditch Special Revenue Fund	4,910,765	1,099,753	3,811,012

Note 4 – Other Postemployment Benefits Funded Status

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

Note 5 – Other Postemployment Benefits – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes in actuarial assumptions occurred:

2024

- The discount rate was changed from 4.05 percent to 3.77 percent based on updated 20-year municipal bond rates.

Faribault County Blue Earth, Minnesota

2023

- The discount rate was changed from 1.84 percent to 4.05 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the July 1, 2020, PERA General Employees Plan; July 1, 2020, PERA Police and Fire Plan; and July 1, 2020, PERA Correctional Plan valuations to the rates used in the July 1, 2022, valuations.
- The inflation assumption was changed from 2.25 percent to 2.50 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

2022

- The discount rate used changed from 2.00 percent to 1.84 percent based on updated 20-year municipal bond rates.

2021

- The discount rate used changed from 2.75 percent to 2.00 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capital claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the July 1, 2018, PERA General Employees Plan; July 1, 2018, Police and Fire Plan; and July 1, 2018, PERA Correctional Plan valuations to the rates used in the January 1, 2020, valuations.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience. The following table provides the changes for the assumed percent electing each plan:

Plan Election

Medical Plan	Fiscal 2021 Valuation	Fiscal 2020 Valuation
PEIP Advantage	10%	0%
PEIP Value	0%	10%
PEIP HSA/VEBA	90%	90%
IUOE 49ers	100%	100%

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- The inflation assumption was changed from 2.50 percent to 2.25 percent based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020

- The discount rate used changed from 3.71 percent to 2.75 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plans due to its repeal.

2019

- The discount rate used changed from 3.31 percent to 3.71 percent based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, and mortality rates were updated from the rates used in the July 1, 2016, PERA General Employees Retirement Plan to the rates used in the July 1, 2018, valuation.
- The percent of future non-Medicare, non-IUOE eligible retirees electing each medical plan changed to reflect recent plan experience. The following table provides the changes for the assumed percent electing each plan:

Plan Election		
Medical Plan	Fiscal 2019 Valuation	Fiscal 2018 Valuation
PEIP Advantage	0%	30%
PEIP Value	10%	10%
PEIP HSA/VEBA	90%	60%

2018

- The discount rate used changed from 3.50 percent to 3.31 percent.
- The actuarial cost method used changed from the Projected Unit Credit to the Entry Age, level percent of pay.

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Note 6 – 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.

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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.

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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.

Faribault County

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2016

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

Public Employees Police and Fire Plan

2024

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

2023

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

Faribault County

Blue Earth, Minnesota

2022

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

2021

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

2020

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

2019

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

2018

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

Faribault County Blue Earth, Minnesota

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

2017

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

Faribault County Blue Earth, Minnesota

2016

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

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.

Faribault County

Blue Earth, Minnesota

2021

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

2020

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

2019

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

2018

- The single discount rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality projection scale was changed from Scale MP-2016 to Scale MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

Faribault County Blue Earth, Minnesota

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

2017

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

2016

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

Supplementary Information

**Faribault County
Blue Earth, Minnesota**

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 1,090,524	\$ 1,090,524	\$ 1,063,898	\$ (26,626)
Intergovernmental	1,275,582	1,275,582	1,223,112	(52,470)
Total Revenues	\$ 2,366,106	\$ 2,366,106	\$ 2,287,010	\$ (79,096)
Expenditures				
Debt service				
Principal	\$ 1,665,000	\$ 1,665,000	\$ 1,645,000	\$ 20,000
Interest	565,750	565,750	543,820	21,930
Administrative charges	3,500	3,500	2,550	950
Total Expenditures	\$ 2,234,250	\$ 2,234,250	\$ 2,191,370	\$ 42,880
Net Change in Fund Balance	\$ 131,856	\$ 131,856	\$ 95,640	\$ (36,216)
Fund Balance – January 1	2,345,541	2,345,541	2,345,541	-
Fund Balance – December 31	\$ 2,477,397	\$ 2,477,397	\$ 2,441,181	\$ (36,216)

Faribault County Blue Earth, Minnesota

Nonmajor Enterprise Funds

Huntley Service District Fund – to account for the operation, maintenance, and development of the Huntley Sewer District. The County established the service district in 2006 to account for the activity of the sewer system built for the unincorporated area in Verona Township known as Huntley.

Riverside Heights Service District Fund – to account for the operation, maintenance, and development of the Riverside Heights Subordinate District. The County established the service district in 2022 to account for the activity of the sewer system for the residents of the Riverside Housing Development. The project was taken over by the City, and the County fund was closed in 2024.

Exhibit C-1

**Faribault County
Blue Earth, Minnesota**

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2024**

	<u>Huntley Service District</u>
<u>Assets</u>	
Current assets	
Cash and pooled investments	\$ 40,358
Special assessments	
Delinquent	<u>1,095</u>
Total current assets	<u>\$ 41,453</u>
Noncurrent assets	
Capital assets	
Nondepreciable	\$ 27,643
Depreciable – net of accumulated depreciation	<u>689,344</u>
Total noncurrent assets	<u>\$ 716,987</u>
Total Assets	<u>\$ 758,440</u>
<u>Liabilities</u>	
Noncurrent liabilities	
General obligation bonds payable – long-term	<u>\$ 290,000</u>
<u>Net Position</u>	
Net investment in capital assets	\$ 426,987
Unrestricted	<u>41,453</u>
Total Net Position	<u>\$ 468,440</u>

**Faribault County
Blue Earth, Minnesota**

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2024**

	Huntley Service District	Riverside Heights Service District	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for services	\$ 14,217	\$ -	\$ 14,217
Special assessments	578	-	578
Total Operating Revenues	\$ 14,795	\$ -	\$ 14,795
Operating Expenses			
Administration and fiscal services	\$ 452	\$ -	\$ 452
Depreciation	52,977	-	52,977
Total Operating Expenses	\$ 53,429	\$ -	\$ 53,429
Operating Income (Loss)	\$ (38,634)	\$ -	\$ (38,634)
Nonoperating Revenues (Expenses)			
Interest expense	\$ (8,940)	\$ -	\$ (8,940)
Income (Loss) Before Transfers	\$ (47,574)	\$ -	\$ (47,574)
Transfers in	-	23,182	23,182
Change in net position	\$ (47,574)	\$ 23,182	\$ (24,392)
Net Position – January 1	516,014	(23,182)	492,832
Net Position – December 31	\$ 468,440	\$ -	\$ 468,440

**Faribault County
Blue Earth, Minnesota**

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2024**

	Huntley Service District
Cash Flows from Operating Activities	
Receipts from customers	\$ 17,257
Payments to board members	(120)
Payments to suppliers	(332)
Net cash provided by (used in) operating activities	\$ 16,805
Cash Flows from Capital and Related Financing Activities	
Principal paid on long-term debt	\$ (9,000)
Interest paid on long-term debt	(8,940)
Net cash provided by (used in) capital and related financing activities	\$ (17,940)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,135)
Cash and Cash Equivalents at January 1	41,493
Cash and Cash Equivalents at December 31	\$ 40,358
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (38,634)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation expense	\$ 52,977
(Increase) decrease in special assessments – delinquent	452
(Increase) decrease in special assessments – noncurrent	2,010
Total adjustments	\$ 55,439
Net Cash Provided by (Used in) Operating Activities	\$ 16,805

Noncash transactions of the Riverside Heights Service District

An interfund liability of \$23,182 was forgiven and recorded as a transfer in during 2024.

**Faribault County
Blue Earth, Minnesota**

Fiduciary Funds

Custodial Funds

Tax and Penalty Custodial Fund – to account for the collection and settlement of taxes and penalties to various other governmental units.

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

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

**Faribault County
Blue Earth, Minnesota**

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

	Tax and Penalty	State Revenue	Jail Canteen	Total Custodial Funds
<u>Assets</u>				
Cash and pooled investments	\$ 272,796	\$ 62,000	\$ 9,659	\$ 344,455
Taxes receivable for other governments	655,340	-	-	655,340
Special assessments receivable for other governments	128,523	-	-	128,523
	\$ 1,056,659	\$ 62,000	\$ 9,659	\$ 1,128,318
<u>Liabilities</u>				
Due to other governments	\$ 289,660	\$ 62,000	\$ -	\$ 351,660
<u>Net Position</u>				
Restricted for individuals, organizations, and other governments	\$ 766,999	\$ -	\$ 9,659	\$ 776,658

**Faribault County
Blue Earth, Minnesota**

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

	Tax and Penalty	State Revenue	Jail Canteen	Total Custodial Funds
<u>Additions</u>				
Contributions from individuals	\$ -	\$ -	\$ 69,273	\$ 69,273
Property tax collections for other governments	17,243,508	-	-	17,243,508
Other tax collections for the state	-	432,030	-	432,030
Licenses and fees collected for the state	-	49,574	-	49,574
Total Additions	\$ 17,243,508	\$ 481,604	\$ 69,273	\$ 17,794,385
<u>Deductions</u>				
Payments of property tax to other governments	\$ 17,207,583	\$ -	\$ -	\$ 17,207,583
Payments to the state	-	481,604	-	481,604
Payments to other entities	192	-	66,765	66,957
Total Deductions	\$ 17,207,775	\$ 481,604	\$ 66,765	\$ 17,756,144
Change in Net Position	\$ 35,733	\$ -	\$ 2,508	\$ 38,241
Net Position – January 1	731,266	-	7,151	738,417
Net Position – December 31	\$ 766,999	\$ -	\$ 9,659	\$ 776,658

Economic Development Authority

Exhibit E-1

**Faribault County
Blue Earth, Minnesota**

**Statement of Net Position and Governmental Fund Balance Sheet
Component Unit
Economic Development Authority
December 31, 2024**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<u>Assets</u>			
Current assets			
Cash and pooled investments	\$ 516,765	\$ -	\$ 516,765
Loans receivable	84,046	-	84,046
	<hr/>		<hr/>
Total Assets	\$ 600,811	\$ -	\$ 600,811
	<hr/>		<hr/>
<u>Fund Balance/Net Position</u>			
Fund Balance			
Restricted for commercial rehabilitation loans	\$ 270,580	\$ (270,580)	
Unassigned	330,231	(330,231)	
	<hr/>		
Total Fund Balance	\$ 600,811	\$ (600,811)	
	<hr/>		
Net Position			
Restricted for commercial rehabilitation loans		\$ 270,580	\$ 270,580
Unrestricted		330,231	330,231
		<hr/>	<hr/>
Total Net Position		\$ 600,811	\$ 600,811
		<hr/>	<hr/>

**Faribault County
Blue Earth, Minnesota**

**Statement of Activities and Governmental Fund Statement of
Revenues, Expenditures, and Changes in Fund Balance
Component Unit
Economic Development Authority
For the Year Ended December 31, 2024**

	General Fund	Adjustments	Statement of Activities
Revenues			
Charges for services	\$ 5,287	\$ -	\$ 5,287
Miscellaneous	1,262	-	1,262
Total Revenues	\$ 6,549	\$ -	\$ 6,549
Expenditures/Expenses			
Current			
Economic development	36,318	-	36,318
Net Change in Fund Balance/Net Position	\$ (29,769)	\$ -	\$ (29,769)
Fund Balance/Net Position – January 1	630,580	-	630,580
Fund Balance/Net Position – December 31	\$ 600,811	\$ -	\$ 600,811

Schedules

**Faribault County
Blue Earth, Minnesota**

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

	Total Primary Government
Appropriations and Shared Revenue	
State	
Highway users tax	\$ 10,300,330
PERA rate reimbursement	23,668
Disparity reduction aid	71,725
Police aid	158,699
County program aid	913,181
Market value credit	292,701
Out-of-home placement aid	7,858
Local homeless prevention aid	20,426
Statewide affordable housing aid	90,527
Enhanced 911	174,221
Cannabis aid	2,114
SCORE	86,753
Aquatic invasive species prevention aid	29,700
Riparian protection aid	140,751
	\$ 12,312,654
Payments	
Local	
Payments in lieu of taxes	\$ 74,870
Grants	
State	
Minnesota Department/Board of	
Public Safety	\$ 5,332
Natural Resources	40,213
Veterans Affairs	7,500
Corrections	149,605
Transportation	408,540
IT Services	78,836
Pollution Control Agency	69,627
Peace Officer Standards and Training Board	32,588
	\$ 792,241
Federal	
Department of	
Justice	\$ 70,150
Transportation	562,100
Treasury	318,805
Homeland Security	23,164
	\$ 974,219
Total state and federal grants	\$ 1,766,460
Total Intergovernmental Revenue	\$ 14,153,984

**Faribault County
Blue Earth, Minnesota**

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

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Crime Victim Assistance	16.575	F-CVS-2024-FARAO-12339	\$ 15,737
Crime Victim Assistance	16.575	F-CVS-2024-FARAO-12703	16,664
Crime Victim Assistance	16.575	F-CVS-2024-FARAO-13235	17,060
Crime Victim Assistance	16.575	F-CVS-2024-FARAO-13475	20,689
(Total Crime Victim Assistance 16.575 \$70,150)			<hr/>
Total U.S. Department of Justice			<u>\$ 70,150</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction	20.205	1052171	\$ 440,000
Highway Planning and Construction	20.205	1057187	48,533
Passed Through Blue Earth County			
Highway Planning and Construction	20.205	1056242	57,822
(Total Highway Planning and Construction 20.205 \$546,355)			<hr/>
Total U.S. Department of Transportation			<u>\$ 546,355</u>
U.S. Department of the Treasury			
Direct			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 318,805</u>
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Emergency Management Performance Grants	97.042	F-EMPG-2022-FARIBACO-4253	<u>\$ 23,164</u>
Total Federal Awards			<u><u>\$ 958,474</u></u>

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

Faribault County Blue Earth, 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 Faribault County. The County's reporting entity is defined in Note 1 to the financial statements. The schedule does not include \$318,805 in federal awards expended by the Faribault County Housing and Redevelopment Authority (HRA) component unit. The component unit is legally separate from the primary government, and, because it expended less than \$750,000 of federal awards for the year ended December 31, 2024, it was not subject to 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).

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Faribault 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 the Uniform Guidance. Because the Schedule of Expenditures of Federal Awards presents only a selected portion of the operations of Faribault County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Faribault 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

Faribault County has elected not to 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

Reconciling Item	Amount
Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 974,219
Unavailable revenue in 2023, recognized as revenue in 2024 Highway Planning and Construction (AL No. 20.205)	(15,745)
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 958,474</u>

Faribault County Blue Earth, Minnesota

Note 4 – Coronavirus State and Local Fiscal Recovery Funds

During the current year, Faribault County has identified \$62,872 of 2023 expenditures to be applied to the Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing No. 21.027. These expenditures were not identified in time to be included in the 2023 Schedule of Expenditures of Federal Awards. Because they are not current year expenditures, they are not included in the 2024 Schedule of Expenditures of Federal Awards.

Management and Compliance Section

Faribault County



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
Faribault County
Blue Earth, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Faribault 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 December 22, 2025. Our report includes a reference to other auditors who audited the financial statements of the Faribault County Housing and Redevelopment Authority component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. This report also does not include the results of our audit testing of the Faribault County Economic Development Authority component unit's internal control over financial reporting or compliance and other matters that are reported on separately within the Management and Compliance Section.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over financial

reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 through 2024-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Faribault County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, we noted that Faribault County failed to comply with the provisions of the contracting – bid laws and depositories of public funds and public investments 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, as described in the Schedule of Findings and Questioned Costs as items 2024-007 through 2024-009. Also, in connection with our audit, nothing came to our attention that caused us to believe that Faribault County failed to comply with the provisions of the conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Counties*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Other Items

Included in the Schedule of Findings and Questioned Costs is a management practice comment. We believe this recommendation and information to be of benefit to the County, and it is reported for that purpose.

Faribault County’s Response to Findings

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

Purpose of This Report

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

/s/Julie Blaha

Julie Blaha
State Auditor

December 22, 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
Faribault County
Blue Earth, Minnesota

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Faribault 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 Faribault County's major federal programs for the year ended December 31, 2024. Faribault 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 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Faribault County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on COVID-19 – Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2024.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Faribault 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 Faribault 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 Faribault County's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying Schedule of Findings and Questioned Costs, Faribault County did not comply with requirements regarding Assistance Listing No. 21.027 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds as described in finding numbers 2024-005 for Suspension and Debarment and 2024-006 for Reporting.

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

Other Matter – Federal Expenditure Not Included in the Compliance Audit

Faribault County's basic financial statements include the operations of the Faribault County Housing and Redevelopment Authority (HRA) component unit, which expended \$318,805 in federal awards which are not included in Faribault County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2024. Our compliance audit, described in the Qualified and Unmodified Opinions section, does not include the operations of the Faribault County HRA because the component unit is legally separate from the primary government, and, because it expended less than \$750,000 of federal awards for the year ended December 31, 2024, it was not subject to the Uniform Guidance audit requirements.

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 Faribault 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 Faribault 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 Faribault 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 another 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 2024-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Faribault County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. Faribault 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 material weaknesses 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2024-005 and 2024-006 to be material weaknesses.

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 2024-004 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 Faribault 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. Faribault 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

December 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

**Faribault County
Blue Earth, 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? **Yes**
- 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 COVID-19 – Coronavirus State and Local Fiscal Recovery Funds, 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
20.205	Highway Planning and Construction
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

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

Section II – Financial Statement Findings

2024-001 Bank Reconciliation

Prior Year Finding Number: 2023-001

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: Reconciliations are control activities designed to provide reasonable assurance that errors will be prevented and detected in a timely manner and involve the comparison of records or balances from different

Faribault County Blue Earth, Minnesota

sources. Effective reconciliations properly account for any differences between the records or balances. This includes investigating why the differences exist and resolving them in a timely manner.

Condition: The County has been unable to successfully reconcile the bank balances to the general ledger balances since July 2023, noting unidentified reconciling items each month.

Context: For financial statement preparation, increases and decreases were necessary to adjust cash that resulted in a net increase of \$846,308; bank reconciliations should have identified this activity prior to financial statement preparation.

Effect: When accounting records are not reconciled, there is an increased risk that errors or irregularities will not be detected in a timely manner.

Cause: The County informed us there was turnover in experienced staff and they have not been able to investigate and correct the differences.

Recommendation: We recommend the County review procedures in place over preparation of bank reconciliations to ensure reconciliations are completed in a timely manner. The County should make necessary corrections to the general ledger to ensure bank balances reconcile to balances in the County's Daily Cash Book Balance report.

View of Responsible Official: Acknowledge

2024-002 Tax and Penalty Custodial Fund Reconciliation

Prior Year Finding Number: 2023-002

Year of Finding Origination: 2023

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: Reconciliations are control activities designed to provide reasonable assurance that errors will be detected in a timely manner. The County should perform a year-end reconciliation of the Tax and Penalty Custodial Fund to ensure tax collections and settlements have been accurately recorded.

Condition: The County did not complete a reconciliation of the Tax and Penalty Custodial Fund for the year ending December 31, 2024.

Context: Errors were identified in the audit of the Tax and Penalty Custodial Fund activity including \$8,223,157 in tax collections that were left unsettled to County funds during the year and inaccuracies in account coding. During the audit, the necessary settlements to the County funds were completed and are reflected in the financial statements.

Effect: When accounting records are not reconciled on a regular basis, there is an increased risk that errors or irregularities will not be detected in a timely manner.

Cause: The procedure was overlooked due to staff turnover in the Auditor-Treasurer Department.

Recommendation: We recommend the County implement procedures to reconcile the balance of the Tax and Penalty Custodial Fund at least annually at year-end to ensure activity is being accurately recorded.

Faribault County

Blue Earth, Minnesota

View of Responsible Official: Acknowledge

2024-003 **Material Audit Adjustment**

Prior Year Finding Number: 2023-003

Year of Finding Origination: 2017

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Condition: Audit adjustments were identified that resulted in significant changes to the County's financial statements.

Context: The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. These adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

Effect: The following audit adjustments were reviewed and approved by management and are reflected in the financial statements:

- The General Fund required an adjustment of \$407,065 to increase cash and revenue for interest earned.
- The Public Works Special Revenue Fund required an adjustment of \$3,301,828 to increase due from other governments and deferred inflows of resources to account for highway allotment activity.
- The Human Services Special Revenue Fund required an adjustment of \$300,000 to decrease revenue and expenditures for funds returned to Faribault County.
- The Ditch Special Revenue Fund required an adjustment of \$519,397 to increase due from other governments and deferred inflows of resources to account for additional receivables.
- The Public Works Special Revenue Fund and the Debt Service Fund required adjustments of \$768,161 to record a transfer of debt proceeds from the Debt Service Fund to the Public Works Special Revenue Fund.
- The Tax and Penalty Custodial Fund required an adjustment of \$8,664,824 to settle tax and special assessment collections to County funds as follows: General Fund (\$5,144,040); Public Works Special Revenue Fund (\$214); Human Services Special Revenue Fund (\$1,165,482); Ditch Special Revenue Fund (\$1,844,842); Debt Service Fund (\$508,098); and Huntley Service District Enterprise Fund (\$2,148).

Cause: County staff overlooked this activity when providing information for financial statement presentation.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and

Faribault County

Blue Earth, Minnesota

correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to ensure the County's financial statements are complete, accurate, and fairly presented in accordance with generally accepted accounting principles in the United States of America.

View of Responsible Official: Acknowledge

Section III – Federal Award Findings and Questioned Costs

2024-004 **Procurement and Suspension and Debarment**

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 Transportation

Program: 20.205 Highway Planning and Construction

Award Number and Year: 1057187; 2024

Pass-Through Agency: Minnesota Department of Transportation

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.

The Minnesota Department of Transportation State Aid Manual provides guidance and responsibilities for project sponsors. In addition to acting as the fiscal agent, the sponsor is taking on responsibility that the project will be completed in accordance with all of the federal and state rules and regulations that apply.

Title 2 U.S. *Code of Federal Regulations* § 200.318(i) states that the County must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction with the contracting party.

Condition: Faribault County acted as the sponsor for a project for a local city and the Minnesota Department of Transportation. The County did not develop controls over the sponsored project to ensure compliance for procurement. This included:

- The County did not maintain records to support the history of procurement.

Faribault County

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- The County did not maintain documentation that the requirements for suspension or debarment were met by (a) checking SAM.gov exclusions, (b) collecting a certification from the vendor, or (c) verifying a clause or condition was included in the contract.

Questioned Costs: None.

Context: In June 2024, the County approved a resolution to act as a sponsoring agent for a city project. The project expenditures were \$61,458 with payments made to the city for reimbursement.

Effect: Without controls in place over the sponsored project, there is an increased risk of noncompliance with applicable laws, rules, and regulations.

Cause: The County was unaware of the responsibilities of a project sponsor.

Recommendation: We recommend the County implement controls to ensure projects the County sponsors are completed in accordance with all the federal and state rules and regulations that apply.

View of Responsible Official: Acknowledge

2024-005 **Suspension and Debarment**

Prior Year Finding Number: 2023-007

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 the Treasury

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

Award Number and Year: Federal Direct; 2022

Pass-Through Agency: N/A – Direct

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

Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM.gov exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction.

The County's procurement policy requires SAM.gov search results to be documented prior to entering into a covered transaction.

Condition: The County did not have documentation to support that verification for suspension or debarred vendors was performed by County staff prior to entering into the covered transactions.

Questioned Costs: None.

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Context: None of the vendors tested were listed as suspended or debarred on SAM.gov at the time of the audit. There were two covered transactions during 2024.

Effect: Failure to verify vendors are not suspended, debarred, or otherwise excluded prior to entering into a covered transaction may result in the County entering into a transaction with a vendor that is not authorized to provide goods and services under the grant.

Cause: The County informed us that documentation of SAM.gov searches for covered transactions could not be located due to staffing changes. In addition, staff were unaware of the requirements.

Recommendation: We recommend the County maintain documentation to demonstrate that vendors were not suspended, debarred, or otherwise excluded from conducting business with the County; the County should complete this documentation prior to entering into a covered transaction.

View of Responsible Official: Acknowledge

2024-006 Reporting

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 the Treasury

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

Award Number and Year: Federal Direct; 2022

Pass-Through Agency: N/A – Direct

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

The U.S. Department of the Treasury requires submission of an annual Project and Expenditure Report for Coronavirus State and Local Fiscal Recovery Funds (SLFRF) that includes current period expenditures.

Condition: The County overstated current period obligations and expenditures reported on the annual Project and Expenditure Report submitted to the U.S. Department of the Treasury by \$997,578 and \$1,149,654, respectively, due to not updating projects reported in prior annual reports. Additionally, cumulative expenditures were understated by \$49,837, due to not including all applicable expenditures. Also, the County did not submit the annual Project and Expenditure Report by the federal deadline of April 30, 2025.

Questioned Costs: None.

Context: The County opted to spend the SLFRF award under the Revenue Replacement category, which allows spending on broader types of government services.

The annual Project and Expenditure Report required to be submitted to the U.S. Department of the Treasury by April 30 of each year for the reporting period ending March 31 was submitted June 6, 2025.

Faribault County

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Effect: The County is not in compliance with federal reporting requirements.

Cause: The County indicated difficulty tracking project expenditures due to staff turnover.

Recommendation: We recommend the County review the U.S. Department of the Treasury's guidance and form instructions to ensure accurate reporting of SLFRF activity. We also recommend the County submit future Project and Expenditure Reports by the federal deadline.

View of Responsible Official: Acknowledge

Section IV – Other Findings and Recommendations

2024-007 Insufficient Collateral

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Minnesota Legal Compliance

Criteria: Government entities are required by Minn. Stat. § 118A.03, subd. 3, to obtain collateral to secure deposits to the extent funds on deposit exceed available federal deposit insurance at the close of the financial institution's banking day.

The market value of the collateral should be at least ten percent more than the uninsured and unbonded amount on deposit, unless the collateral is an irrevocable letter of credit issued by Federal Home Loan Banks, which requires an amount at least equal to the amount on deposit.

Condition: The fair market value of collateral pledged to secure uninsured deposits was not sufficient to meet the 110 percent requirement for December 2024.

Context: At December 31, 2024, the County's accounts at one financial institution were exposed to custodial credit risk in the amount of \$1,238,120.

Effect: The County was not in compliance with Minn. Stat. § 118A.03 and exposed the County deposits to custodial credit risk.

Cause: The County did not properly monitor deposits and collateral coverage.

Recommendation: We recommend the County establish procedures to monitor all County deposits to determine there is adequate collateral pledged to secure deposits in accordance with Minn. Stat. § 118A.03.

View of Responsible Official: Concur

2024-008 Contracting and Bidding – Withholding Affidavit of Contractors (Form IC-134)

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Minnesota Legal Compliance

Criteria: Minnesota Statutes, Section 270C.66, states that, before making final settlement with any contractor under a contract requiring the employment of employees for wages by the contractor and by subcontractors, the

Faribault County

Blue Earth, Minnesota

County is required to obtain proof of compliance with the withholding requirements of Minn. Stat. § 290.92. This requirement can be satisfied through the receipt of Form IC-134 from the Commissioner of Revenue certifying compliance.

Condition: The County issued final payment prior to receiving a Minnesota Department of Revenue approved Form IC-134, which certifies the reporting of employee withholdings, for four of the six finalized contracts tested that included the employment of individuals for wages by the contractor.

Context: Individual County departments are responsible for overseeing the contracting and bidding process for their own projects and for obtaining the required certificate prior to submitting the final payment for processing.

Effect: The County is not in compliance with Minn. Stat. § 270C.66.

Cause: The County experienced substantial turnover, and the County's individual departments were not aware of all contract requirements.

Recommendation: We recommend the County obtain the required Form IC-134 withholding affidavit before final payment is made to contractors and subcontractors on all construction contracts requiring the employment of employees for wages.

View of Responsible Official: Acknowledge

2024-009 Contracting and Bidding Compliance

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Minnesota Legal Compliance

Criteria: Minnesota Statutes, Section 375.21, states that, when required by the dollar limitations of § 471.345, a contract for work or labor, or to purchase furniture, fixtures, or other property, or to construct or repair roads, bridges, or buildings shall be duly executed in writing.

Minnesota Statutes, Section 574.26, subdivision 2, provides that if the value of a contract with a public body for the doing of any public work is \$175,000 or more, the contract is not valid unless the contractor provides (1) a performance bond and (2) a payment bond.

Minnesota Statutes, Section 16C.285, states that for each construction contract in excess of \$50,000, awarded pursuant to a lowest responsible bidder or best value process, the successful contractor must submit verification of compliance signed under oath by an owner or officer verifying compliance with the minimum criteria set forth in Minn. Stat. § 16C.285, subd. 3.

Condition: During testing of compliance with contracting and bid laws, the County did not have a written contract for one of the three contracts exceeding \$175,000. Additionally, the County did not receive a performance or payment bond or the responsible contractor certification.

Context: Individual County departments are responsible for overseeing the contracting and bidding process for their own projects.

Effect: The County is not in compliance with Minn. Stat. §§ 375.21, 574.26, and 16C.285.

Faribault County

Blue Earth, Minnesota

Cause: The County experienced substantial turnover, and the County's individual departments were not aware of all contract requirements.

Recommendation: We recommend the County implement contracting procedures to ensure that all contracting and bidding is performed in accordance with applicable Minnesota statutes.

View of Responsible Official: Acknowledge

2024-010 **County Ditch Fund Deficits**

Prior Year Finding Number: 2023-009

Year of Finding Origination: 2014

Type of Finding: Management Practice

Criteria: Each individual ditch system within the Ditch Special Revenue Fund should be maintained with a positive fund balance to meet its financial obligations.

Condition: As of December 31, 2024, the County had individual ditch systems where liabilities and deferred inflows of resources exceeded assets, resulting in individual deficit fund balances.

Context: As of December 31, 2024, 75 of 115 ditch systems had deficit fund balances totaling \$10,334,732. The County has levied assessments that have not been recorded as revenue because they are not available financial resources; if the levies were available, the number of ditches with a deficit balance would decrease to 43, with a total deficit of \$6,758,514.

Effect: Ditch systems with deficit fund balances indicate that measures may need to be taken to ensure that the ditch systems can meet financial obligations.

Cause: The County indicated that a large portion of the deficits are a result of ongoing projects which are planned to be levied for once completed. In other cases, deficits are the result of completed projects with assessments planned for approval in future periods. In some cases, however, further research is needed to identify the cause of the deficits.

Recommendation: We recommend the County monitor the balances of the ditch systems and eliminate deficit fund balances by approving necessary special assessments as soon as practical for each system.

View of Responsible Official: Acknowledge



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**Representation of Faribault County
Blue Earth, Minnesota**

Corrective Action Plan

For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Bank Reconciliation

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County recognizes the importance of bank reconciliation in ensuring the accuracy of county funds. Bank reconciliations will be completed weekly, allowing for timely adjustments to the general ledger and alignment with bank records.

Anticipated Completion Date: May 30, 2026

Finding Number: 2024-002

Finding Title: Tax and Penalty Custodial Fund Reconciliation

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County will integrate the tax system with the Integrated Financial System (IFS) to ensure timely settlements. This integration will help account for all activity accurately and support proper reconciliation of the Tax and Penalty Fund.

Anticipated Completion Date: June 15, 2026

Finding Number: 2024-003

Finding Title: Material Audit Adjustment

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County staff will work to ensure that financial statements are prepared in accordance with generally accepted accounting principles.

Anticipated Completion Date: December 31, 2026

FARIBAULT COUNTY

Minnesota

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Finding Number: 2024-004

Finding Title: Procurement and Suspension and Debarment

Program: 20.205 Highway Planning and Construction

Name of Contact Person Responsible for Corrective Action: Jennifer Luhmann & April Wellman

Corrective Action Planned: Faribault County Public Works will ensure all fiscally sponsored project files contain required documentation as stated in U.S. Code of Federal Regulations 200.318(i) and 180.300.

Anticipated Completion Date: December 31, 2025

Finding Number: 2024-005

Finding Title: Suspension and Debarment

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

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County will implement procedures to ensure documentation is maintained verifying that vendors are not debarred, suspended, or otherwise excluded from conducting business with the County. This verification will be completed and documented prior to entering into any covered transaction.

Anticipated Completion Date: January 31, 2026

Finding Number: 2024-006

Finding Title: Reporting

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

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County will implement procedures to ensure federal program reports are completed accurately. This includes consulting reporting instructions provided by grantor agencies and seeking clarification from grantors when needed.

Anticipated Completion Date: January 31, 2026

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Finding Number: 2024-007

Finding Title: Insufficient Collateral

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: The County will implement procedures to monitor deposits and verify that pledged collateral meets the 110% requirement under Minn. Stat. §118A.03. A designated staff member will conduct monthly reviews to ensure compliance and reduce custodial credit risk.

Anticipated Completion Date: March 31, 2026

Finding Number: 2024-008

Finding Title: Contracting and Bidding – Withholding Affidavit of Contractors (Form IC-134)

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Follow procedures to ensure that all contracting and bidding is administered in accordance with Minnesota statutes. The Auditor/Treasurer will work with departments that are not experienced with the IC-134 requirements to make sure that we receive the IC-134 before final payment is made to contractors.

Anticipated Completion Date: May 30, 2026

Finding Number: 2024-009

Finding Title: Contracting and Bidding Compliance

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: The County will provide training to department staff on statutory contract requirements to ensure they understand the necessary steps for proper execution.

Anticipated Completion Date: May 30, 2026

Finding Number: 2024-010

Finding Title: County Ditch Fund Deficits

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County will continue to monitor the balances of its ditch systems and address any deficit fund balances by approving necessary special assessments as soon as practical, based on the identified cause of the deficit for each individual system.

Anticipated Completion Date: December 31, 2026



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Representation of Faribault County Blue Earth, 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: Bank Reconciliation

Summary of Condition: The County has been unable to reconcile their cash book balance report to the bank balance since July 2023.

Summary of Corrective Action Previously Reported: Faribault County recognizes the importance of bank reconciliation in ensuring the accuracy of county funds. Bank reconciliations will be completed weekly, allowing for timely adjustments to the general ledger and alignment with bank records.

Status: Not Corrected. Due to prior staff turnover, our audits have fallen behind. We are working to get back on track while balancing other office tasks. In 2025, we placed an emphasis on ensuring these reconciliations are completed in a timely manner.

Finding Number: 2023-002

Year of Finding Origination: 2023

Finding Title: Tax and Penalty Custodial Fund Reconciliation

Summary of Condition: The County did not complete a reconciliation of the Tax and Penalty Custodial Fund for the year ending December 31, 2023.

Summary of Corrective Action Previously Reported: Faribault County will implement an annual year-end reconciliation of the Tax and Penalty Fund to ensure all activity is accurately accounted for. This process will be completed as part of the year-end closing procedures to maintain accurate financial records and compliance.

Status: Not Corrected. Previous staff turnover caused delays in our audits. We are actively working to bring them up to date while managing other office responsibilities. In 2025, we successfully linked our tax system with our financial system to help ensure these reconciliations are completed in a timely manner.

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Finding Number: 2023-003
Year of Finding Origination: 2017
Finding Title: Audit Adjustments

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

Summary of Corrective Action Previously Reported: Faribault County will strengthen its financial reporting by implementing structured year-end schedules and procedures to ensure accurate adjustments and compliance with GASB and GAAP standards. Ongoing review and improvement of journal entries and year-end processes will support accurate and complete financial statements. Monthly reviews of receipts, disbursements, and journal entries will be conducted to verify proper posting, with errors addressed and corrected by Finance supervisors. Qualified staff will review balances, disclosures, and supporting documentation, and all audit adjustments will be recorded in the general ledger.

Status: Not Corrected. With a newly formed team, we are building our knowledge and gaining a deeper understanding of our job responsibilities. We plan to implement periodic reviews and collaborate with other MN County Auditor/Treasurers to share best practices, strengthen team expertise, and ensure accuracy in our financial statements.

Finding Number: 2023-004
Year of Finding Origination: 2023
Finding Title: Prior Period Adjustment

Summary of Condition: A prior period adjustment was identified that resulted in material changes to Faribault County's financial statements.

Summary of Corrective Action Previously Reported: Faribault County will evaluate its existing internal controls and implement enhanced procedures to strengthen financial reporting. These improvements will be designed to prevent, or detect and correct, misstatements in the financial statements.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-005
Year of Finding Origination: 2023
Finding Title: Journal Entries

Summary of Condition: Two of the five journal entries tested did not include supporting documentation or indication of review.

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Summary of Corrective Action Previously Reported: Faribault County will ensure all journal entries are properly reviewed and approved in accordance with established procedures. Documentation supporting each entry, along with evidence of the review and approval, will be maintained as part of the County's standard financial controls.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-006

Year of Finding Origination: 2023

Finding Title: Reporting

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

Summary of Condition: The County understated current period obligations and expenditures reported on the annual Project and Expenditure Report submitted to the U.S. Department of the Treasury by \$139,040 in accrued expenditures for a project designated as SLFRF funded. Additionally, the County does not have a process in place to review the Project and Expenditure Report prior to submission.

Summary of Corrective Action Previously Reported: Faribault County will implement procedures to ensure federal program reports are completed accurately. This includes consulting reporting instructions provided by grantor agencies and seeking clarification from grantors when needed.

Status: Not Corrected. This item transitioned with a knowledge gap due to staff turnover. We will establish procedures to ensure federal program reports are completed accurately by consulting reporting instructions from grantor agencies and seeking clarification when necessary.

Finding Number: 2023-007

Year of Finding Origination: 2023

Finding Title: Suspension and Debarment

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

Summary of Condition: In the sample of three covered transactions tested, the County did not have documentation to support that a verification for suspension or debarred vendors was performed by County staff prior to entering into the covered transactions.

Summary of Corrective Action Previously Reported: Faribault County will implement procedures to ensure documentation is maintained verifying that vendors are not debarred, suspended, or otherwise excluded from conducting business with the County. This verification will be completed and documented prior to entering into any covered transaction.

Status: Not Corrected. This item carried over with gaps in understanding due to earlier staff turnover. We are working to get back on track and plan to review the necessary verifications going forward to ensure proper procedures are followed.

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Finding Number: 2023-008

Year of Finding Origination: 2023

Finding Title: Publishing Financial Statements

Summary of Condition: Faribault County did not publish the financial statements or a summary of the financial statements in a qualified form prescribed by the Office of the State Auditor for 2022.

Summary of Corrective Action Previously Reported: Faribault County will publish its financial statements annually in compliance with Minn. Stat. § 375.17.

Status: Fully Corrected. Corrective action was taken.

Finding Number: 2023-009

Year of Finding Origination: 2014

Finding Title: County Ditch Fund Deficits

Summary of Condition: At December 31, 2023, the County had individual ditch systems where liabilities and deferred inflows of resources exceeded assets, resulting in deficit fund balances.

Summary of Corrective Action Previously Reported: Faribault County will continue to monitor the balances of its ditch systems and address any deficit fund balances by approving necessary special assessments as soon as practical, based on the identified cause of the deficit for each individual system.

Status: Not Corrected. We will continue monitoring this to ensure we remain on the right track. In addition, we have approved necessary special assessments to maintain sufficient resources and proper balances in our ditch funds.

Faribault County Economic Development Authority



**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

Economic Development Authority Board
Faribault County Economic Development Authority
Blue Earth, 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 Faribault County, Minnesota, which include as Supplementary Information, the financial statements of the Faribault County Economic Development Authority (EDA), a discretely presented component unit, 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 December 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Faribault County EDA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Faribault County EDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Faribault County EDA's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Faribault County EDA'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 the Faribault County EDA failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, 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 Faribault County EDA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Faribault County EDA's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Faribault County EDA'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 Faribault County EDA'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

December 22, 2025

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

Faribault County Economic Development Authority Blue Earth, Minnesota

Schedule of Findings and Recommendations

For the Year Ended December 31, 2024

Financial Statement Findings

2024-001 **Material Audit Adjustment**

Prior Year Finding Number: N/A

Year of Finding Origination: 2024

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Material Weakness

Criteria: 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Condition: An audit adjustment was identified that resulted in significant changes to the entity's financial statements.

Context: The Faribault County Economic Development Authority (EDA) is a component unit of Faribault County, and its financial information is included in Faribault County's financial statements. County staff prepare the EDA's financial statements. The inability to detect significant misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustments were found in the audit; however, independent external auditors cannot be considered part of the entity's internal control.

Effect: An adjustment of \$90,527 was made to decrease cash and fund balance to account for revenue that should be accounted for in Faribault County's General Fund.

Cause: This activity was overlooked by staff when providing information for financial statement presentation.

Recommendation: We recommend the entity review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

View of Responsible Official: Acknowledge



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**Representation of Faribault County Economic Development Authority
Blue Earth, Minnesota**

Corrective Action Plan

For the Year Ended December 31, 2024

Finding Number: 2024-001

Finding Title: Material Audit Adjustment

Name of Contact Person Responsible for Corrective Action: Charles Schrader, Auditor / Treasurer

Corrective Action Planned: Faribault County staff will work to ensure that financial statements are prepared in accordance with generally accepted accounting principles.

Anticipated Completion Date: December 31, 2026